



LYPSA

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Nov 20 2017
The Manager – Listing
National Stock Exchange of India Ltd
Mumbai

The Manager – Listing
Bombay Stock Exchange of India Ltd
Mumbai

Sub: Lypsa Gems and Jewelry Ltd Investor Presentation

Dear Sir,

We are pleased to send herewith the Investor Presentation regarding Q2FY18 results.
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

Result Update Presentation
Q2 (FY18)



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Management Comment

01

Commenting on the results, Mr. Jeeyan Patwa, CFO, Lypsa Gems and Jewellery Limited said :

“We are pleased to announce that we have been able to accomplish our internal growth and profitability targets successfully. The strategy to realign our businesses and evolve a profitability-focused model has yielded good results. We continue to focus on providing an evolved and competitive market offering suited to the dynamic preferences of our clients. Going forward, we will continue to build our rough trading and jewelry businesses with added focus on growing the business in our Middle-eastern subsidiary.

We remain committed to building a vertically integrated business model across the diamond pipeline in order to maximize value for all stakeholders including the clients, shareholders and company.”




Q2 & HY 18(FY 18)


Financial Performance


02


Consolidated Financial Highlights – Q2 FY18 vs. Q2 FY17



 **30.02%**
Revenue
Rs. 83.47

 **43.87%**
EBITDA
Rs. 7.74cr

 **94 bps**
EBITDA margin 9.3%

 **66.37%**
PAT
Rs. 7.62cr

Financial performance in line with strategy of focusing on profitable growth and emphasis on higher EBITDA margins


Consolidated Quarterly Profitability Highlights




Rs. Crores	Q2 FY18	Q2 FY17	Comparison Growth %	FY17
Total Income from Operations	83.47	64.20	30.02%	260.73
Total Expenditure	75.72	58.82		235.34
EBITDA	7.74	5.38	43.87%	25.39
Interest	0.04	0.69		3.66
Depreciation	0.08	0.11		0.43
Other Income	0.0	0.0		0.21
Profit Before Tax	7.62	4.58		21.51
Tax	0.0	0.0		0.0
Profit After Tax	7.62	4.58	66.37%	21.51
EPS in Rs.	2.58	2.18	18.35%	10.2

Consolidated Financial Highlights – HY18 vs. HY17




Revenue
Rs.164.91


49.36%


EBITDA
Rs. 14.94cr

59.28%


37 bps

EBITDA margin 9.05%


82.48%

PAT
Rs. 14.69cr

Financial performance in line with strategy of focusing on profitable growth and emphasis on higher EBITDA margins

Consolidated Half Yearly Profitability Highlights

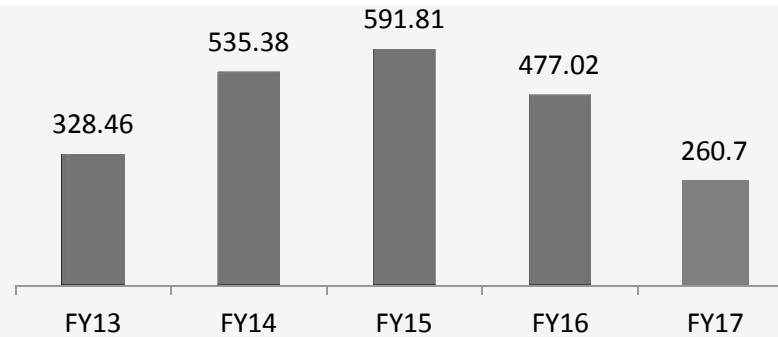


Rs. Crores	HY18	HY17	Comparison Growth %	FY17
Total Income from Operations	164.91	110.41	49.36	260.73
Total Expenditure	149.97	101.03		235.34
EBITDA	14.94	9.38	59.28%	25.39
Interest	0.09	1.32		3.66
Depreciation	0.16	0.22		0.43
Other Income	0.0	0.21		0.21
Profit Before Tax	14.69	8.05		21.51
Tax	0.0	0.0		0.0
Profit After Tax	14.69	8.05	82.48%	21.51
EPS in Rs.	4.98	3.82	30.37%	10.2

