



RENAISSANCE GLOBAL LIMITED

(FORMERLY RENAISSANCE JEWELLERY LIMITED)

CIN.: L36911MH1989PLC054498

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Sub.: Transcripts of the Earnings Call

Ref.: Regulation 30 of SEBI (LODR), Regulations, 2015.

Dear Sir

With reference to our letter Ref. No.: RGL/S&L/2020/128 dated November 11, 2020; please find enclosed herewith the transcripts of earnings Conference call on Q2 & H1 FY 2021 results of the Company, held on Thursday, November 12, 2020.

The aforesaid information is also being uploaded on the website of the Company at www.renaissanceglobal.com

You are requested to take the above on record and disseminate to all concerned.

Thanking you,

Yours faithfully,

For **Renaissance Global Limited**

G. M. Walavalkar
VP – Legal & Company Secretary

Encl.: As Above



Renaissance Global Limited

(Formerly Renaissance Jewellery Limited)

“Renaissance Global Limited Q2 & H1 FY 21 Earnings Conference Call”

November 12, 2020



Renaissance Global Limited

(Formerly Renaissance Jewellery Limited)

DICKENSON



**MANAGEMENT: MR. SUMIT SHAH -- VICE CHAIRMAN, RENAISSANCE
GLOBAL LIMITED.**

**MR. HITESH SHAH -- MANAGING DIRECTOR,
RENAISSANCE GLOBAL LIMITED.**

**MODERATOR: MR. AAKASH MEHTA -- DICKENSON WORLD PRIVATE
LIMITED.**



Moderator: Ladies and gentlemen, good day and welcome to the Renaissance Global Q2 and H1 FY21 Earnings Conference Call hosted by Dickinson World IR. As a reminder, all participant 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 assistance during the conference call, please signal for an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aakash Mehta. Thank you and over to you sir.

Aakash Mehta: Good afternoon, everyone. I welcome you all to the Q2 and H1 FY21 Earnings Call of Renaissance Global Limited. We have with us Mr. Sumit Shah -- Vice Chairman and Mr. Hitesh Shah -- Managing Director. The discussion today may include some forward-looking statements and must be reviewed or considered in conjunction with the risk in the industry in general, and business in particular. Now, I hand over the call to Mr. Sumit Shah for the opening remarks. Over to you sir.

Sumit Shah: Good afternoon, everyone. On behalf of Renaissance Global I extend a warm welcome to everyone to this earnings conference call. For the benefit of the audiences who are joining the earnings call for the first time, I'd like to give a quick overview of the company followed with a review of the financial performance of the company during the quarter.

After this, we shall take questions from the participants. Renaissance Global is a highly differentiated luxury lifestyle products company and is the largest exporter of jewelry to many global retailers around the world. Our strategy to grow our business through licensed brands and own brands. In Q2, FY21 branded jewelry contributed 20% of our standard jewelry revenues. The company is focused on branded jewelry through our exclusive licensing arrangements for enchanted Disney Fine Jewelry, Disney Treasures Fine Jewelry, Star Wars, Fine Jewelry, and Hallmark. In addition to the licensed brands, we also have our own brands which is Made for You lab grown diamonds and jewelry for the US markets and IRASVA for the Indian markets.

In this quarter Disney Treasures, a collection of iconic characters of Disney has been successfully rolled out to 1000 stores in North America. Hallmark moments has also been rolled out to over 2000 stores and should contribute meaningfully to revenues in FY21. The company has also launched its in-house brand under IRASVA in the Indian market. After the success of its first flagship store. We have opened two new stores in Mumbai during the current financial year. Our newly launched lab grown diamonds jewelry brand Made for You has also shown promising response to our customers in the US. We plan to expand the Disney franchise in Mainland China. We've signed an agreement with LFX the second largest jewelry retailer in China to distribute Enchanted Disney Fine Jewelry across Mainland China. The launch of this brand was delayed due to the pandemic but is now currently scheduled for fourth quarter of the current financial year.

