



LYPSA

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October 24 2016

The Manager – Listing
National Stock Exchange of India Ltd
Mumbai

The Manager – Listing
Bombay Stock Exchange of India Ltd
Mumbai

Sub: Lypsa Gems and Jewellery Ltd Investor Presentation

Dear Sir,

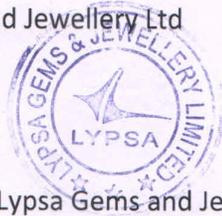
We are pleased to send herewith the Investor Presentation prepared in consultation with Bridge Investor Relations Pvt Ltd Mumbai. Kindly take the same on record.

Thank You

For Lypsa Gems and Jewellery Ltd

Jeeyan Patwa

CFO and Director, Lypsa Gems and Jewellery Ltd.



LYPSA GEMS & JEWELLERY LIMITED.

CIN: L28990GJ1995PLC028270

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Lypsa Gems & Jewellery Limited

Investor Presentation
October 2016



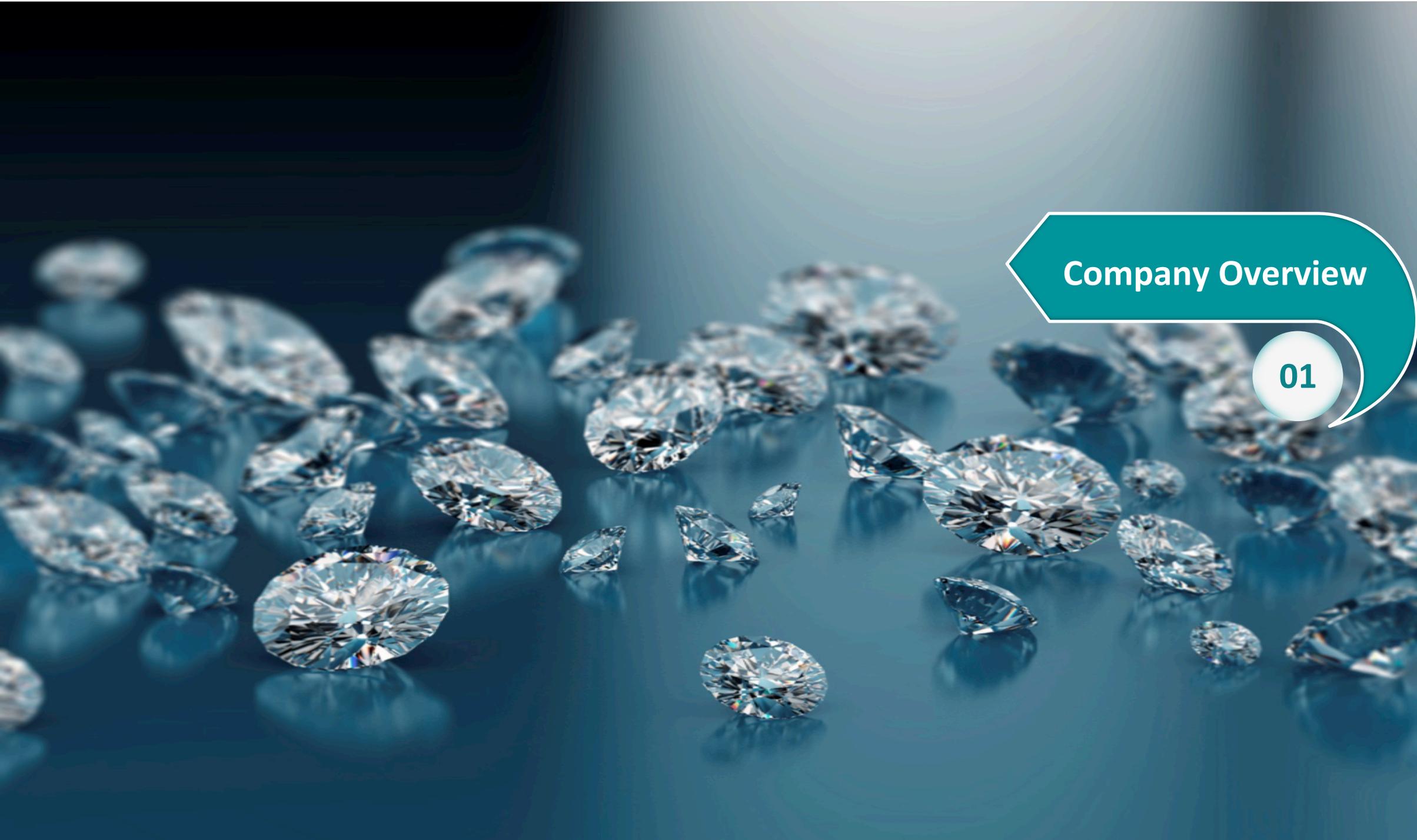
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Company Overview