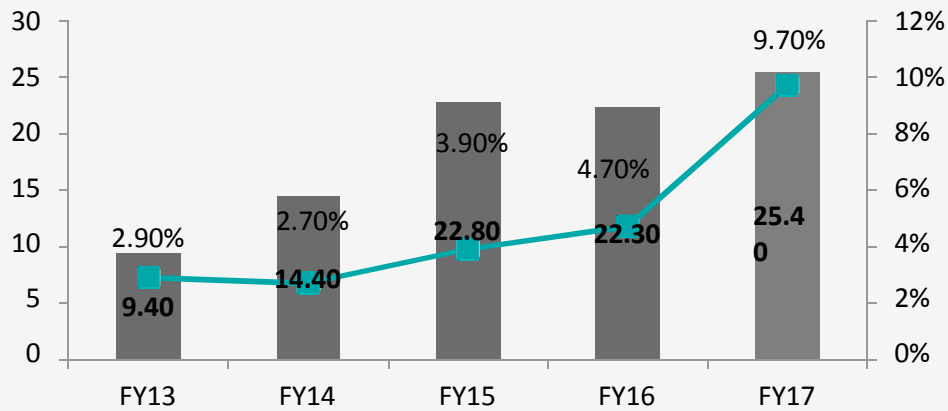
Consolidated Financial Highlights - FY17



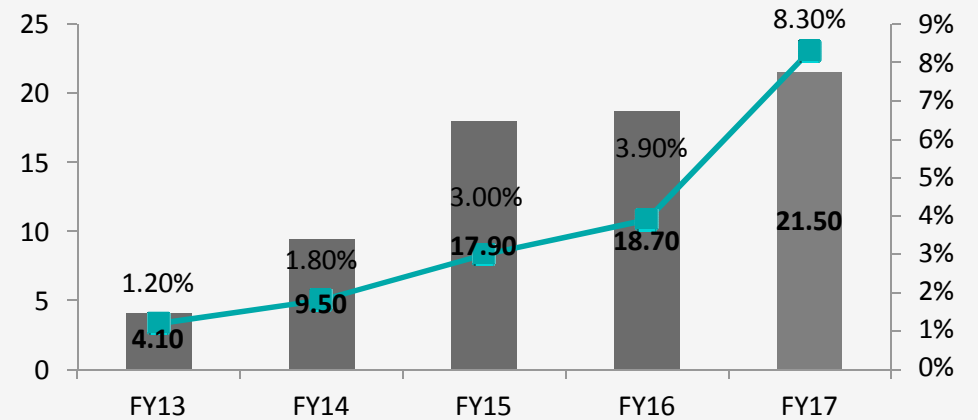
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)



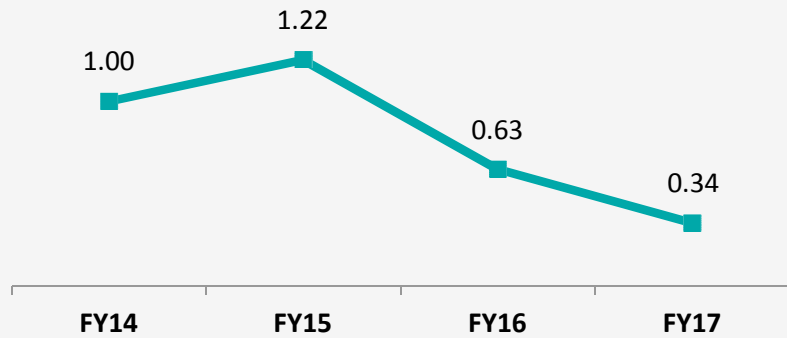
PAT (Rs. Crore) / Margin (%)



