



LYPSA  
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February 13 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 Jewellery Ltd's Results Update Presentation for Q3 FY17**

Dear Sir/Madam,

This is to inform that Lypsa Gems and Jewellery Ltd has submitted a press release regarding its Results Update Presentation for Q3FY17.

Thank You

For Lypsa Gems and Jewellery Ltd



Jeeyan Patwa  
CFO and Director, Lypsa Gems and Jewellery Ltd.

**LYPSA GEMS & JEWELLERY LIMITED.**

**CIN: L28990GJ1995PLC028270**

**Regd. Office :** Wing A 2<sup>nd</sup> Block 202-302, Orchid Complex, Opp. HDFC Bank, Chhapi – Pirojpur Road, Chhapi, Vadgam, Banaskantha, Gujarat – 385210, India.

**Corp. Office :** Mehta Mahal, 2nd floor, North Side, Opp. Roxy Cinema, 15th Mathew Road, Opera house, Mumbai -400004  
Tel. : +91 22 2367 9792 | Email : [info@lypsa.in](mailto:info@lypsa.in)

# Lypsa Gems & Jewellery Limited

Result Update Presentation  
Q3 FY17



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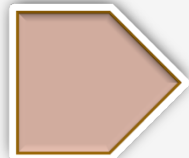
➤ **Management Comment**



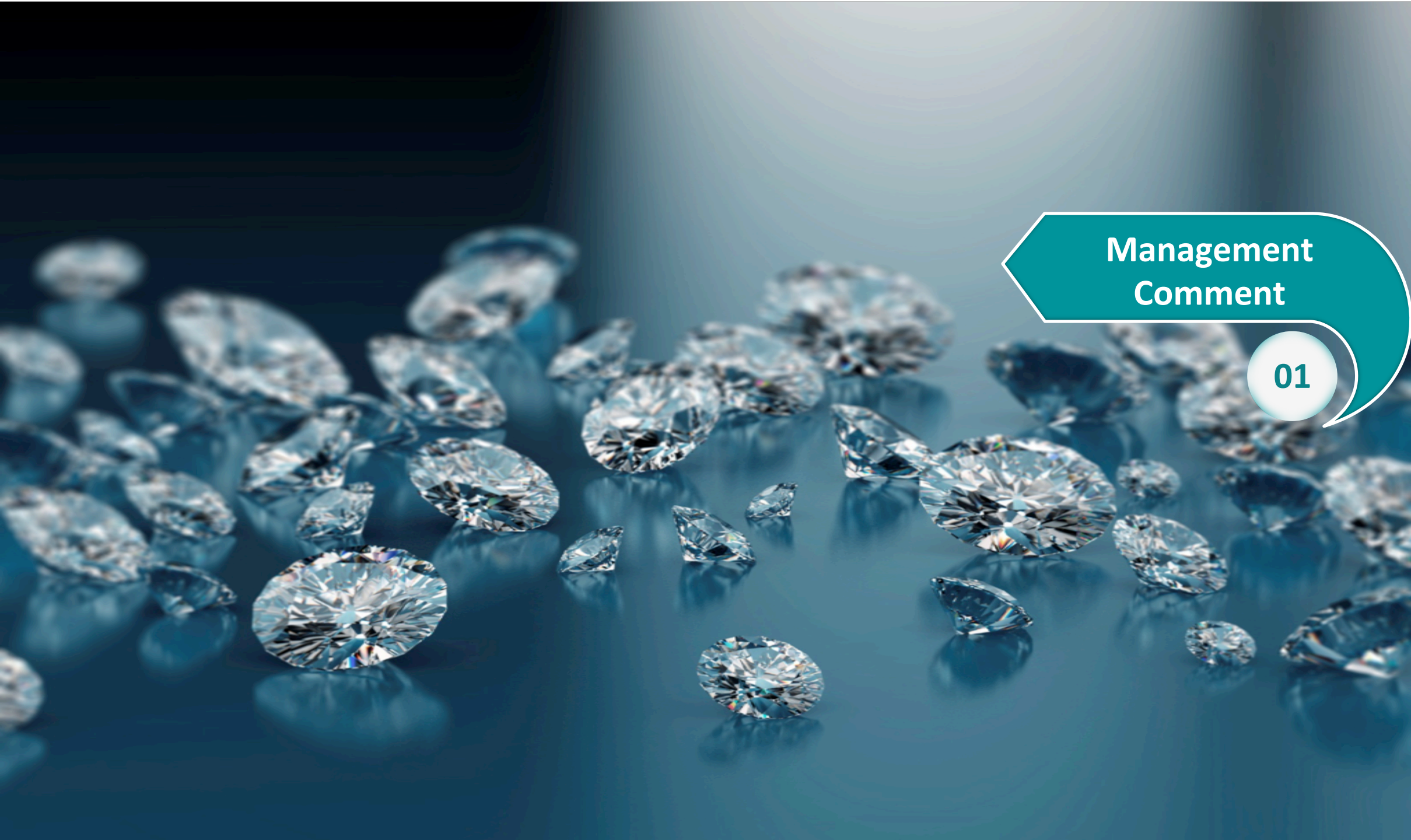
➤ **Q3 & 9M FY17 Financial Performance**