01

Vertically Integrated Diamantaire

- 65 years of total experience amongst promoters

Over 450,000 Carats of Rough Diamonds Sold

- Sold more than 450,000 carats of rough diamonds in last 5 years

Over 600,000 Carats of Polished Diamonds Sold

- Distributed more than 600,000 cts of Polished Diamonds Globally in last 5 years

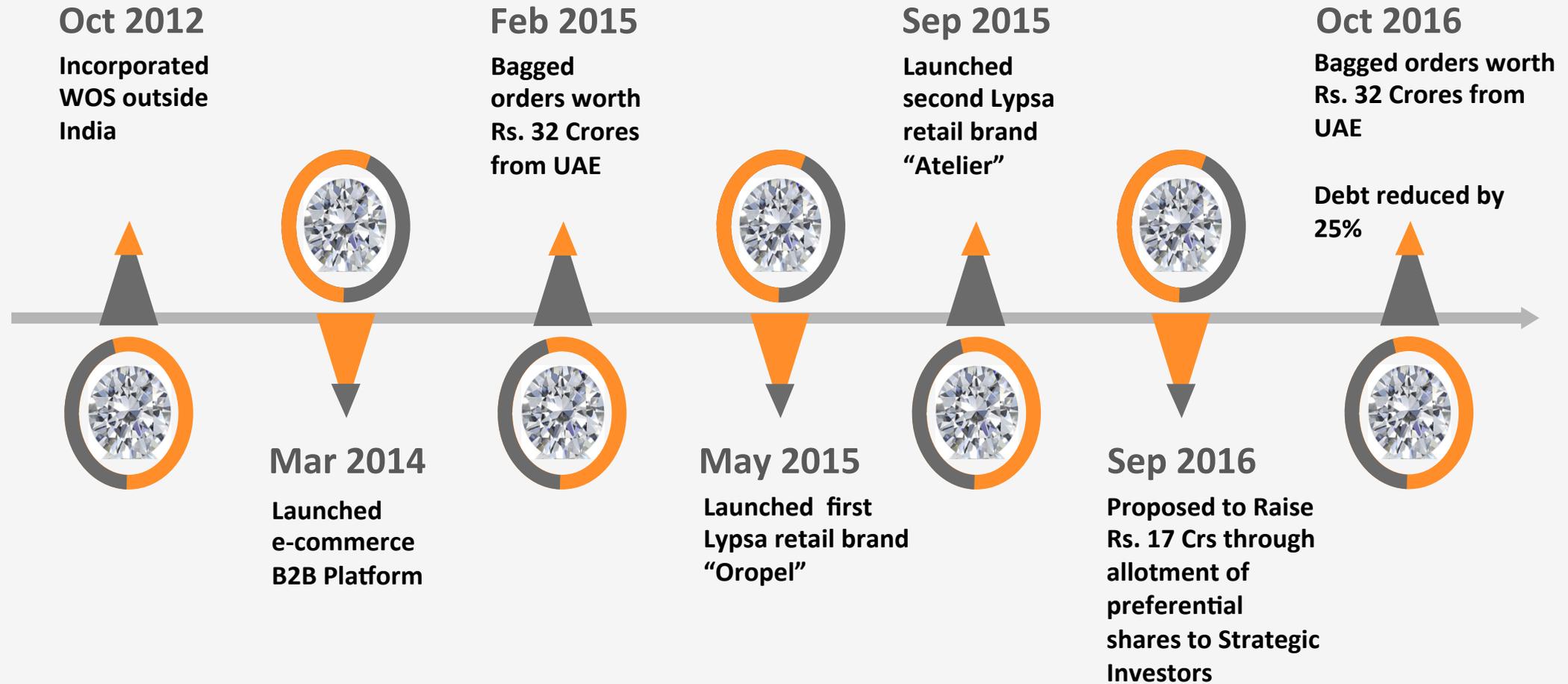
State of Art Factories

- Cutting & polishing factory at Chaapi - Palanpur in Gujarat

Amongst few Diamond Companies in India to initiate debt repayment

- Debt reduced by 25% - repaid Rs 7.5cr of total debt
- D/E ratio at 0.75x from 1.03x
- Plans to be Debt free soon

Journey So Far



Key Management Team



Mr. Deepan Patwa, Chairman & MD

- In 1984, Apprenticeship at Rosy Blue Group
- By 1989, became Sales Head of Rough Diamonds Divisions
- In 1990, started business dealing rough diamonds

Mr. Manish Janani, Joint MD

- Apprenticeship at Rosy Blue group
- Expertise in handling diamond cutting and polishing operations
- Handles key customer relationships and responsible for Group strategy

Mr. Jeeyan Patwa, Director & CFO