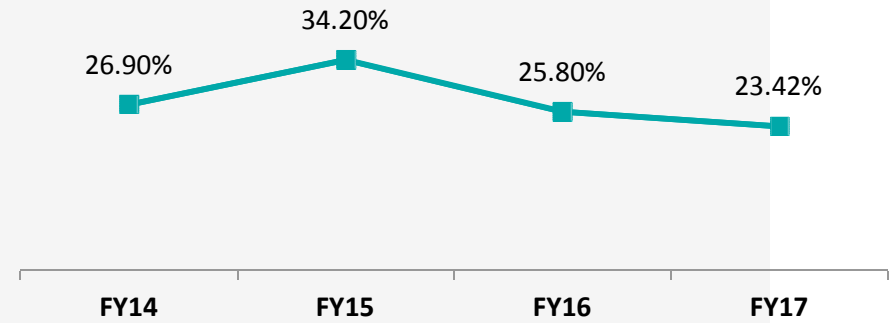
Key Return Ratios



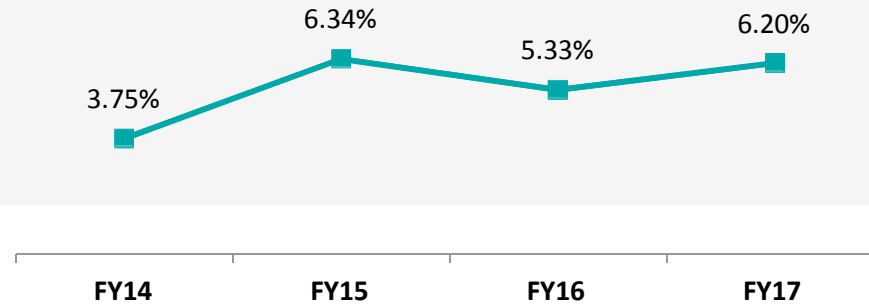
Total Debt to Equity



RoE (%)



RoA (%)



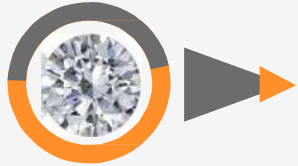
Despite challenging environment, Company registered strong RoA & reduced Debt to Equity

Annual Consolidated Balance Sheet Highlights



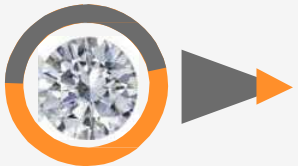
Rs. Crores	Sep -17	Mar-17
Shareholder's Funds	115.03	91.8
Share capital	29.48	21.1
Reserves & Surplus	85.55	70.8
Non-current liabilities	0.33	0.3
Long term borrowings	0.0	0.0
Defer Tax liabilities	0.33	0.3
Other Long-Term liabilities	0.0	0.0
Long-Term Provisions	0.0	0.0
Current liabilities	215.74	254.7
Short Term Borrowings	23.74	24.0
Trade Payables	190.69	229.4
Other Current liabilities	1.29	1.3
Short-term provisions	0.04	0.0
Total Equities & Liabilities	331.10	346.8

Rs. Crores	Sep-17	Mar-17
Non-current assets	5.4	5.6
Fixed assets	5.24	5.4
Non-current Investments	0.09	0.1
Long-term loans & advances	0.07	0.1
Other non-current assets	0.0	0.0
Current assets	325.69	341.1
Current investments	0.15	0.2
Inventories	1.02	1.6
Trade receivables	315.43	338.4
Cash & Cash equivalents	0.50	0.9
Short-term loans & Advances	8.58	0.2
Other Current Assets	0.02	0.0
Total Assets	331.10	346.8



Design Focus

- Lypsa DMCC launched new diamond studded jewelry collection
- Collection comprises over 100 designs and offers customization option to clients
- Focus on Middle East Market,
- Blend of contemporary design elements with Middle Eastern Design Motifs