➤ **Annual Financial Performance**



➤ **Company Overview**



## Management Comment

01

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

*“I am happy to inform you that in line with our strategy we have continued to focus on profitable growth.*

*This is the first year of our new business strategy which is yielding results in line with our expectations. Our focus continues to consciously move away from the low margin cutting and polishing business to higher margin rough trading and jewellery business.*

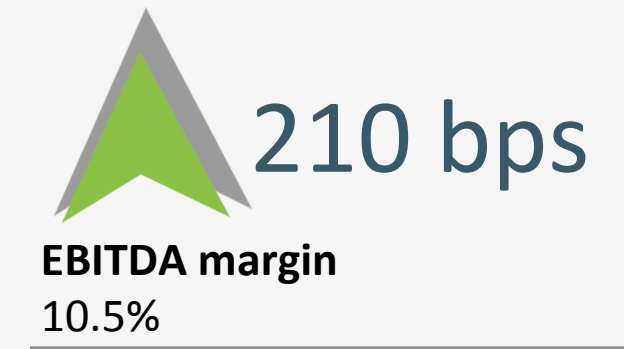
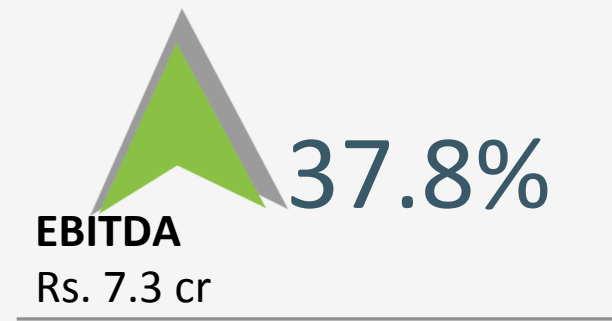
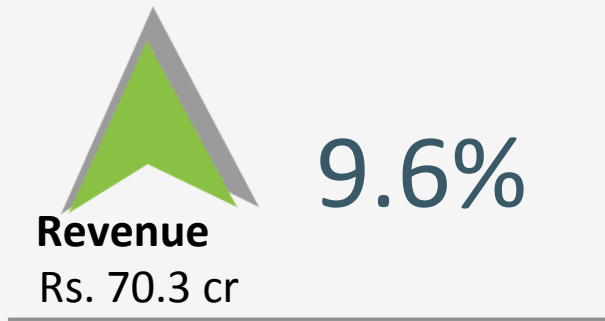
*Our quality of craftsmanship, expertise in business and dynamic approach has helped us grow even in this challenging market conditions. Our products have been very well appreciated across the globe and we continue to receive new as well as repeat orders from our customer base.*

*We are building efficiencies across the entire diamond value chain in order to provide a competitive market offering and yet make good margins. Complete integration along with over four decades of industry experience will enable us to not only grow revenue but most importantly, focus on profitable growth and generate maximum value for our shareholders.”*



Q3 & 9M FY17  
Highlights

# Consolidated Financial Highlights – Q3 FY17 vs. Q2 FY17



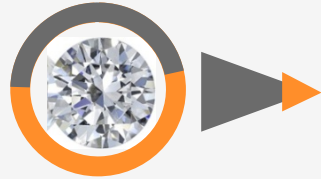
Financial performance in line with strategy of focusing on profitable growth and focus on higher margin business



# Quarterly Consolidated Profitability Highlights

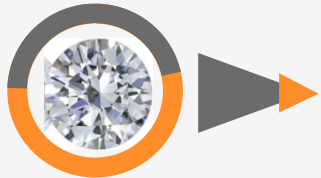


Rs. Crores	Q3 FY17	Q2 FY17	QoQ %
<b>Total Income from Operations</b>	<b>70.3</b>	<b>64.1</b>	<b>9.6%</b>
Raw Materials	62.7	58.5	
Employee Cost	0.1	0.2	
Other Cost	0.1	0.2	
Total Expenditure	62.9	58.8	
<b>EBITDA</b>	<b>7.3</b>	<b>5.3</b>	<b>37.5%</b>
<b>EBIDTA margin (%)</b>	<b>10.3%</b>	<b>8.2%</b>	<b>210 bps</b>
Interest	0.8	0.7	
Depreciation	0.1	0.1	
Other Income	0.0	0.1	
Profit Before Tax	6.5	4.6	
Tax	0.0	0.0	
<b>Profit After Tax</b>	<b>6.5</b>	<b>4.6</b>	<b>41.1%</b>
<b>PAT Margin (%)</b>	<b>9.2%</b>	<b>7.1%</b>	<b>191 bps</b>



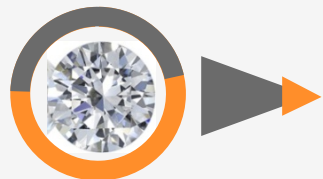
## **Tie up with Jewelsouk.com**

- E-commerce arm of Gitanjali Group
- To sell Diamond studded jewellery under “Lypsa Atelier” brand
- Products in the price range of Rs. 7,500- Rs. 35,000