We are also most excited about the growth of our direct to consumer business. Our direct to consumer business through our newly launched website has shown robust growth during the year. Our Q2 FY21 B2C revenues were 9 crores versus 5.7 crores in Q1 FY21 a growth of 55%



quarter-over-quarter. During Q2, we launched the Jewelili direct to consumer website for our customers. Further we also launched Star Wars Fine Jewelry on 5th November 2020, which is in Q3 of the current year. And we are very encouraged by the consumer response. Our direct to consumer plans also include launch of Disney Jewels and Hallmark. The online D2C business is a high gross margin business with gross margins between 55% and 60%. We expect to grow the share of our direct to consumer business through all of our websites that we have launched and plan to launch in the near future. With that, I turn over to Mr. Hitesh Shah for discussion of our financial performance.

Hitesh Shah:

Thank you Sumit, and good afternoon to everyone. The company during the second quarter of FY21 reported a total income of Rs.532 crores against Rs.563 crores during the same quarter of the FY20 which is a de-growth of 6% year-over-year. The de-growth was lower than expected on account of pent up demand and one-time conversions. We expect revenues in the second half of FY21 to be 20% lower as compared to H2 of FY20. Our Q2 FY21 EBITDA is flat at 44 crores, our profit after tax stands at Rs.23 crores.

Now, looking at our H1 performance. For H1 FY21 our total income is down 38% at Rs.722 crores versus Rs.1162 crores in H1 of FY20. However, our gross margins have improved 60 bps in H1 FY21 against H1 of FY20. H1 FY21 EBITDA stands at Rs.33 crores versus Rs.75 crores registered in H1 of FY20 which is a de-growth of 57%. Our profit after tax stands at Rs.5 crores against a profit after tax of Rs.39 crores in the first half of FY20. The company has managed to lower its net debt to equity levels to 0.51 in September 2020 against 0.71 in September 2019 our long-term goal is to maintain the net debt to equity ratio below 0.5. Due to disciplined working capital management, consolidated year-over-year net debt has reduced by Rs.83 crores while our inventory levels have reduced by Rs.163 crores. We maintain a strong liquidity position with cash bank balances and short-term investments of Rs.211 crores as of September 2020. Further, company's trailing 12 months return on equity stands at 7.9% which was 13.5% for the year ended March 20.

In terms of geographic bifurcation, USA contributed around 63% to our overall revenues during Q2 of FY21 with 22% coming from Middle East. For H1, the breakup was US contributor 60% and the Middle East was 22%. In the products category, studded jewelry contributed 83% of the overall revenue during this quarter. But while the balance came from the plain gold segment. For the H1 the studded jewelry contribution was 84% whereas the plain gold was 16%. Thank you very much for your kind attention. Now the floor is open for question and answers.

Moderator:

Thank you very much, Mr. Shah. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Shruti Shah an Individual Investor. Please go ahead.

Shruti Shah:

Sir, I just wanted you to elaborate a bit on IRASVA brand that you have mentioned in the opening comments that we have started with our one flagship store and now we have opened two more stores in Mumbai. So, what is the plan for this brand and how many stores are we



planning to launch in this current year and apart from Mumbai, which other cities we would be targeting at?

Sumit Shah: Sure. So, the plan for India is a little bit fluid currently because, India has just open from the lockdown. For IRASVA currently we have opened two more stores and we have not yet formulated plans for further growth as we want to see the impact of Coronavirus on sales, as well as how sales stabilized. So, I would say that we would evaluate sales in the current quarter and in the next quarter. And further expansion plans will only be decided by the end of the current financial year. So, currently, we do not have any plans for any more store expansions for the current financial year.

Shruti Shah: But sir, we must be having a plan for next three to four years, like we must have made some estimates. So, I totally understand that we cannot give a figure, we cannot decide for this current year, but for next four to five years, what are the plans?