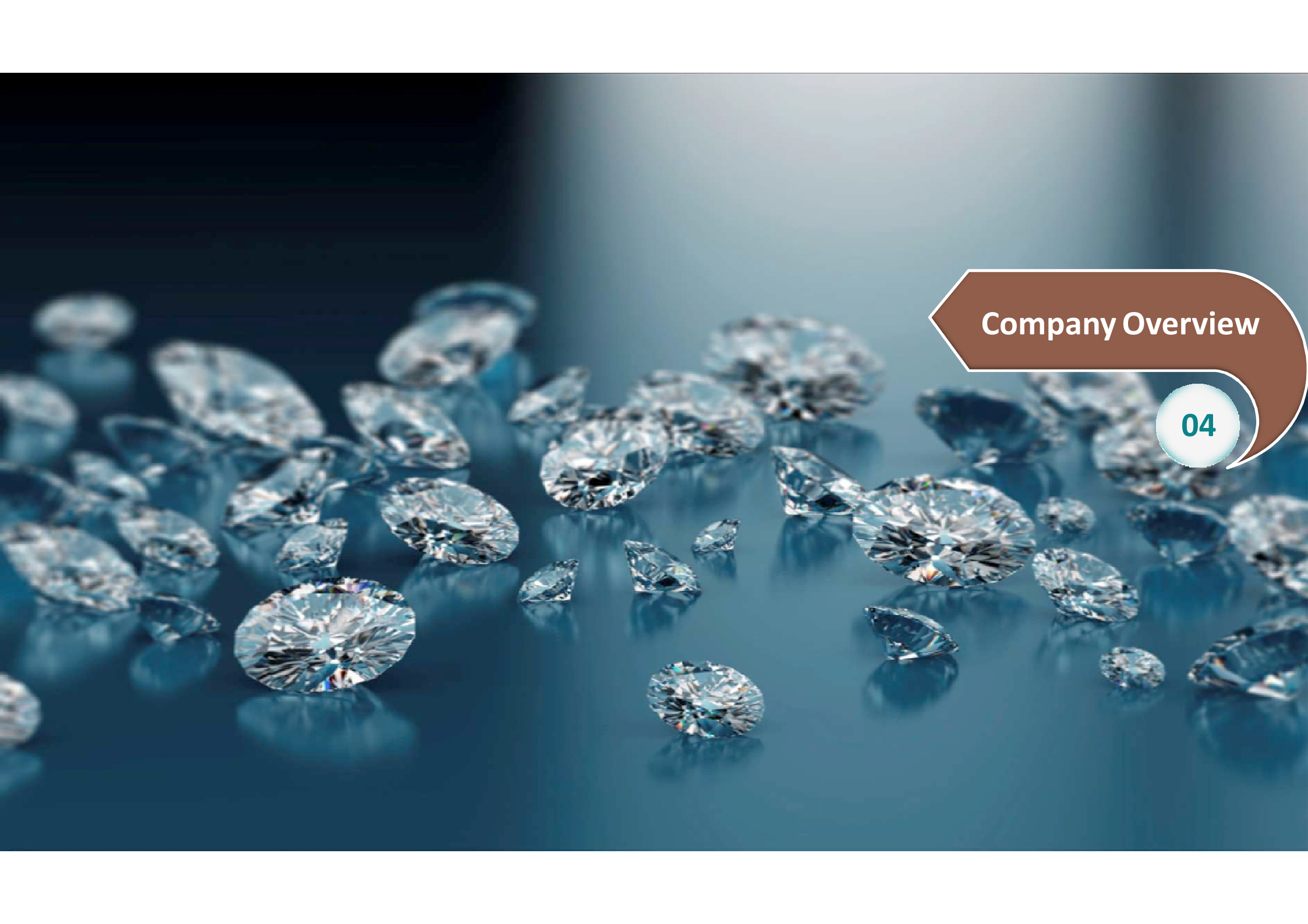
New Orders

- Bagged new orders from UAE based customers
- To supply loose diamonds and diamond- studded jewelry worth Rs. 160 million
- Jewelry to be set in 18kt gold and VS-SI diamonds



Debt Reduction

- Repaid debt of Rs52 million
- Making successful developments on the path to becoming debt-free in the near future



Company Overview

Company Overview



Vertically Integrated Diamantaire

- 65 years of total experience amongst promoters



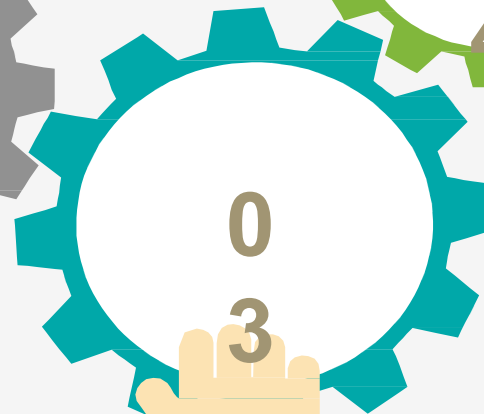
Over 450,000 Carats of Rough Diamonds Sold