## **Debt reduction by 25%**

- Repaid Rs.75 million
- One of few listed diamond companies in India to initiate debt repayment



## **New Orders**

- Bagged new orders from UAE based customers
- To supply loose diamonds and diamond- studded jewellery over 12 months period

## Consolidated Financial Highlights – 9M FY17



  
**EBIDTA Margin**  
9.3% **435 bps**

  
**EBIT Margin**  
9.2% **427 bps**

  
**PAT Margin**  
8.0% **388 bps**

Improvement in margins on account of shift from cutting and polishing to rough trading and jewellery business

# 9M FY17 Consolidated Profitability Highlights



Rs. Crores	9M FY17	9M FY16	YoY %
<b>Total Income from Operations</b>	<b>180.7</b>	<b>425.6</b>	<b>(57.5%)</b>
Raw Materials	162.7	397.7	
Employee Cost	0.7	2.4	
Other Cost	0.5	4.6	
Total Expenditure	163.9	407.7	
<b>EBITDA</b>	<b>16.7</b>	<b>20.9</b>	<b>(20.0%)</b>
<b>EBIDTA Margin (%)</b>	<b>9.3%</b>	<b>4.9%</b>	<b>435 bps</b>
Interest	2.1	2.5	
Depreciation	0.3	0.3	
Other Income	0.2	0.4	
Profit Before Tax	14.5	18.4	
Tax	0.0	0.7	
<b>Profit After Tax</b>	<b>14.5</b>	<b>17.7</b>	<b>(17.9%)</b>
<b>PAT Margin (%)</b>	<b>8.0%</b>	<b>4.2%</b>	<b>388 bps</b>



**Annual  
Financial Highlights**

**03**

# Consolidated Financial Highlights – FY16



**Revenue**  
Rs.477.0 cr

(19)%



**EBITDA Margin**  
4.7%

80 bps



**PAT Margin**  
3.9%

90 bps



**EPS**  
Rs. 8.9

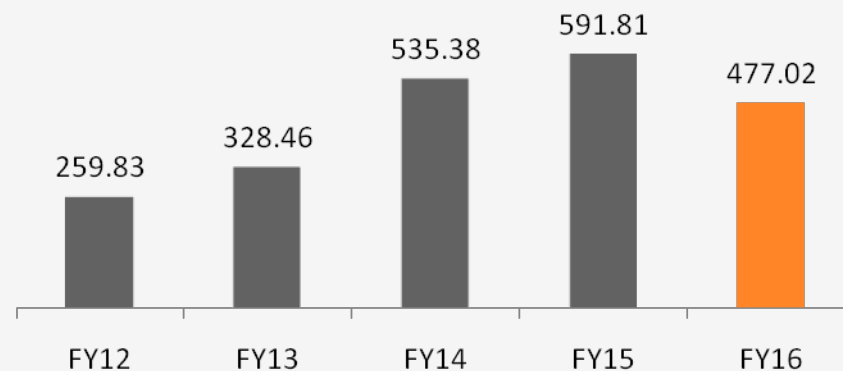
4.5%

**Strong focus on increasing margins & operational efficiencies**

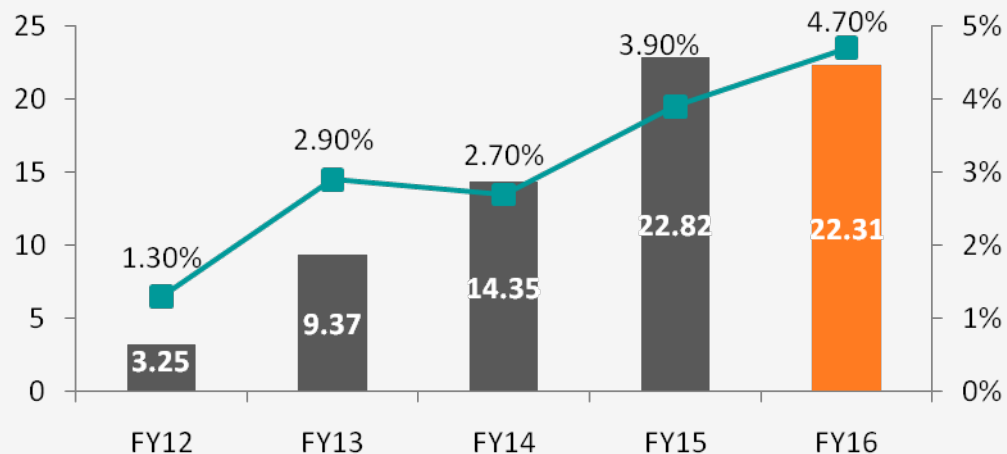
# Consolidated Financial Highlights - FY16