Sumit Shah: So, as I said, there's been a lot of disruption in India, especially on the physical retail side, our original plans were to open about 30 stores, we haven't made any changes to the plan. But again, we'll have to see the impact on sales and see how things turn up, and then finalize our plans. So, the long term plans we had spelled out earlier, we have not re-evaluated those plans. We are waiting and watching to see normalization of sales, post COVID. And in the months to come, and we will finalize our plans as things progress.

Shruti Shah: I just wanted to understand on direct to customer segment, as I've mentioned that we have clocked 9 crores revenue, so what kind of customers we are seeing, because my demand in this plant and do you think that is it just because of the current situation, that the sales, we are witnessing higher demand, and this trend will continue going forward or you believe ones the things are better, people will start again move to brick and mortar?

Sumit Shah: So, it's a little early to tell what consumer behavior will be in a world after there is a vaccine and things go back to normal, but it is our belief that there is a lot of digital acceleration that has happened and consumer habits have changed, once people have discovered the convenience of shopping online, a lot of these habits will continue there is no doubt that there's been an acceleration in shift to online shopping due to the Coronavirus but for our company, it's a sort of a structural decision to have a healthy percentage of revenues, which are direct to consumer. Having the licensed brands with us, gives us a big advantage to acquire customers. So currently, there's four websites which are live and I'd encourage all of you to visit the website and please give us your feedback and any experiences, Enchanted Disney Fine Jewelry is currently shipping in the US and in most countries globally. Star Wars jewelry is primarily a US centric brand and our two own brands made for you which is a lab grown diamond brand and Jewelili, which is our in-house diamond jewelry brand are all live and we're extremely excited about the customer response from these. We will continue to invest behind these brands and grow the direct to consumer part of the business.

Shruti Shah: What percentage are we targeting in next two to three years?

Sumit Shah: We'd like, the branded business as we've said before to be 50% of our business and our hope is that the direct to consumer business, our first milestone would be to cross 10% and then look at growing our share beyond that.

Shruti Shah: On the sales geographical split part. Currently, I understand that 60% is contributed by US and around 20%, 22% is from the Middle East. So, are we looking at new market, are we the next two years do we see a change in this split?

Sumit Shah: Yes, so we expect the business in China to grow meaningfully, our initial launch with LFX in Q4 of the current year will give us a lot of data points around customer acceptance of our product. So, we would expect China to be a significant growth area in the years to come.

Moderator: Thank you. Next question is from the line of Mihir Desai from Desai Investments. Please go ahead.

Mihir Desai: Sir my first question would be on the balance sheet side. So, you have mentioned in your presentation that the inventory levels have come down, but if you see on a month-on-month basis sir, or quarterly basis the inventory has slightly come up. So, is this because of the season or were we not able to sell, so I just want your view on this sir?

Hitesh Shah: Yes, so for us essentially this is entirely due to seasonality. If you look at our historical numbers, September is always a period when inventory tends to be elevated, because we are getting ready for shipping, Q3 is our largest quarter of the year. So, October, November, December is when we ship most of the product to our customers. And, there is a lot of buildup of inventory during this period. So historically, usually you will see a peak in September, in 2018 December was a peak because we have acquired at that time. But if one were to just seasonally adjust and look back, it is usually September when things are, when inventories are at the highest level because it's right before the Christmas shopping season for us.

Mihir Desai: One follow up question, like the past questions were raised, regarding the bricks and mortar business. But now, sir looking at the current scenario, and looking at how the consumer is behaving on the digital end also for higher ticket sizes, don't you think that the strategy for digitization should be revisited by you, and concentrate more over there rather than bricks and mortars going forward?

Hitesh Shah: Which is what we have mentioned that we launched our direct to consumer business, on the digital side, only in the last quarter. In the first quarter, we did about 5 crores of sales and, this quarter, we've done about 9 crores of sales, we continue to invest behind our digital marketing, channels, we're quite hopeful of a good Q3 as well. So, it is definitely a focus area for our company, because there's a consumer trend towards shopping online, as well as margins for the company are far higher. When we are making sales to customers, to consumers directly.