- Graduated from London School of Economics in BSc and MSc In Management
- Oversees Accounting and marketing functions
- Responsible for New Business Development

Mr. Hemant Rathod, Head – Finance

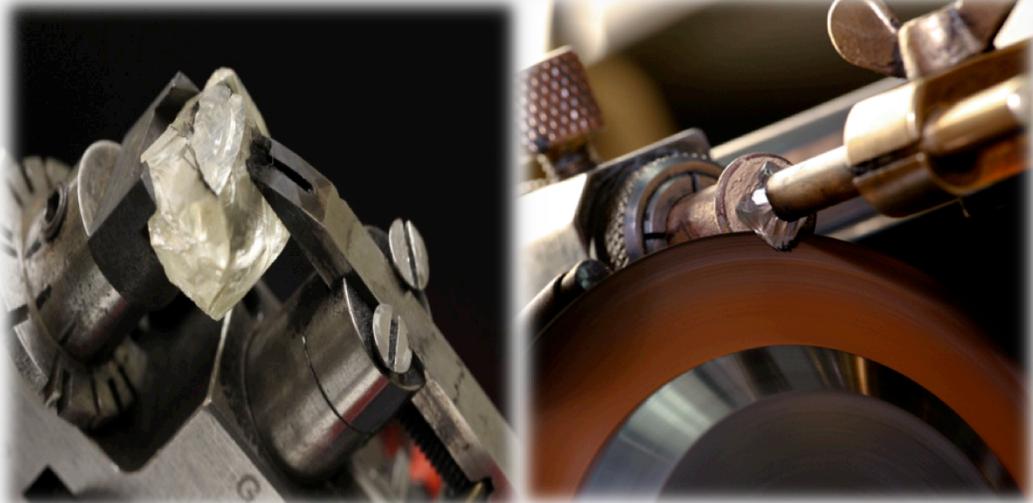
- Associated with Lypsa since inception
- Responsible for Forex hedging, Accounting and Reporting

Mr. Kiran Toprani, Head – Rough Division

- Responsible for purchasing rough diamonds
- Oversees cutting and polishing of diamonds with emphasis on cost and yield optimization
- Supervises quality control and assortment of polished goods

Mr. Shreyash Shah, Head – Polish Division

- Expertise in handling key customer relationships for polished diamonds
- Manages client demands and helps align product offering to clients



- Modern diamond cutting and polishing facilities in Chaapi in Gujarat allows us to produce consistent high– quality polished diamonds
- Equipped with State of the Art Machinery for planning and processing rough diamonds
- Focus on cost, quality and yield optimisation
- Total annual capacity to process 250,000 cts of small sized rough diamonds