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



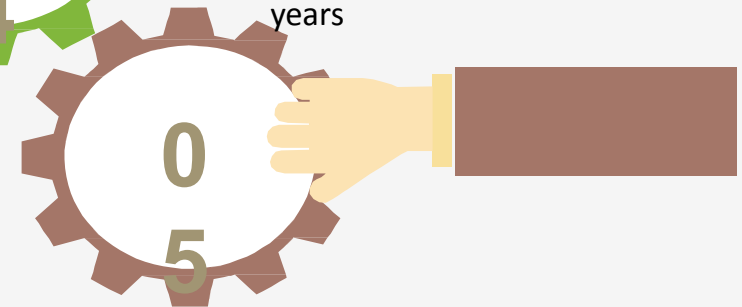
State of Art Factories

- Cutting & polishing factory at Chaapi - Palanpur in Gujarat



Over 600,000 Carats of Polished Diamonds Sold

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



Amongst few Diamond Companies in India to initiate debt repayment

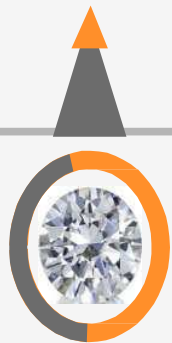
- Plans to be Debt free soon

Journey So Far



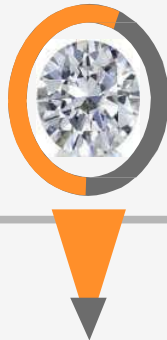
Oct 2012

Incorporated
WOS outside
India



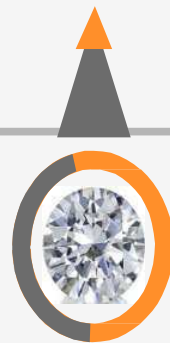
Mar 2014

Launched
e-commerce
B2B Plaioorm



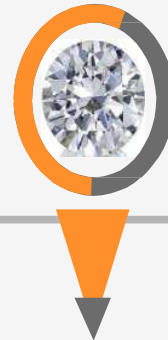
Feb 2015

Bagged
orders worth
Rs. 32 Crores
from UAE



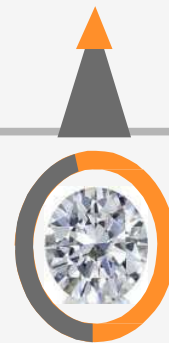
May 2015

Launched first
Lypsa retail brand
"Oropel"



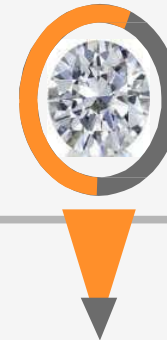
Sep 2015

Launched
second Lypsa
retail brand
"Lypsa
Atelier"