Mihir Desai: Correct. That is where I was coming from sir. And also, sir lastly, when you mentioned regarding your long term targets on debt to equity and achievable ROE levels, so when we say long term, so just wanted to know the timeline of these?

Hitesh Shah: So, currently in our debt to equity level is at 0.5. So, we feel very comfortable to sort of beat and improve on our target. Our return on equity also, prior to the pandemic we were at 13.5%. Our hope and expectation were to cross 15% in the current year. However, given what has happened, I would say that it's been pushed back a year. But our goal would be that in FY22 to be able to cross 15% return on equity and to be below 0.5 debt to equity, 0.5 debt to equity for the current year is also achievable.

Mihir Desai: Lastly, I wanted to know regarding Disney and Hallmark both brands are we selling under direct to customer platform?

Sumit Shah: Yes, so we currently we currently have two Disney brands are Enchanted Disney Fine Jewelry, so that website is live. It's on enchanted finejewelry.com it's the URL is on our presentation, and starwarsfinejewelry.com is also live and we have two own brands which are live. Hallmark is something which is targeted for the next financial year. We've just launched four platforms in the current year and plan to work on Disney Jewels as well as Hallmark for the next financial year.

Moderator: Thank you. The next question is from the line of Pankaj Garg, a Retail Investor. Please go ahead.

Pankaj Garg: I have two queries, the first is on the debt equity as you mentioned, you are planning to keep it below 0.5. So my question is, are there future plans company has to make the company debt free and the follow up question is on the dividend policy, is company has in the near future plans to share some profits with their shareholders in the form of dividend?

Sumit Shah: So, in terms of debt to equity, clearly the long term goal for the company would be at some point to be at a net debt zero, I don't envisage when that will happen it's probably a few years away. With regards to a dividend policy, it's something which would be discussed once the debt levels are lower than where they are today. So, no near-term plans for dividends and clearly as the company continues to generate cash, and the cash accumulates on the balance sheet, the net debt number would continue to go down.

Moderator: Thank you. Next question is from the line of Siddharth Oberoi from Prudent Equity. Please go ahead.

Siddharth Oberoi: I wanted to know about the overall demand scenario, as you have written in the transcript that this is a pent-up demand. So, what is the situation right now in probably October, November, et cetera?

Sumit Shah: So, what, what we are seeing is that our customers are being extremely cautious about ordering inventory, and increasing their liability so to speak, by increasing inventory. So, there are really two stories going on. While we have the ability to monitor sales at the retail level, now we're



seeing extremely strong activity at the retail level where most retailers that are selling our product are probably flat year-over-year or in certain cases slightly above. Not for the year, but for the last two months, for September and October things have normalized. However, retailers are being extremely cautious about buying inventory, so that inventory levels from a year ago are significantly lower. So, while retail throughput of the product is very strong, customers are being cautious about buying inventory from us. So, I would say that for the current quarter also, we will see some year-over-year declines. However, if the trend continues, there should be a lot of strength that we would see either in Q4 or in FY22, because will have low levels of inventory with strong sales. So, I would say that in Q3 we would expect to sell less than what we did one year ago. But the final customer demand scenario looks quite encouraging, where things have normalized to pre COVID levels.

Siddharth Oberoi: So, if not in the FY21, but can growth be expected in let say by 22?

Sumit Shah: Yes, absolutely.

Siddharth Oberoi: Growth over FY20, because FY21 is a down year?

Sumit Shah: Yes. Listen, I would make that contingent on things being normalized with Coronavirus, obviously, I would like to sort of, what we are seeing now based on if things continue the same way for sure, because it's very encouraging what we are seeing in terms of the demand scenario, if things do normalize in six months with the virus and the virus is under control, definitely FY22 we should see growth over FY20.

