



Renaissance Global Limited

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Q1 FY26 Earnings Conference Call Transcript

August 13, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Renaissance Global Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone.

I now hand the conference over to Mr. Snehkumar Purohit from Renaissance Global. Thank you and over to you, sir.

Snehkumar Purohit: Good afternoon, everyone and thank you for joining us on Renaissance Global's Q1 FY '26 Earnings Conference Call.

We have with us today, Mr. Sumit Shah - Chairman and Global CEO and Mr. Darshil Shah - Managing Director of the company. We would like to begin the call with brief opening remarks from the management, following which we will have the forum open for an interactive question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the results presentation shared with you earlier.

I would now like to invite Mr. Sumit Shah to make his opening remarks.

Sumit Shah: Good afternoon, everyone. On behalf of Renaissance Global, I extend a warm welcome and thank you all for joining us on our Earnings Conference Call for Q1 FY '26.

I will begin with a strategic overview of our operational and business performance for the quarter. Following that, Darshil will take you through the financial highlights in great detail. We are pleased to report a strong performance in Q1 FY '26. Revenue from continuing operations grew 43% year-over-year, reaching Rs. 530 crores in Q1 FY '26, up from Rs. 372 crores in Q1 FY '25.

On the profitability front, our profit after tax after adjusting for exceptional items grew by 20%, reaching Rs. 19 crores for the 1st quarter, up from Rs. 15 crores for the same period last year. The performance is particularly noteworthy given the adverse impact of the uncompensated

tariffs on our US imports. Adjusting for the temporary tariffs, our Q1 performance highlights a strong underlying momentum in our core business. The reported profit before tax before exceptional items stood at Rs. 21 crores. However, while factoring in the tariff impact of about Rs. 11 crores, the adjusted operational PBT number rises to Rs. 32 crores, reflecting an impressive 68% year-over-year growth. This significant improvement showcases the robust earnings potential of our business, even in the face of external cost pressures.

During Q1 FY '26, we successfully concluded our cost optimization and rationalization program with the closure of our Bhavnagar facility. The bold measures we undertook during FY '25 to position our business for long-term profitable growth have already begun to yield results. These initiatives contributed to operating savings of Rs. 12 crores in Q1 FY '26 alone compared to the year before. This translates into an annualized saving of around Rs. 48-Rs. 50 crores that we had indicated earlier.

Our financial position continues to strengthen with a significant improvement in the net debt-to-equity ratio, reflecting our disciplined approach to deleveraging and a strong commitment to reducing further debt.

As we look to the future, our priority is to grow our direct-to-consumer business both organically and inorganically. High margin and low working capital requirements of this business make it an important part of our growth and transformation strategy. We also continue to make efforts to diversify our B2B business by pursuing growth opportunities in key international markets such as UK, Mainland Europe and Australia. This will help us mitigate geographic risks while fostering sustainable growth.

With that, I hand over the call to Darshil, who will provide a comprehensive overview of our financial performance.

Darshil Shah:

Thank you, Sumit. Good day, everyone. I am pleased to report a strong start to the fiscal year with consolidated revenue from operations crossing Rs. 550 crores, marking a robust 43% growth compared to Q1 of FY '25. Our brand under the D2C segment demonstrated remarkable resilience and growth with revenue increasing by 37% year-over-year reaching Rs. 69 crores. Customer brands also contributed significantly, posting a 67% increase to Rs. 394 crores, underlining the growth acceptance and reach of our products in the market.

On the profitability front, I am pleased to share that we delivered a strong performance in Q1 FY '26, despite facing significant headwinds during the quarter. Our EBITDA stood at Rs. 41 crores, reflecting a healthy year-over-year growth of 13%. Profit before tax before exceptional items increased to Rs. 21 crores, up by 11% compared to the same period last year.

During the quarter, we incurred an exceptional expense of Rs. 12 crores related to the discontinuation of operations at our Bhavnagar facility. This was a strategic decision aimed at optimizing our cost structure and enhancing overall efficiency. Importantly, the closure is not expected to have any adverse impact on our revenue and it is anticipated to deliver meaningful

savings in operating expenses going forward. Furthermore, our PAT, after adjusting for exceptional items, rose by 21% to reach Rs. 19 crores against Rs. 15 crores in Q1 FY '25.

Lastly, regarding our balance sheet, we remain focused on strengthening our financial position. Our net debt-to-equity ratio improved to 0.19 in June 2025 compared to 0.31 for the same period last year. Our total net debt stands at Rs. 276 crores at the end of June 2025, which is lower by Rs. 95 crores from Rs. 370 crores at the end of Q1 FY '25. Our cash and bank balances, along with current investments, remain strong at Rs. 219 crores, marking an increase of Rs. 33 crores from the same period at the end of last year.