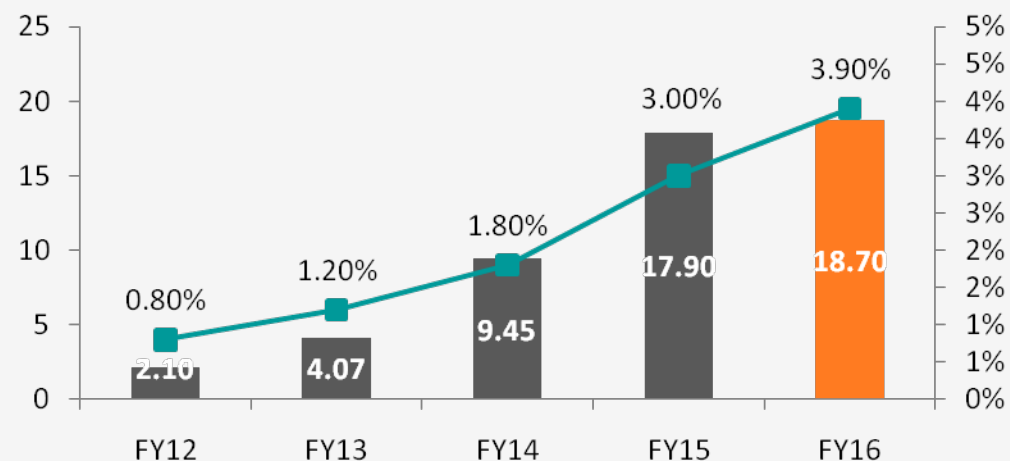
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)



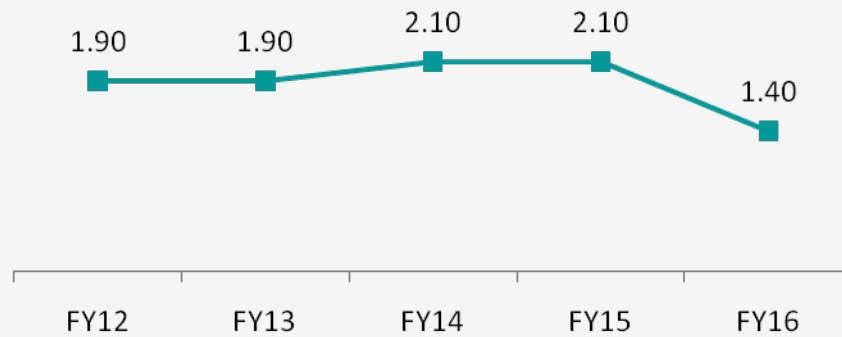
PAT (Rs. Crore) / Margin (%)



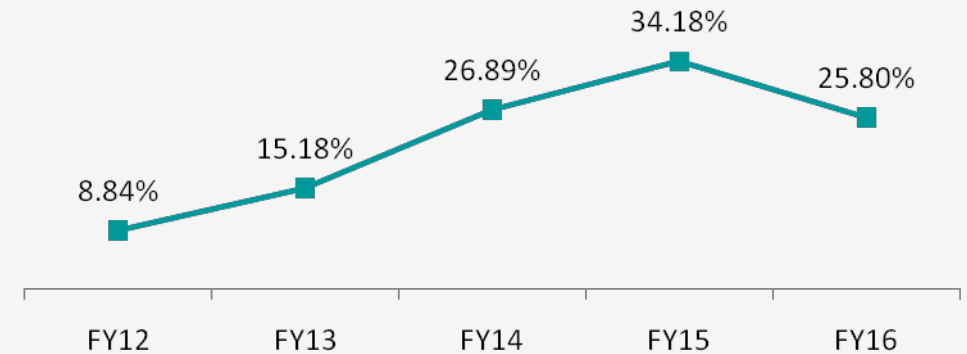
# Key Return Ratios



Total Asset Turnover (x)



RoE (%)