Siddharth Oberoi: Also, regarding this Chinese tie-up that is getting postponed since the virus hit. So, is there any terms and conditions, are there any terms and conditions have changed with the Chinese reseller?

Sumit Shah: No, nothing has changed. Currently it is taking a little bit longer because we are unable to travel there. So, a lot of communication is happening via sending samples, and video conference and meetings like this. Currently, a lot of things have been finalized and the launch is expected in Q4, of the current year. We do not expect any further delays in the launch. Unfortunately, the launch was scheduled for March, April, last year and it got delayed, but there has been a lot of pickup in activity there is no change in any terms, or anything of that sort. We've sort of picked up where we left, and we do expect to launch in Q4.

Siddharth Oberoi: So how will this work, for example you will supply certain jewelry which probably first they will wait and then they will give large orders, or is it the full-fledged launched in Q4?

Sumit Shah: No, it's not a full-fledged launch, they're planning to launch it in about 100 stores and if it's successful over a three month timeframe, then it goes to sort of a rollout to all of their couple of 1000 locations. I am not sure exactly how, I believe it's between 2000 and 4000 stores.

Siddharth Oberoi: So also regarding this, the two stores that you have opened. So have you opened it because probably they were in the works, and now the lockdown is over or is it that it's a part of the strategy that you will probably expand more in at least the Mumbai region?



Sumit Shah: Yes, it was part of the strategy, both the stores were already signed up before the lockdown and some of the work had happened, some of the work was started after. So, these were obviously commitments made prior to the lockdown and we've sort of gone ahead. The long-term plan is clearly to grow in India, but in a cautious manner, we don't want to. So, the plan is to grow in a thoughtful manner without making losses. So, we'll continue to evaluate the profitability of the stores and grow gradually our intention is not to make significant losses and expand for the sake of expanding, so it will be a thought-out strategy. And the plan would be to invest in us for long term.

Siddharth Oberoi: And these are all rentals, or have you bought the space?

Sumit Shah: No, rentals they are in malls.

Siddharth Oberoi: Okay. And, this was regarding the online sales, you have launched so many websites, as of now what percentage of sales come from online?

Sumit Shah: So, in this quarter broadly, we've done 9 crores of sales online, these are all direct to consumer transactions and our studded jewelry sales, I would say was somewhere around 400 crores, and total sales were 500. So, 2% of overall sales or about 3% of studded jewelry sales. So, it is a small number is growing, it's significantly more profitable than the wholesale sales, I would say that the profitability factor is 55% to 60%, gross profit. So, meaningfully even if we can get it to 10% of sales, that that would have a very significant contribution to profit, and even to the working capital cycle, because money's received upfront from the customer and, the turn on inventory we can work on just in time inventory and keep the inventory at a low number. So, it's an attractive business and we're very focused on the business we have a digital team in-house that is sort of looking at growing this constantly. It's early days, because it's only the second quarter that we launched a direct to consumer play, but we're very encouraged by the response so far and we'd like to make this a meaningful part of our business along with the brand's strategy going forward.

Siddharth Oberoi: Okay, but what is the purpose of these different sites, because I have gone through the websites, but there are four different websites one is Hallmark, one is this Jewelili, so, is it that because we have these tie-ups with different people so therefore you have to launch different websites for each tie-up?

Sumit Shah: Yes, so one of them is a Disney IP. So, to tell the complete story of the Disney Princesses, clearly one has to have a separate identity, The Star Wars again, same story, you have to tell the story of Star Wars. So Star Wars deserves its own website, Jewelili really is going to be our marketplace with all of our brands, so Jewelili currently has Enchanted on it, it has a lab grown diamond brands on it, it will also have a Star Wars on it. So Jewelili would be a platform to sell all diamond jewelry, including all of the licensed brands and Hallmark and Made For You is a lab grown diamond brand we wanted it to have a separate identity because you don't want the customer to be confused between real diamonds and lab grown diamonds.