While we remain cautious of potential headwinds from the US tariff changes and the challenging global macroeconomic environment, we are confident that our strengths in product design, deep industry insights and strong distribution capabilities uniquely position us to seize long-term growth opportunities. We will continue to focus on scaling our high-growth owned brand business and expanding our portfolio of brands to drive sustainable value for our stakeholders. Thank you.

Moderator: Sir, should we proceed with questions?

Sumit Shah: Yes.

Moderator: Thank you very much. We will now begin with question-and-answer session. The first question is from the line of Paresh Shah from Global Investments. Please go ahead.

Paresh Shah: Hi, can you hear me?

Moderator: Yes, sir. Please go ahead.

Paresh Shah: Yes, I have just few questions, but the first question to start with, when I was looking at the balance sheet and the P&L account, right, from 2018-odd financial year, we have been consistently at around Rs. 1,800 crores kind of topline with net profit ballpark in the range of Rs. 75-Rs. 80 crores and ROEs, subpar. But in the same time, if you look at the balance sheet, the inventory days have gone up for almost 150 odd days, which also seem to be higher to almost like 250 days. And more than that, the receivable days has gone up from 70 days, 60 days to almost 124 days. How should one look at that? How do you look at that as a promoter when you are looking at the company for last almost 8-9 years?

Sumit Shah: Yes. So, to answer your question, the numbers are not comparable because in 2018, we had Rs. 800 crores gold jewelry business, which we sold last year in August. So, that gold jewelry business had a topline of Rs. 800 crores delivering very little to the bottomline. And we changed accounting policies later so that Rs. 1,800 crores actually is Rs. 1,000 crores because the gold division at that time accounted for Rs. 800 crores in revenue. Our profits had grown from Rs. 70-80 crores up to Rs. 100 crores in FY '22. Rs. 105 crores was the peak. And last 2 years, profits have declined because of which we have undertaken a cost reduction exercise, as we have mentioned, of Rs. 50 crores annually. In this quarter, there is Rs. 12 crores saving compared to

last year. So, when one looks at Rs. 80 crores plus Rs. 50 crores cost savings, you will see what the numbers will be at the end of the year. So, that is how we are looking at it as a promoter.

Moderator: Sir, it appears this line has got disconnected. We will wait for further questions. The next question is from the line of Shrikant Parikh from Prudent Investments. Please go ahead.

Shrikant Parikh: Hello. Good afternoon. First of all, very congratulations for your quarterly numbers despite all the added pressure. So, my first question is on that shall we conclude now that all the restructuring related expenses or the activity has been concluded and there will be no further ongoing or spillover restructuring cost in the next quarter?

Sumit Shah: Yes, absolutely correct.

Shrikant Parikh: And this new tariff regime which has been revised, and which will be partially applicable from 1st of August and then partially applicable from 27th August. So, how are we assessing ourselves in terms of competitiveness from other countries or vis-a-vis other players from other countries? Will we be having some kind of an additional pressure due to this revised tariff structure?

Sumit Shah: Yes. So, at the moment, customers have a lot of the fine jewelry supply chain in India. Customers have accepted the current tariffs and while in April, there was a time delay in terms of passing on the tariffs. We do not anticipate any delay in being able to pass on the tariff impact. And we are evaluating multiple supply chain routes because we do have a global supply chain in terms of ability to manufacture. So, we are quite confident in our ability to navigate the tariff situation. We had indicated last quarter that there will be an impact, and which will be absorbed which was to the tune of about Rs. 10 crores is what I had indicated in the last call. The final number came at about 11. I do not anticipate any impact due to tariff in the coming quarter. We have been able to conclude negotiations and discussions with all customers where tariffs will be passed on.

Shrikant Parikh: But does that increase the final cost of our product or that is something which we don't mind that we have left to our customers?

Sumit Shah: Yes, I think the new reality is that costs will go up because any country in the jewelry supply chain is at around 20%, right? The competitors who manufacture jewelry, Thailand being at 19%, China being at 35% and India being at 25% at the moment doesn't put us in a significantly disadvantageous situation. So, we feel that this is a new reality, how that impacts demand obviously is yet to be seen. In this quarter, there has been no impact. In fact, you have seen the numbers have been very strong. Consumer demand in the US continues to be resilient. I think it will have to be a wait and watch approach to see the demand on the product as the price increases. I think from what I understand, most retailers are taking a cautious approach to increasing price. And since these guys have high gross margins, 65%-70%, it meaningfully maybe dilutes margins by 2%-3% if they take a tariff impact. So, I think some amount will be passed on to the consumers. Some amounts may be absorbed by the retailers. So, I think that it is something that we will have to wait and see the impact on demand with the price increases that are taken by retailers.