**Despite challenging environment, Company registered strong ROE**

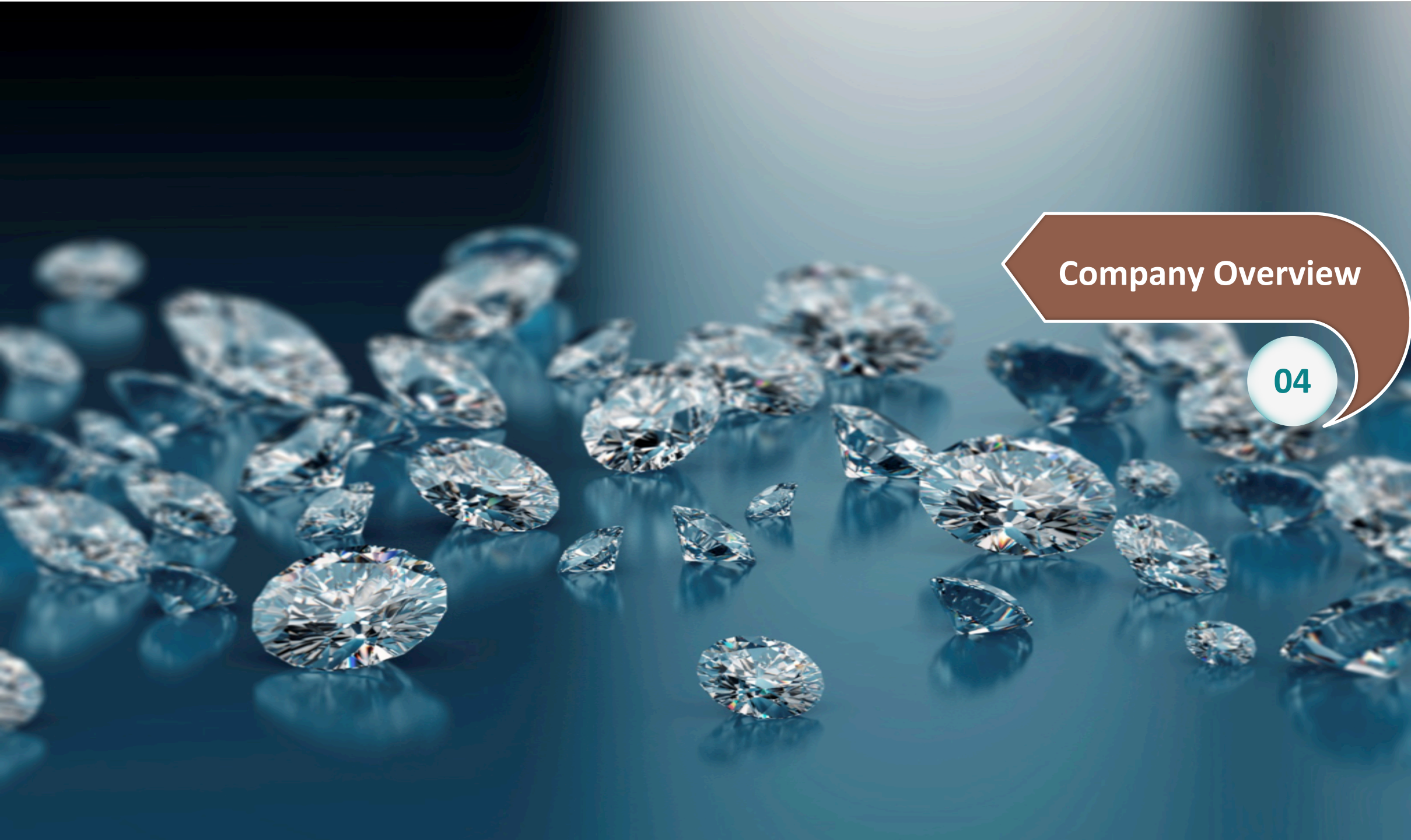


# Annual Consolidated Balance Sheet Highlights



Rs. Crores	Mar-16	Mar-15
<b>Shareholder's Funds</b>	<b>72.4</b>	<b>52.4</b>
Share capital	21.1	21.1
Reserves & Surplus	51.3	31.3
<b>Non-current liabilities</b>	<b>0.3</b>	<b>0.3</b>
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
<b>Current liabilities</b>	<b>277.8</b>	<b>229.6</b>
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
<b>Total Equities &amp; Liabilities</b>	<b>350.6</b>	<b>282.3</b>

Rs. Crores	Mar-16	Mar-15
<b>Non-current assets</b>	<b>6.2</b>	<b>6.0</b>
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
<b>Current assets</b>	<b>344.4</b>	<b>276.3</b>
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
<b>Total Assets</b>	<b>350.6</b>	<b>282.3</b>