- Siddharth Oberoi:** Do you have any plans to launch this lab grown ones in India as well?
- Sumit Shah:** Not currently.
- Siddharth Oberoi:** So, if you notice the gross debt has gone up, why is that due to?
- Sumit Shah:** So, again it's a matter of seasonality, it's gone up sort of quarter-over-quarter, but year-over-year it's down so a lot of inventory is built up during this quarter in order to fulfill orders for this year, we expect the gross debt number also to be lower next year, year-over-year also the gross debt is a little bit higher because of Corona we're sitting on about 200 crores of cash and short term investments. So we wanted to keep our liquidity a little bit high in order to just right through any disturbances if there were any during Corona, but with things having normalized, we should see things stabilized in the next quarter.
- Moderator:** Thank you very much. Next question is from line of Dharmit Shah. Please go ahead.
- Dharmit Shah:** Mr. Sumit. One question from me, Disney licenses does the company plan to apply for Disney licenses for other geography?
- Sumit Shah:** We already have Disney licenses for multiple geographies, and we are currently selling Disney in various markets around the world. We have the license for China, we have the license for Middle East, we have the license for South Africa. So, we do have licenses for other geographies as well.
- Dharmit Shah:** When are these licenses up for the renewal for major markets maybe?
- Sumit Shah:** So, they are as we have maintained before, they are relatively long-term licenses for competitive reasons, we've not disclosed sort of the renewal dates for these. So that is something that's not been disclosed in the public domain.
- Moderator:** Thank you very much. Next question is from Rohit Balakrishnan from the Prithvi Capital. Please go ahead.
- Rohit Balakrishnan:** Actually, this is the first call that I'm attending so pardon me if the questions are a bit basic and you already explained them before. So just a few questions, so one can you share what is the economics that you have with these brand licenses that you have with Disney and Hallmark how does it work?
- Sumit Shah:** It is a royalty arrangement, we pay royalties as a percentage of sales.
- Rohit Balakrishnan:** What would be the royalty as a percentage of sales?
- Sumit Shah:** Again, it's something that we've not disclosed for competitive reasons. So essentially the way this works is, the product is designed by our team, the distribution partners again are decided by our team the distribution strategy. Disney essentially approves, whether, the designs are in line



with their intellectual property, that's essentially how they manage their intellectual property and we report on a monthly and a quarterly basis what sales have been made and a royalty is paid to them.

Rohit Balakrishnan: Got it and this large sold in the US right now or you said you have licenses for multiple geographies, but just want to get a sense of the current sales, what's the broad geography mix. I don't want exact numbers, but just broadly.

Sumit Shah: So, I would say that of the branded jewelry sales, a large majority of them would be in the US, a lot of the license brands came through an acquisition that we made two years ago. And they were primarily in US, Canada and in the UK. We have since then made efforts to grow it internationally. However, most international markets such as South Africa, Philippines, Middle East are relatively small. China, as I mentioned earlier on the call is something that launches in Q4. We hope to make that a meaningful part of the business, but a large part of the branded jewelry sales is in the US. And the secondary markets would be Canada and the UK.

Rohit Balakrishnan: And how is the distribution of, so who controls the distribution you as a licensee, you control the distribution?

Sumit Shah: That is right. We talk to retailers, the sales are largely through large, organized retailers in the US. So currently, the largest retailers such as Zales and Kay Jewelers, which are owned by Signet carries, Macy's carries both Enchanted as well as Hallmark. So yes, distribution is done by us, and primarily through large retailers as well as now through our own website.

Rohit Balakrishnan: Got it and this part of the business is what you said is about 20% right now is that correct?

Sumit Shah: That is right.

Rohit Balakrishnan: Okay. The second question I had, was that your own brand IRASVA so, that is, can you just talk a bit about that so that's again, like a global brand are you looking at or there is going to be India only?