Gems & Jewellery Value Addition Process



Upstream

Exploration
and
Production

Rough-diamond
sorting and
valuation

Rough-
diamond
sales

Middle Market

Cutting
and
Polishing

Polished
diamond
sales

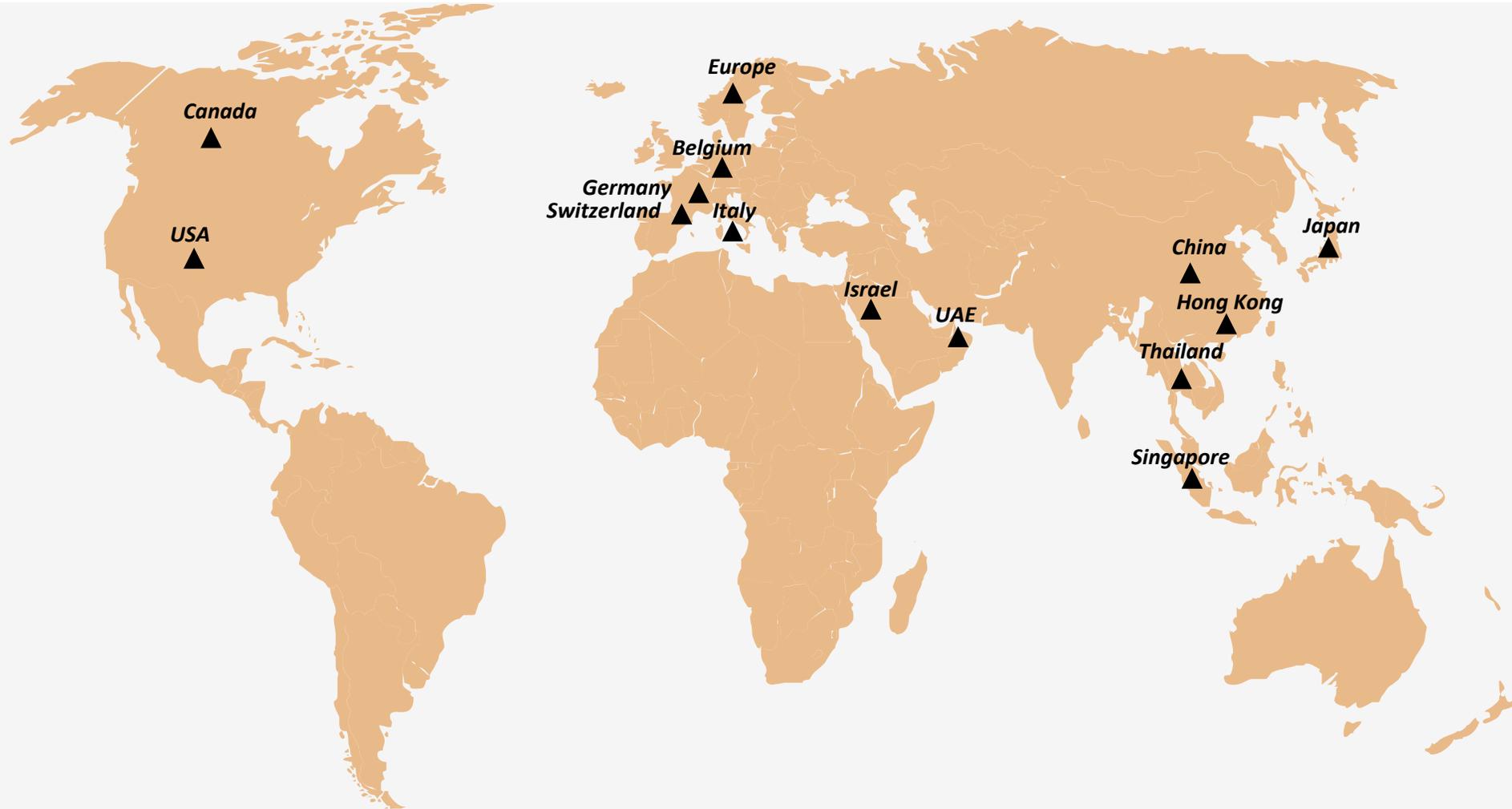
Diamond
jewellery
manufacturing

Downstream

Diamond
jewellery
retail sales

Strong presence across high end of value chain

Strong Global Clientele



International business generates higher margins; 57% of revenue



Business Overview

02

01 Demand & Supply

- Expect demand for polished diamonds to grow
- Rough prices and supply to remain stable, resulting in healthier margins this year