- Shrikant Parikh:** And one last question. Since a lot of tariffs and this were going on, so was there any kind of an advanced sales booking due to upcoming tariffs in the current quarter?
- Sumit Shah:** To a certain extent, yes. But I think that over the last couple of years, the sales in our customer brand segment has been challenged because we were slow to migrate to lab-grown diamonds. I think a lot of, we were very cautious in the transition to lab-grown diamonds because the prices of lab-grown diamonds were falling significantly. We have kind of transitioned fully now to lab-grown diamonds and a lot of the customer brand's growth is on account of what we are seeing, right. We have mentioned that we first focused on lab-grown diamonds primarily in our D2C area, which has shown resilient growth. And now on the B2B segment as well, we have sort of transitioned to lab-grown diamonds because of which we are seeing this growth. But there is some pre-booking. Obviously, 67% growth in customer brands is not sustainable. There is some amount of pre-booking, but overall, we do see a healthy demand environment.
- Shrikant Parikh:** That is it from my side. I will once again get back in. Thank you.
- Sumit Shah:** Thank you.
- Moderator:** Thank you. The next question is from Paresh Shah, Global Investments. Please go ahead.
- Paresh Shah:** Sorry, I actually dropped off from the line. So, that was the first question. So, while I do understand there has been a product mix change, right, which has led to our turnover increasing and profitability remaining the same, despite?
- Sumit Shah:** Paresh, sorry to interrupt you. It is the other way around. At that time, there was a gold jewelry business, which has now been discontinued. So, the sales of diamond jewelry, which we are now doing was Rs. 1,000 crores, which is now Rs. 2,000 crores. And on the profitability front, I am not sure if you heard, while our sales were challenged due to us being cautious in entering lab-grown, we are seeing a catch up of that now. And as I mentioned, we have undertaken a cost reduction exercise of more than Rs. 50 crores. Our profit after tax last year was in the Rs. 70- Rs. 80 crores range, where the cost reduction exercise was not in the numbers. So, you will see that this year, there has been Rs. 12 crores reduction in cost compared to the same quarter last year. So, it should show up in the numbers going forward, because we do not expect our gross margin to decline. And with operating expenses going down by Rs. 50 crores, this should translate into a healthier bottom-line.
- Paresh Shah:** And what explains the working capital deterioration then, sir, if you may understand?
- Sumit Shah:** So, the working capital deterioration is also a function of the gold business being 15 days receivable. It was always this on the diamond jewelry business. So, there isn't a deterioration. The denominator is different, which is the sales, which is what is sort of masking the numbers.
- Paresh Shah:** Sir, what if I compare?

- Sumit Shah:** Sorry, on diamond jewelry, the working capital, the inventory is always 6 months whereas 7 years ago, diamond jewelry was only Rs. 1,000 crores out of the Rs. 1,800 crores. Gold jewelry has a 15-day working capital. So, when you isolate from 7 years ago, the numbers into two parts, gold jewelry and diamond jewelry, the working capital cycle was always the same.
- Paresh Shah:** If I just compare March '24-25, where I am sure we have the same line of business and there is no gold business that we did. There also our inventory days which was 84.
- Sumit Shah:** March '24, the gold business was still there. The gold business was sold in August of '24, sir. That is 7 months ago.
- Paresh Shah:** So, should we assume that this new receivable cycle of 124 days will continue the day with the normal pace of business?
- Sumit Shah:** No, the receivable days will go down to 90. In March, the number was higher because we do a lot of sales in December and a lot of collections happen in March and April. The receivable number should be between 90 and 95 days. March is an aberration and it will normalize to 90-95 days, receivables. Inventory will be 6 months. So, the cadence and guidance should be 6 months inventory, 90 days receivables.
- Paresh Shah:** Right. So, when we see the September balance sheet, we will have debtor days of 90 days. Is that understanding right?
- Sumit Shah:** That should be correct.
- Paresh Shah:** Right. And how should we look at, you did explain this time around, we having a tariff impact and therefore a write-off or an impact of Rs. 11 odd crores, right? But then do we see more of these write-offs or are we done and now basically we have a clean slate from here on? How should we do that because we have been seeing?
- Moderator:** Sir, it appears his line has been disconnected again. We have the next question from the line of Lohit Saini from Jai Ram Stock Brokers. Please go ahead.
- Lohit Saini:** Hello. Am I audible?
- Moderator:** Yes, sir.
- Lohit Saini:** Thank you so much for the presentation. I wanted to know, like considering yesterday there was a news, 1 lakh workers in Gujarat were laid off, diamond workers. So, how do we see the diamond market ahead with the tariffs? Like gold prices are rising, silver prices are rising. So, how is the market ahead? And the second question, are we considering any other geographies other than EU, UK and US?
- Sumit Shah:** Currently, I think we are not seeing any impact on demand. Obviously, between our B2B business as well as direct-to-consumer businesses both in Europe, Canada and in the US, demand