Sumit Shah: So IRASVA is an India only brand, it's relatively new, it's a very small part of our overall sales number. It's just in, we have basically one store operating for the last year or so and we've just opened our second and third store. It's an India only brand because Indian jewelry, design aesthetic is very specific and very different from the rest of the world. So IRASVA would be our India only brand. We have two other brands, which is Jewelili and Made for You, which are our global brands.

Rohit Balakrishnan: Alright. And just couple of more questions. So, one, if I look at your sales mix, by geography. So, from about less than 10%, in 2016 Middle East has grown to about a third. So, can you just explain what has led to this sharp increase in sales in Middle East and what has the company?

Sumit Shah: We acquired in the Middle East, where we acquired a business, we have a manufacturing facility there, it's primarily a gold jewelry, manufacturing business. Its relatively, lower margin



compared to the studded jewelry business. And if you see in the current quarter the share of that business has gone down, because the gold business in the Middle East depends primarily on tourism and since tourism has been hit, that the share of that business has gone down in the current year, and in the current quarter to only 16% of the business. So, the business increased historically, primarily because we made one acquisition in the Middle East.

Rohit Balakrishnan: Got it. And just one final question, if I look at a long range, last seven, eight years our ROE and ROC has broadly been around. Low double digits about 12%, 13% in terms of ROC, you mentioned that you want to cross 15% ROC plan this year, but it got extended to next year because of this COVID. But just want to understand longer term, let say three to four years out what will drive the ROC, what are the key levers that you see both in terms of P&L and balance sheet if you can sort of articulate that?

Sumit Shah: The business mix is changing, we're consciously over the last few years we've been changing our business mix towards the license brands. Since we made the acquisition, we've been very focused on making that a larger part of our sales. So, because that's a higher gross margin business as it becomes a larger part of our overall revenues, gross margins and EBITDA margins should go up. And another contributor to that will be the direct to consumer business. So, both these businesses, the direct to consumer obviously as part of the branded jewelry sales, both of these businesses are much higher margin compared to our generic jewelry business, which was supplying jewelry to retailers worldwide. These are higher margin businesses with much better economics and working capital cycle, due to which our return ratios should improve meaningfully over the next three to four years.

Rohit Balakrishnan: Got it and you mentioned you have an aspiration to repeat about half from branded sales?

Sumit Shah: That is right.

Rohit Balakrishnan: And this would be over what timeline broadly?

Sumit Shah: So, I would say that over a three to four year period, our goal would be to sort of have a split of our studded jewelry business 50:50. Currently, the branded jewelry business is about 20% of our overall revenue, our goal would be for the branded jewelry to be 50% of the overall sales over a three to four year period.

Moderator: Thank you very much. Next question is from line of Chiraj from Budhrani Finance. Please go ahead.

Chiraj: As far as China business is concerned, what margins and what scale are we looking there, if you can give some sense?

Sumit Shah: China is obviously is a large market for jewelry and it's a big opportunity. Margin would be in largely in-line with what they are in the US, we don't see any reason why because our opportunity in China is primarily in the branded side, we are not going to be selling generic jewelry in China. So, I would say that the margins would be similar to what they are in the US.



In terms of total size of market, it's a large addressable market, but a little bit early to say what penetration we will have since we haven't started yet.

Chiraj: Sir what I am trying to understand is, would it be bigger than the current branded market, branded sales that you are doing?

Sumit Shah: Again, difficult comment on that, China clearly definitely has an affinity for a lot of the Disney brands and we're hopeful that it could be a large opportunity. We'll definitely know more when we have our Q4 earnings call and we'll definitely have some color around, what the revenues are in China at that time.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management for closing remarks.

Sumit Shah: Thank you everyone for joining us on the Q2 FY21 earnings conference call. We hope to see you on the next call. Thank you.

Hitesh Shah: Thank you.

Moderator: Thank you very much. On behalf of Renaissance Global Limited, that concludes this conference. Thank you for joining us, you may not disconnect your lines.