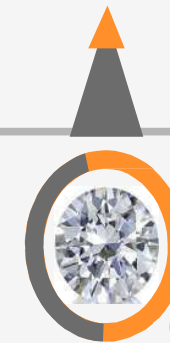
Oct 2016

Debt reduced by
25%



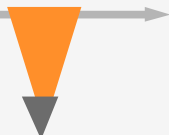
Feb 2017

Successfully bagged
orders worth from
UAE based
customers worth
Rs.155mn



Oct 2017

Successfully bagged
orders worth from
UAE based
customers worth
Rs.175mn



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

State of Art Cumng & Polishing Factory



- 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

Cumng
and
Polishing

Polished
diamond
sales

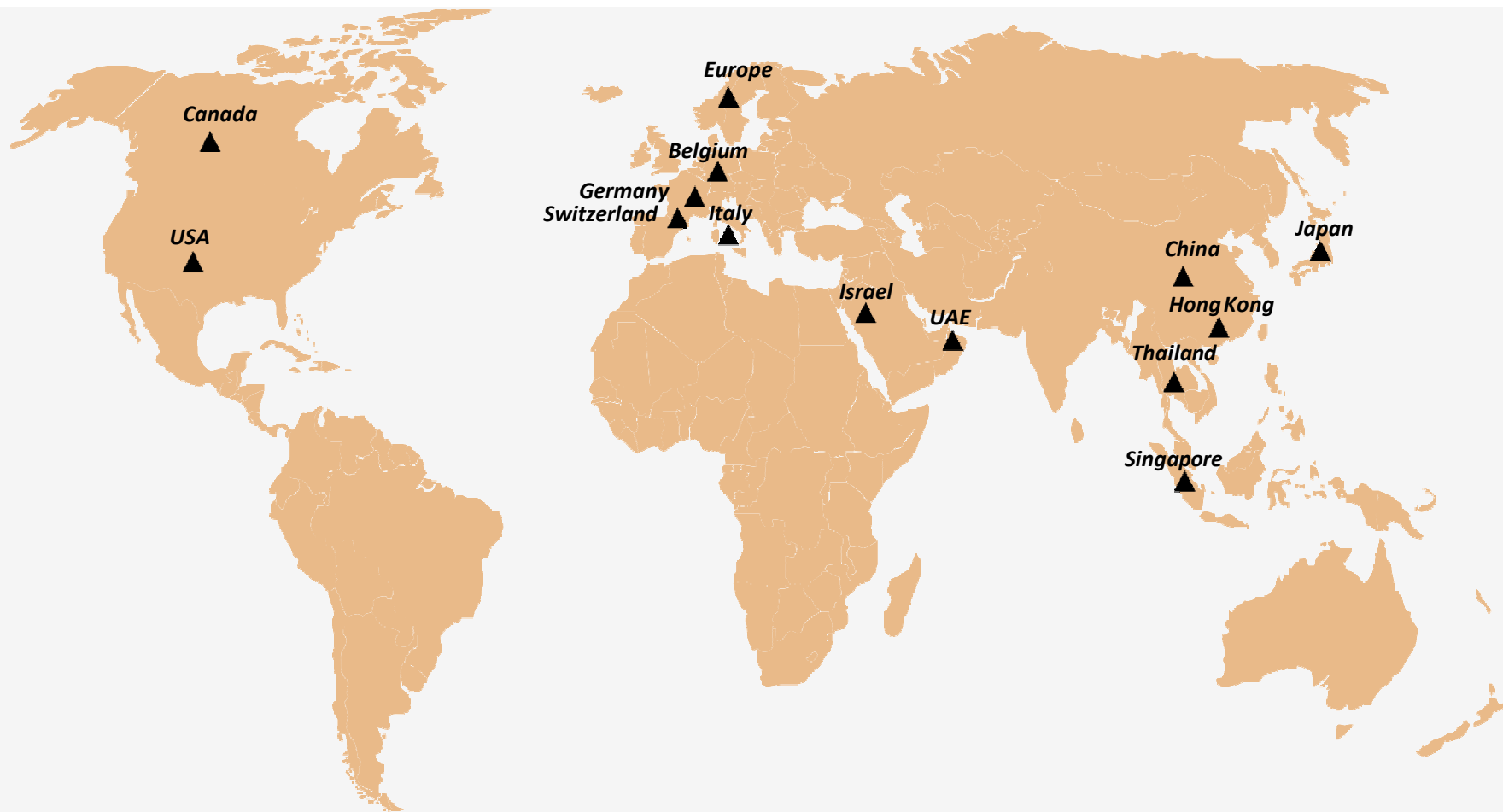
Diamond
jewellery
manufacturing

Downstream

Diamond
jewellery
retail sales

Strong presence across high end of value chain

Strong Global Presence



International business generates higher margins; 57% of revenue

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

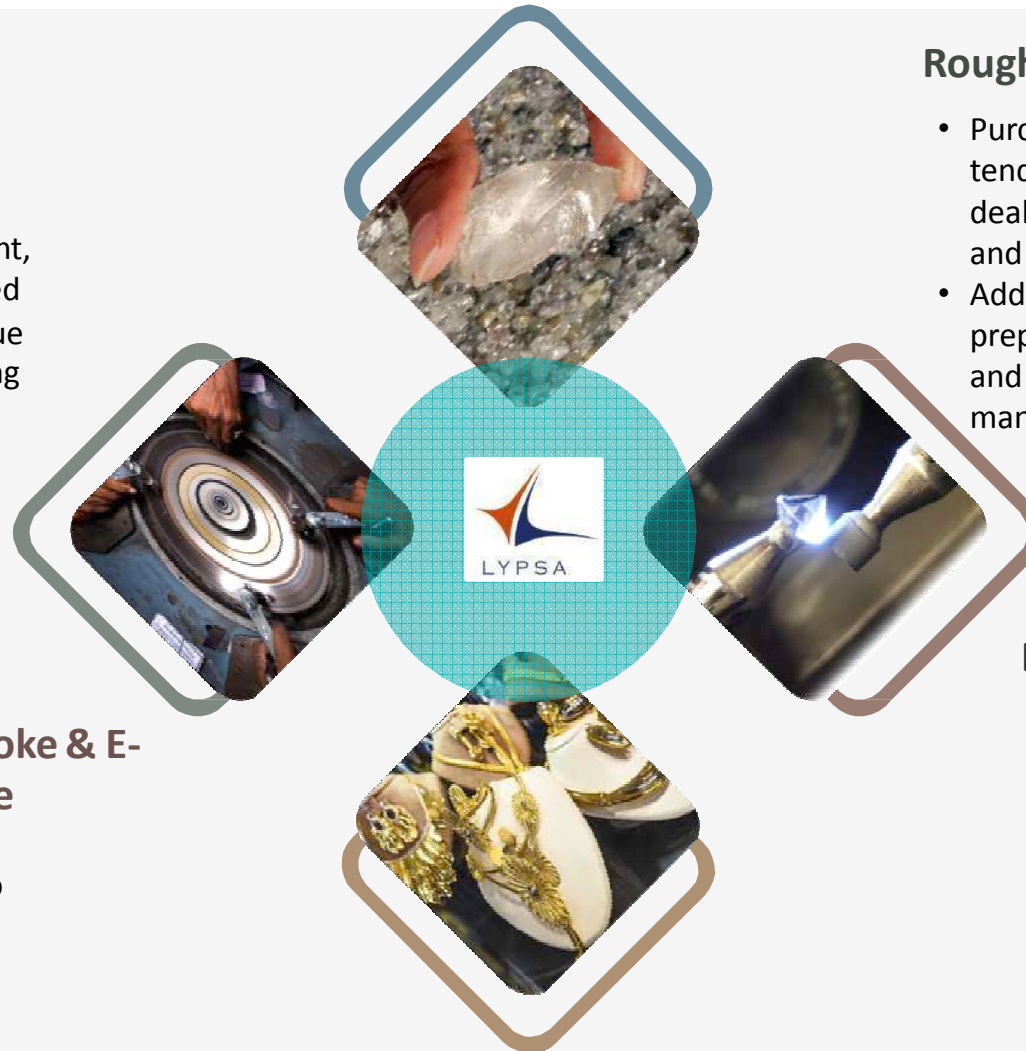
- Last couple of years - excess supply resulted in low pricing and pressure on margins
- Miners reduced supply of rough to suck up excess inventory, resulting in increase in demand for polished diamonds enabling better margins for manufacturers like Lypsa