## Company Overview

04

## 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



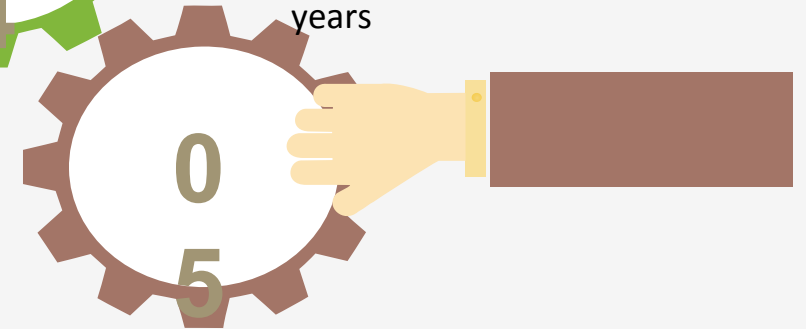
## State of Art Factories

- 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

- 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



## 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

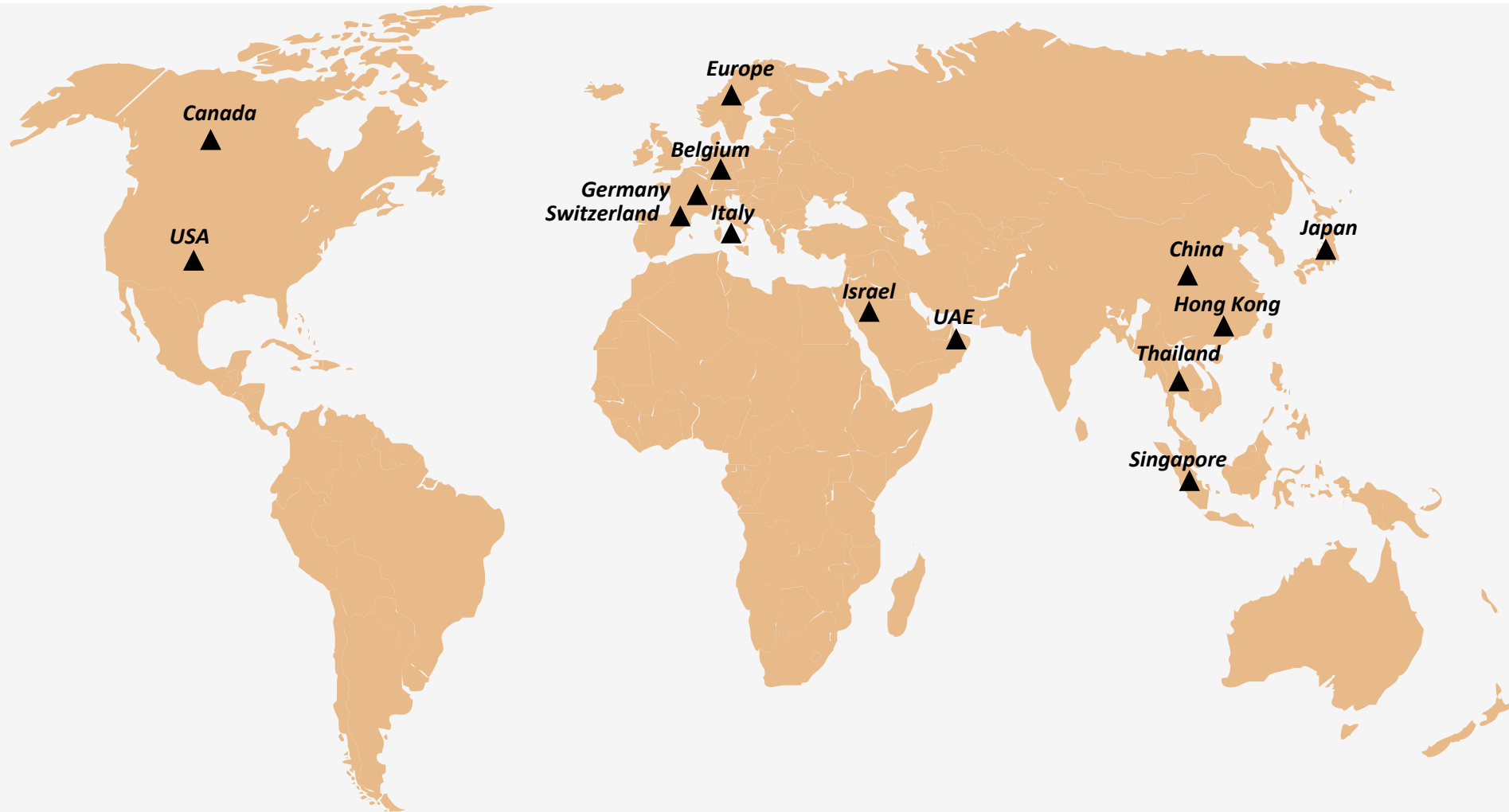
Diamond  
jewellery  
manufacturing

## Downstream

Diamond  
jewellery  
retail sales

**Strong presence across high end of value chain**

# Strong Global Presence



**International business generates higher margins; 57% of revenue**



## 01 Demand & Supply

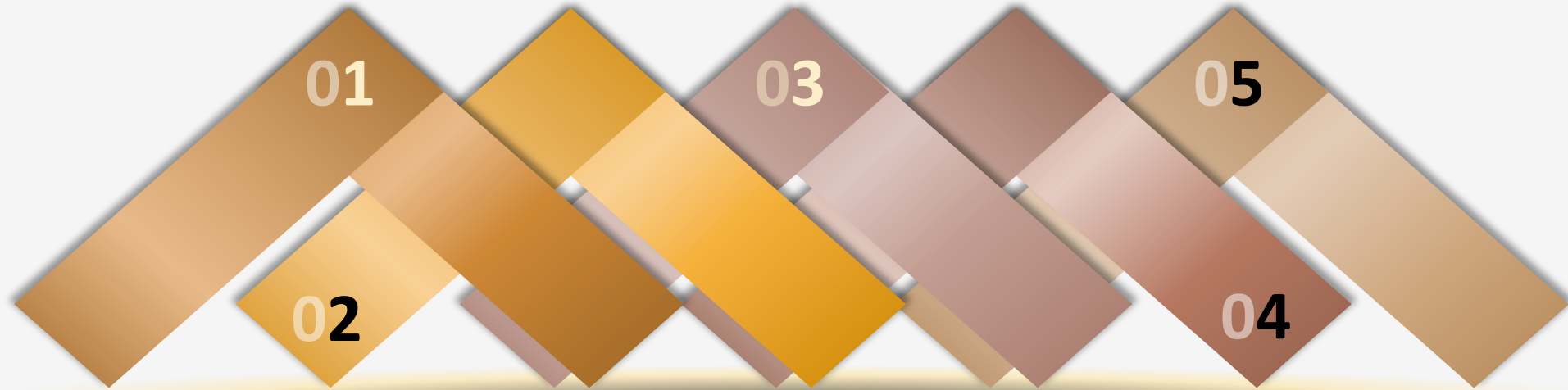
- Expect demand for polished diamonds to grow
- Rough prices and supply to remain stable, resulting in healthier margins this year