03 Inflection Point

- Diamond industry starting to see recovery and witnessing growth
- Company rightly placed to make most out of this opportunity

05 Export Sector – 2015-16

- Gems & Jewellery sector accounted for US\$ 38.6 bn of exports
- Cut and Polished diamonds exports contributed to US\$ 19.96 bn



02 Industry Policy

- Rough import allowed in special notified zone in Bharat Diamond Bourses
- Allows greater accessibility to rough for manufacturers in India – more variety and better pricing

04 Lower Pricing

- Last couple of years - excess supply resulted in low pricing and pressure on margins
- Miners reduced supply of rough to suck up excess inventory, resulting in increase in demand for polished diamonds enabling better margins for manufacturers like Lypsa

Polish Diamond Sales

- Global sales of polished products
- Value added services like bagging, custom assortment, Just in Time delivery offered to clients providing a unique product and service offering
- Allows higher client retention and loyalty

Rough Diamond Sales

- Purchase rough from tenders and diamond dealers in Belgium, Dubai and Africa
- Add value by assortment, preparation and processing and sell to specialist manufacturers

Diamond Cutting & Polishing

- Cutting and polishing of rough to maximize yield and quality
- Focus on producing polished goods below 0.15cts
- Use of technology and skill to obtain superior results

Jewellery – Bespoke & E-Commerce

- Focus on generating maximum value-added by using Lypsa's diamonds to stud jewellery and selling them through our brands 'Oropel' and 'Lypsa
- Atelier'



The logo for snapdeal.com, with "snapdeal" in blue and red and ".com" in black.The logo for SHOPCLUES.COM, featuring a blue checkmark icon and the text "SHOPCLUES.COM" in black.The logo for flipkart.com, with "flipkart" in white on a blue background and ".com" in yellow.The logo for Craftsvilla.com, featuring a colorful spiral icon and the text "Craftsvilla.com" in a script font, with "Handcrafted Luxuries" in a smaller font below.

- Launched 'Lypsa Atelier' - Collection of contemporary diamond studded jewellery in 18K and 14K Gold
- Over 150 designs to be sold through leading Indian E-Commerce platforms
- Products priced between Rs.7,500 - Rs. 35,000
- Collection uses modern design elements in vogue with latest fashion trends
- Target audience - Women between 18-45 years of age

01

- Presence across entire Value Chain
- Value added services portfolio

**Vertical
Integration**

02

- Three decades of experience
- Strong market Reputation and Goodwill
- Established International market with presence across geographies and diverse global customer base

Goodwill

04

- Leading to high operational efficiency with minimal wastage
- Provides 150 assortments of rough diamonds to around 500 clients
- Over one million carats of diamonds sold in 5 years

**Best in Class
Assortment
Expertise**

Raw Material

03

- Multiple sources for raw material procurement leading to better pricing on rough diamonds
- Strong capability to buy and process wide variety of rough