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



Jewellery – Bespoke & E-

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

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

Tie ups with leading Indian E-Commerce Platforms



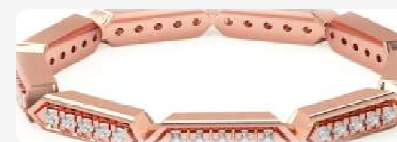
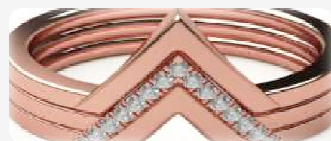
The logo for snapdeal.com, with "snapdeal" in blue and red and ".com" in smaller black text.

The logo for flipkart.com, with "flipkart" in white on a blue background and ".com" in smaller black text.

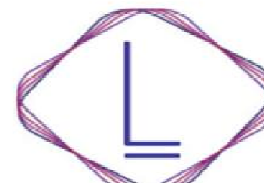
The logo for SHOPCLUES.COM, featuring a blue checkmark icon followed by "SHOPCLUES" in bold black and ".COM" in smaller black text.

The logo for Craftsvilla.com, featuring a colorful circular graphic above the text "Craftsvilla.com" in a script font and "Handcrafted Luxuries" in a smaller font below.

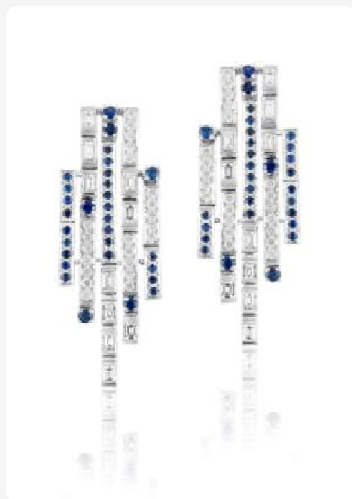
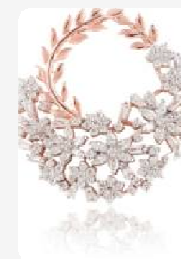
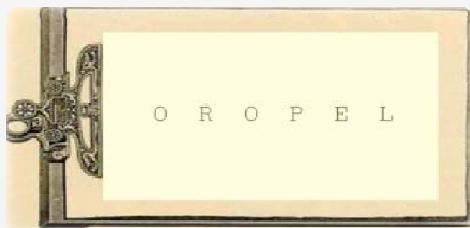
- Tied up with Jewelsouk.com, e-commerce arm of Gitanjali Group
- Launched Lypsa 'Atelier' - Collection of contemporary diamond studded jewellery in 18K and 14K Gold
- Over 150 designs to be sold through leading Indian E-Commerce platforms
- Products priced between Rs.7,500 - Rs.35,000
- Collection uses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