## 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

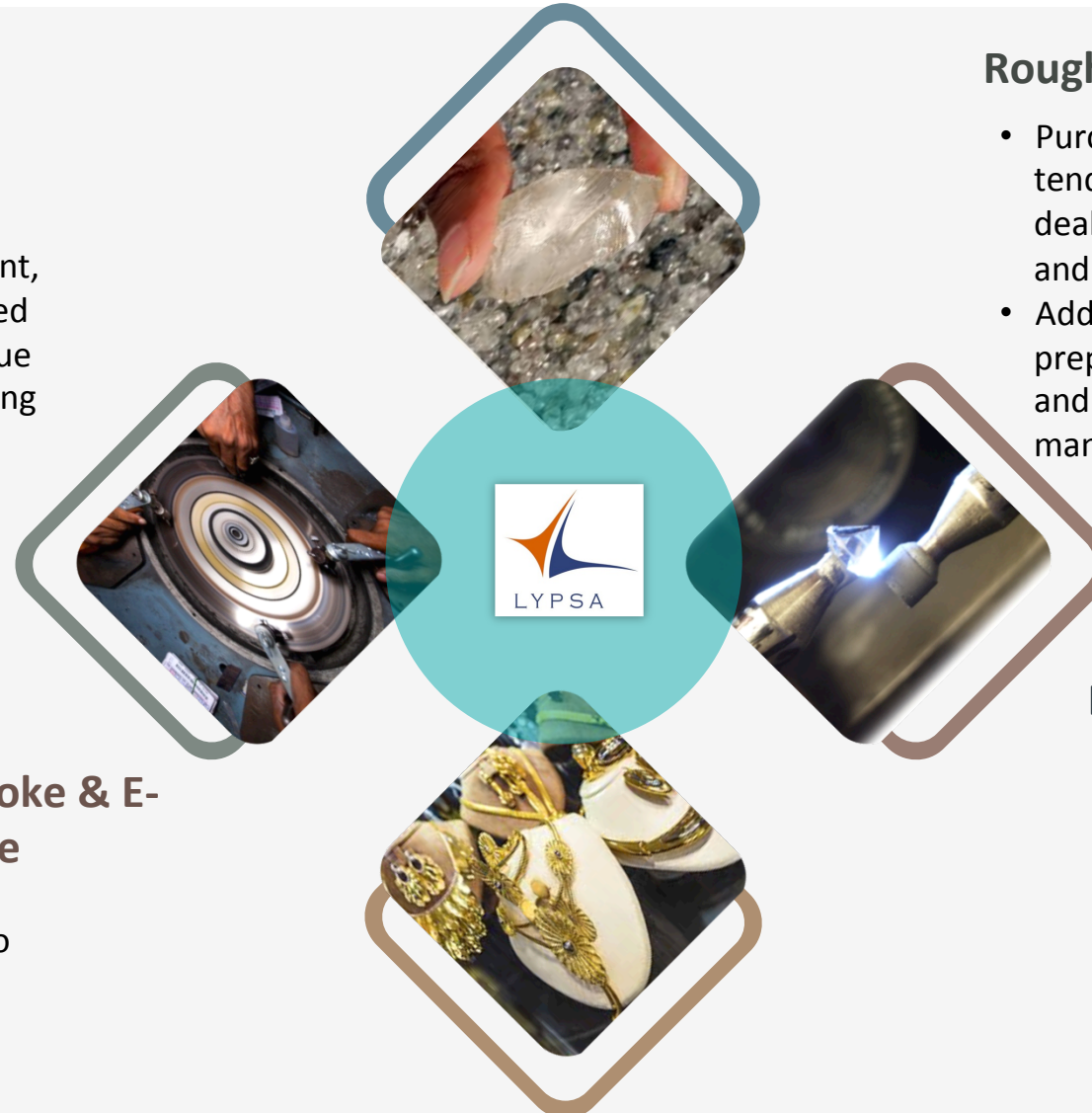
- Last couple of years - excess supply resulted in low pricing and pressure on margins
- Miners reduced supply of rough to suck up excess inventory, resulting in increase in demand for polished diamonds enabling better margins for manufacturers like Lypsa

## 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



## 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 'Atelier'

# Tie ups with leading Indian E-Commerce Platforms



snapdeal.com

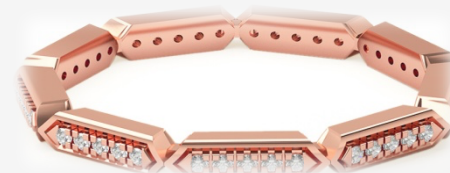
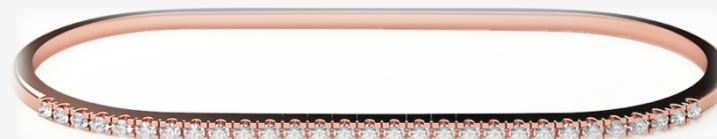
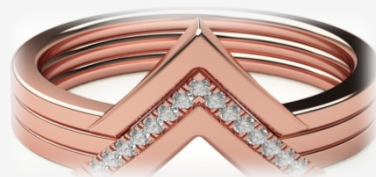
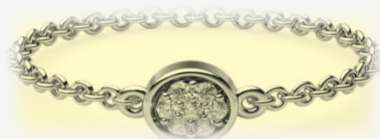
flipkart.com