Annual
Financial Highlights

Consolidated Financial Highlights – FY16




Revenue
Rs.477.0 cr

(19)%


EBTIDA
Rs. 22.3 cr

(2)%


EBITDA Margin
4.7%

80 bps


PAT
Rs.18.7 cr

4.5%


PAT Margin
3.9%

90 bps


EPS
Rs. 8.9

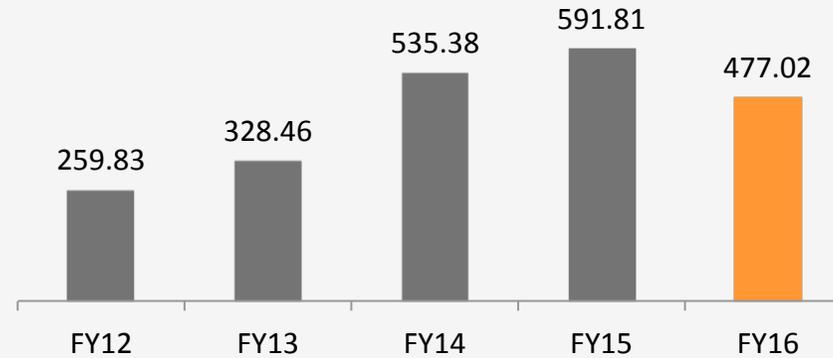
4.5%

Strong focus on increasing margins & operational efficiencies

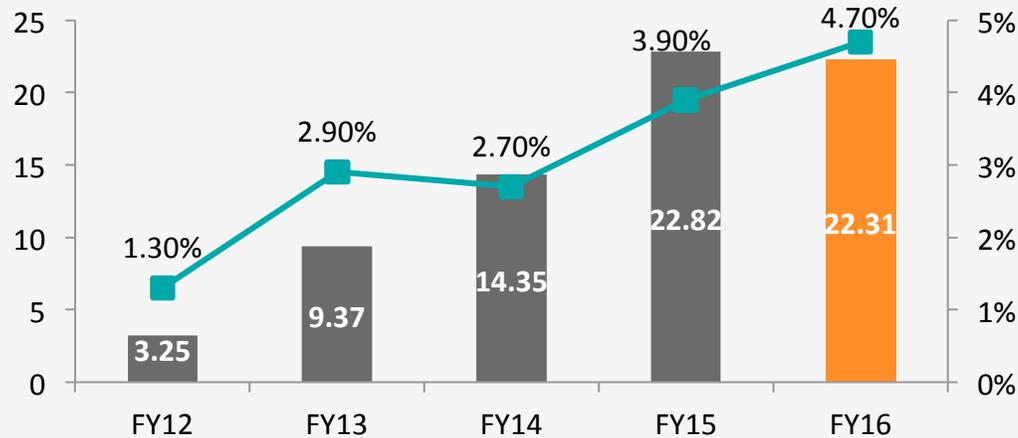
Consolidated Financial Highlights - FY16



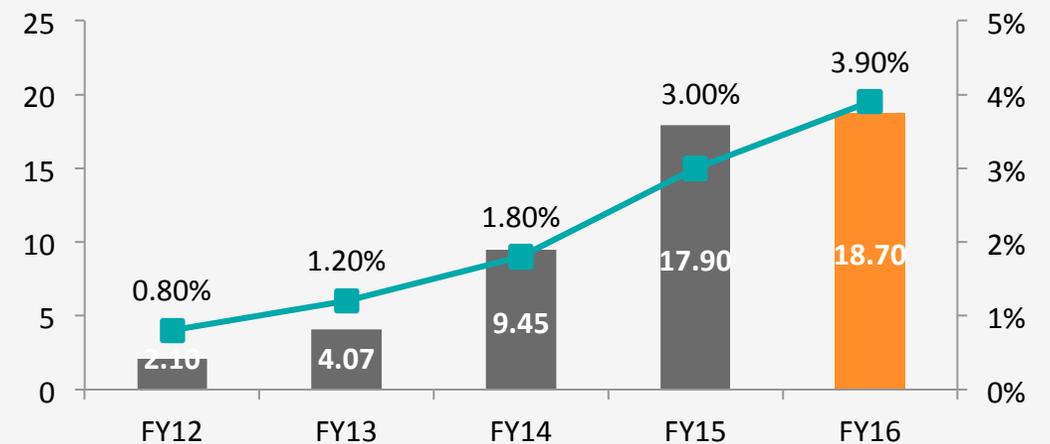
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)



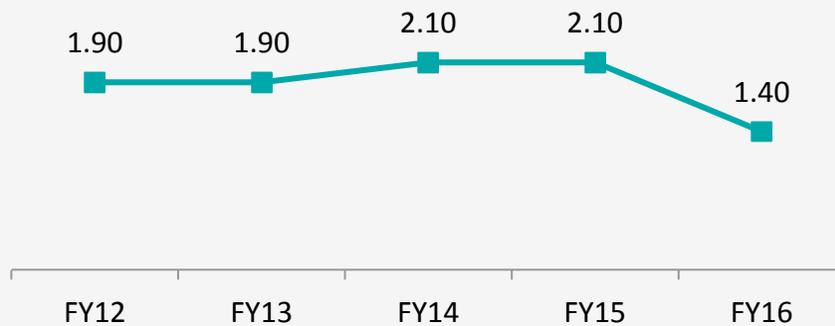
PAT (Rs. Crore) / Margin (%)