LYPSA-ATELIER



Oropel



Key Strengths



01

- Presence across entire Value Chain
- Value added services portfolio

02

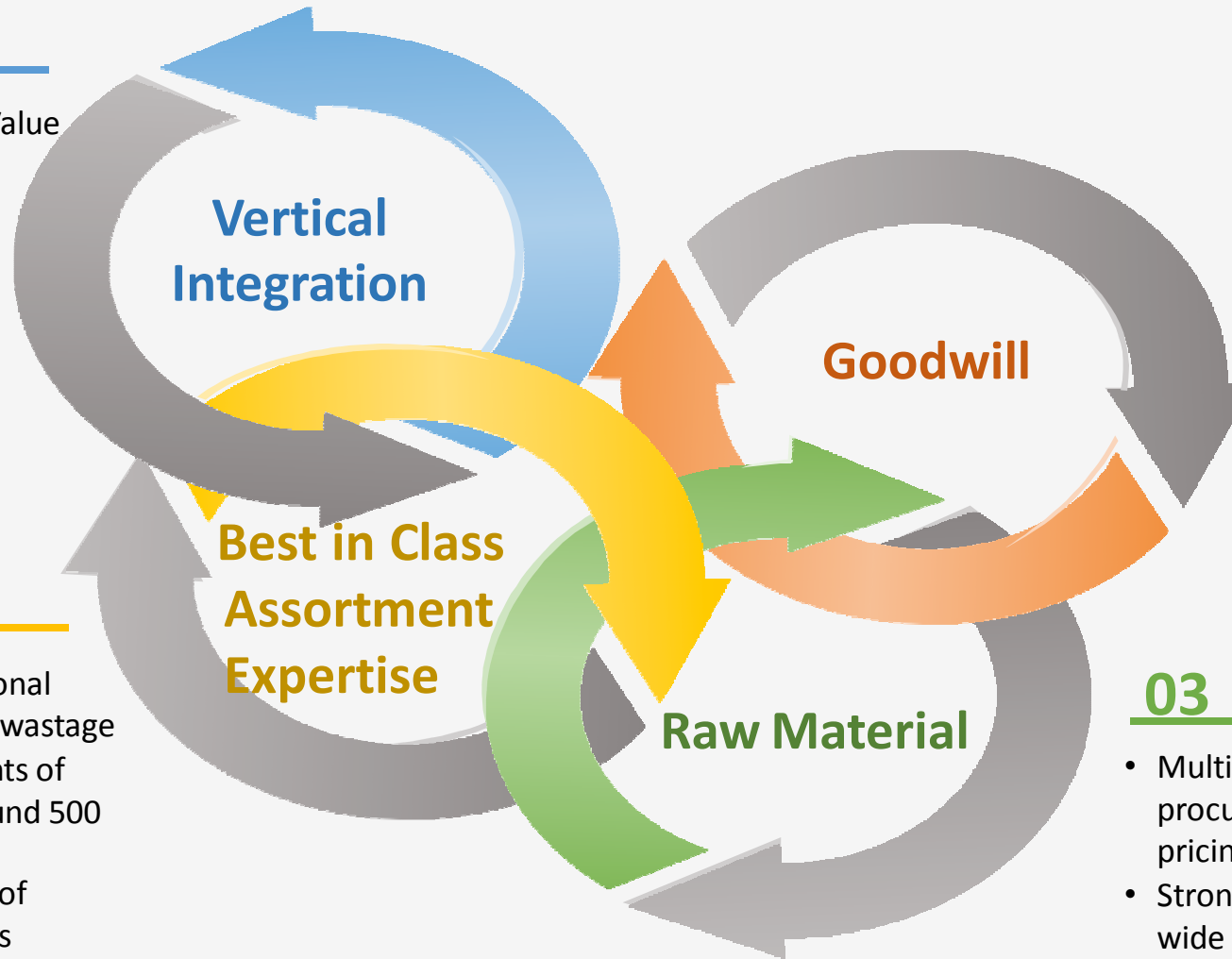
- Three decades of experience
- Strong market Reputation and Goodwill
- Established International market with presence across geographies and diverse global customer base

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

03

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



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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For further information, please contact:

Company :

Investor Relations Advisors :

Lypsa Gems & Jewellery Limited.

Mr. Jeeyan Patwa
Director & CFO

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