SHOPCLUES.COM

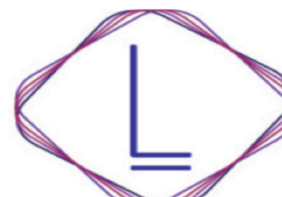
Jewelsouk.com

Craftsvilla.com  
Handcrafted Luxuries

- 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



## 01

- Presence across entire Value Chain
- Value added services portfolio

## 02

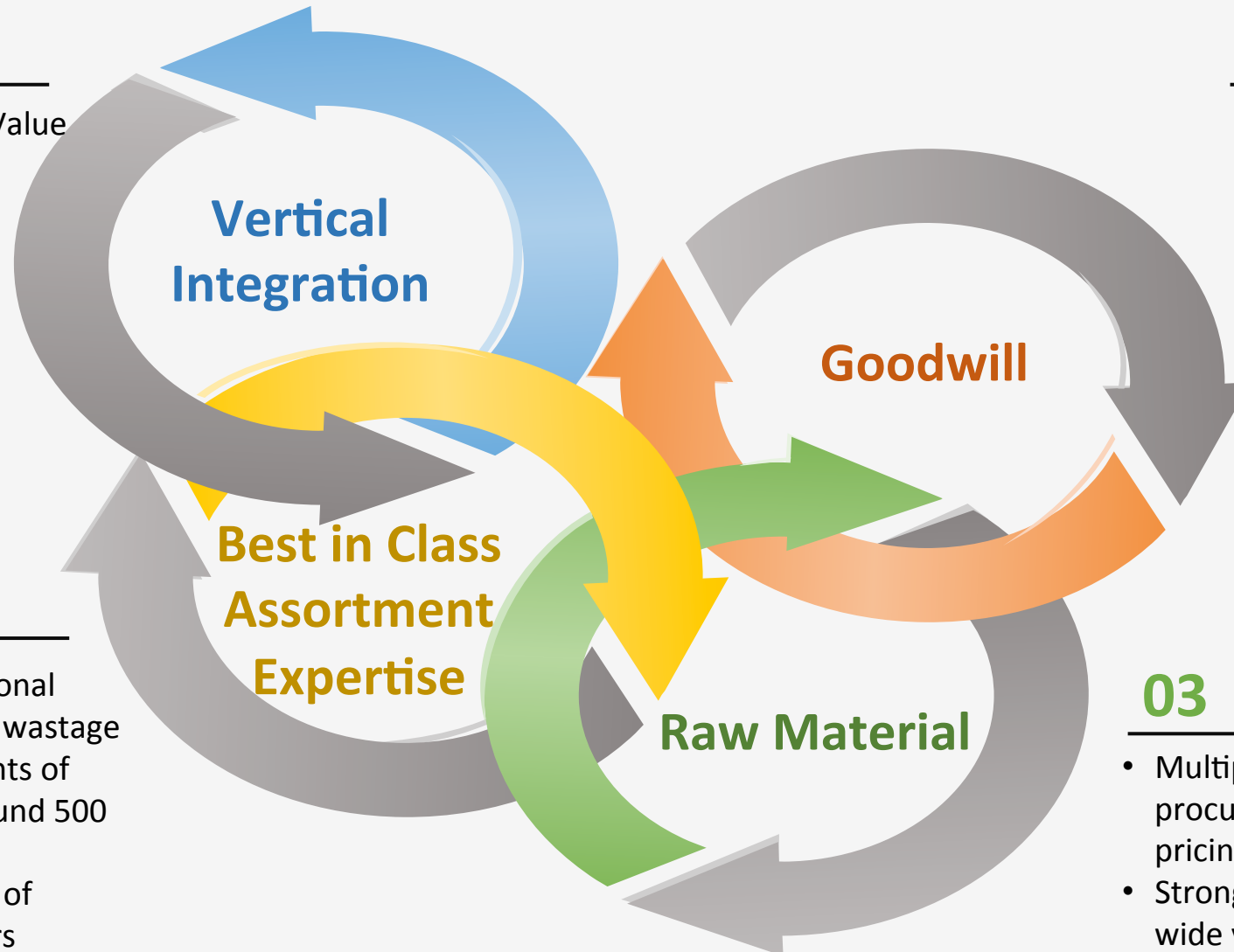
- Three decades of experience
- Strong market Reputation and Goodwill
- Established International market with presence across geographies and diverse global customer base

## 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 :**

**Lypsa Gems & Jewellery Limited.**

Mr. Jeeyan Patwa  
Director & CFO

[www.lypsa.in](http://www.lypsa.in)

**Investor Relations Advisors :**

**Bridge Investor Relations Pvt. Ltd.**

Ms. Savli Mangle  
[savli@bridge-ir.com](mailto:savli@bridge-ir.com)

Mr. Rahul Menon  
[rahul@bridge-ir.com](mailto:rahul@bridge-ir.com)

[www.bridge-ir.com](http://www.bridge-ir.com)