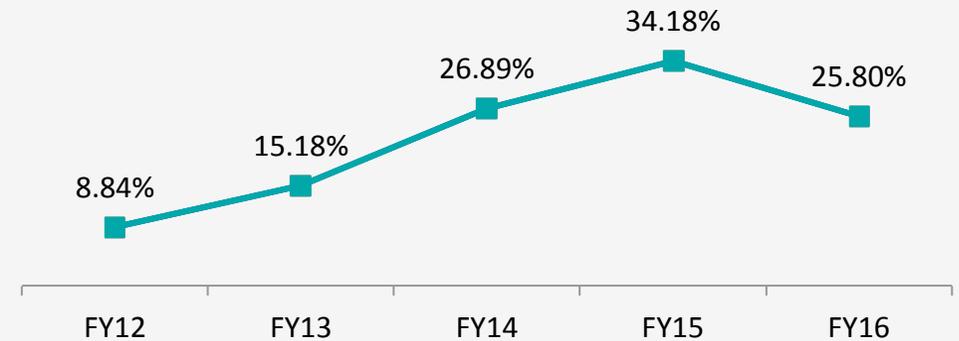
Consolidated Balance Sheet Highlights



Total Asset Turnover (x)



RoE (%)



Despite challenging environment, Company registered strong ROE

Consolidated Profitability Highlights



Rs. Crores	FY16	FY15	YoY %
Revenue	477.0	591.8	-19.4%
Raw Material & Fuel costs	446.6	555.4	
Employee Cost	2.8	4.6	
Other Expenses	5.4	9.0	
Total Expenditure	454.7	569.0	
EBIDTA	22.3	22.8	-2.2%
EBITDA Margin (%)	4.7%	3.9%	
Depreciation	0.5	0.4	
Other Income	0.7	0.6	
Interest	3.1	3.3	
Exceptional Item	0.1	0.0	
Profit Before Tax	19.5	19.7	
Tax	0.6	1.8	
Profit After Tax	18.7	17.9	4.5%
PAT Margin (%)	3.9%	3.0%	
EPS	8.9	8.5	

Annual Consolidated Balance Sheet Highlights



Rs. Crores	Mar-16	Mar-15
Shareholder's Funds	72.4	52.4
Share capital	21.1	21.1
Reserves & Surplus	51.3	31.3
Non-current liabilities	0.3	0.3
Long term borrowings	0.0	0.0
Defer Tax liabilities	0.3	0.3
Other Long-Term liabilities	0.0	0.0
Long-Term Provisions	0.0	0.0
Current liabilities	277.8	229.6
Short Term Borrowings	32.4	38.1
Trade Payables	244.5	188.8
Other Current liabilities	0.7	1.2
Short-term provisions	0.3	1.6
Total Equities & Liabilities	350.6	282.3

Rs. Crores	Mar-16	Mar-15
Non-current assets	6.2	6.0
Fixed assets	5.9	4.9
Non-current Investments	0.1	0.2
Long-term loans & advances	0.2	1.0
Other non-current assets	0.0	0.0
Current assets	344.4	276.3
Current investments	0.2	0.0
Inventories	34.6	27.0
Trade receivables	301.9	236.8
Cash & Cash equivalents	6.7	10.4
Short-term loans & Advances	0.9	2.1
Other Current Assets	0.0	0.0
Total Assets	350.6	282.3

Move Up-The-Value Chain 02

- Concentrate on operational efficiencies and productivity

Increase Footprints Through E-Commerce Platform 04

- Leverage on Tie-ups with all major E-commerce players
- Joint Venture with major financial services players providing diamond backed financial products to Institutional investors, retail clients and HNIs

01 Export Business

- Develop existing export business
- Export business generates high margins

03 Venture into Retail Market with Strong Business Strategy

- Focus on increasing penetration through well established Brands (Oropel & Lypsa Atelier)
- Jewellery Retail through Omni Channels like online stores, e-commerce platforms, kiosks and flagship stores

05 International Manufacturing and Sourcing

- Plans to establish cutting and polishing factory for larger goods in Botswana, to get direct supply of rough diamonds from top miners
- Plan to open office to source rough diamonds in Antwerp, Belgium – to bring down cost of sourcing

Thank You



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Bloomberg LYPS

REUTERS

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