continues to remain healthy and resilient, which is reflecting in our numbers. I think obviously some of the tariff impacts have not been passed on to the consumers. However, if you were to take a historical context compared to 1 year ago, gold prices have increased by more than 50% in the last 18 months, which have been passed on to consumers without any impact on price. So, while 25% is a big number, it is something that will have to be passed on to consumers because clearly neither the retailer nor the manufacturer has the margins to absorb this. How this impacts demand obviously is an unknown. Just some historical context that gold has increased and obviously retailers have taken price increases to this effect, whether it is in India or any other geography, without any tangible impact on demand.

Lohit Saini: And sir, what about other geographies? Are we considering any other countries?

Sumit Shah: Currently, our mix is 65-35. We have a very small India business and we are looking at opportunities to grow in continental Europe as well as the UK and we see those as growth markets. Those efforts are ongoing. Having said that, US is 50% of the world's consumption of diamond jewellery and we will remain dependent on that market. There is no way to diversify this overnight.

Lohit Saini: All right. Sir, can I ask one more question?

Sumit Shah: Please, go ahead.

Lohit Saini: Sir, last few years, there was a good rally in Indian stock markets. So, consumers did not mind spending on the gold price. But this year hasn't been like that. The stock market isn't that good. So, maybe this wedding season, there will be an impact on the sales, I feel so?

Sumit Shah: Yes. So, I think that may be the case in India. Our sales in India are about 1.2% of our sales. So, it is not material for us. Obviously, consumer demand in US, Canada and UK is more important for us. And again, as I said, what impact the tariffs have on consumer demand is unknown. So, far, with the 10% being passed on, there isn't any noticeable impact. If that does have an impact for the other 10%-15% that needs to be passed on, it is to be seen.

Lohit Saini: Alright. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Shrikant Parikh from Prudent Investments. Please go ahead.

Shrikant Parikh: Hello. Sir, my question is on our domestic businesses. What is the ongoing strategy with IRASVA? How we are looking into it? Because last time, we said that we will be going with how the demand is getting shaped up into the Indian markets. And that is how you have been processing more stores. So, can you give us an update on that? What is the real progress going out there?

Sumit Shah: Yes. We haven't seen much improvement in the demand in our domestic business. And we are obviously going to be very cautious about increasing our physical footprint before the business

model is figured out. So, it is a small business. It is around Rs. 25 crores in annual revenue. And unless we don't see the unit economics pan out, we are going to be very cautious about expanding IRASVA. So, we are in wait and watch mode as of right now.

Shrikant Parikh: So, that was it from my side. Thank you.

Sumit Shah: Thank you.

Moderator: Thank you. We have a question from Shrikant Parikh from Prudent Investments. Please go ahead.

Shrikant Parikh: Sumit, while you were giving the details about the financials and strategy, as a company we are also weighing an option, since we have a global footprint of the supply chain, we could transfer some of the businesses to some other supply countries also. So, how quickly is the turnaround time, is there any possibility we have to move our businesses to a different source of origin?

Sumit Shah: Yes. So, I think that as of right now, I think we have got plans in place for risk mitigation, which gives me confidence that there will not be any tariff impact. I think that the specifics of the strategy, we would like to keep confidential for competitive reasons. But as I mentioned last quarter, there will be an impact. This quarter, we feel that we are much better prepared knowing the context of what is happening. And we feel fully confident that we will be able to mitigate the impact of any tariffs going forward. The specifics of the supply chain, we would like to keep confidential for competitive reasons.

Shrikant Parikh: Yes, totally understood. But just to get a context for our analysis, any ballpark figure or a percentage of sales which can come as a cost for shifting to different supply chain routes?

Sumit Shah: It will be insignificant.

Shrikant Parikh: It will be insignificant. Thank you.

Moderator: Thank you. As there are no further questions from participants, I now hand the conference over to Mr. Sumit Shah for closing comments.

Sumit Shah: Thank you everyone for joining us on the Q1 FY '26 Conference Call. If you have any more questions, please feel free to contact our Investor Relations team. Thank you.

Moderator: Thank you very much, sir. On behalf of Renaissance Global, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines. Thank you.