

Lypsa Gems & Jewellery Limited

Result Update Presentation
Q4 & FY17



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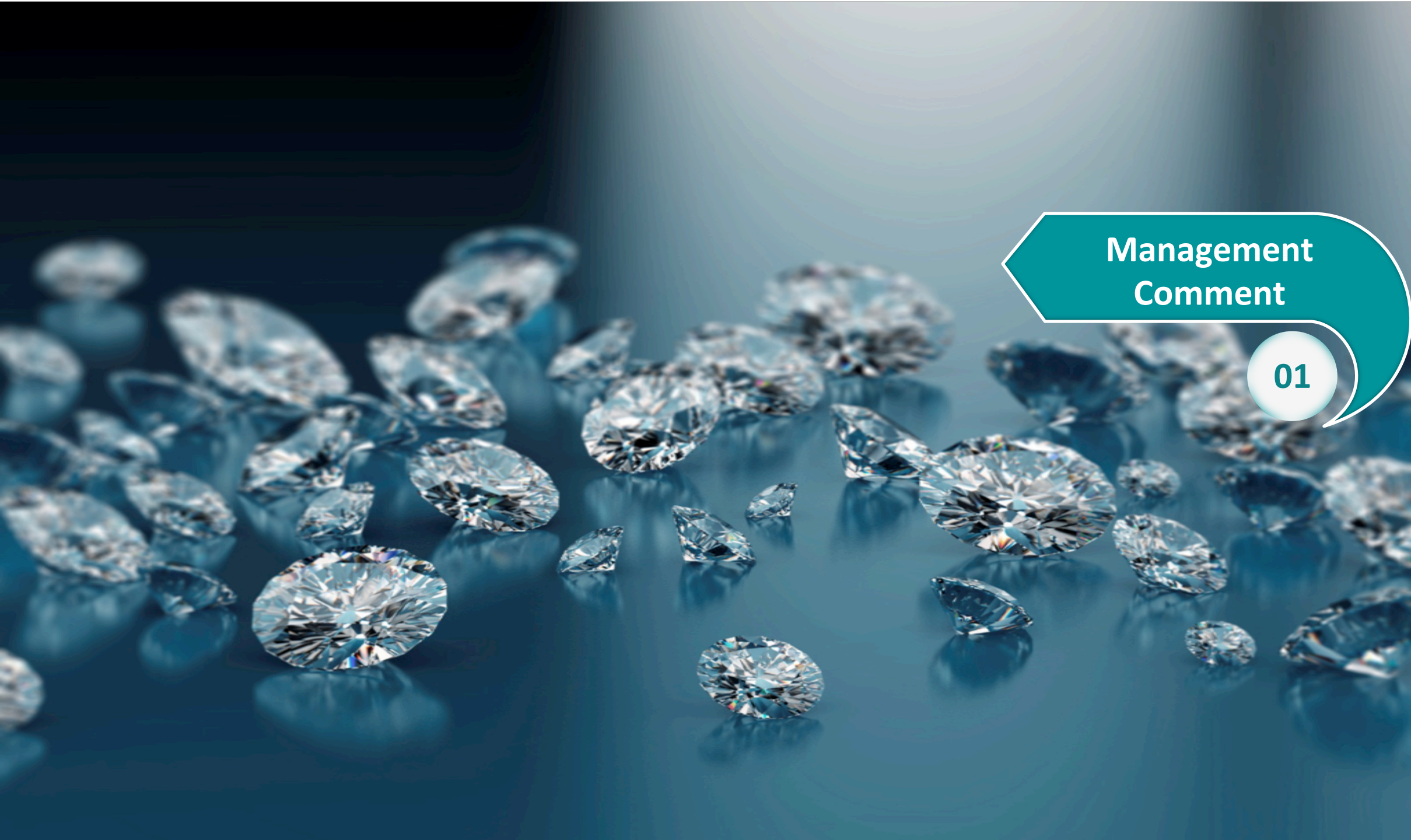
➤ **Management Comment**



➤ **Q4 & FY17 Financial Performance**



➤ **Company Overview**



Management Comment

01

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

“It gives me great pleasure to share with you an update on the overall performance of your Company during FY17. We have worked relentlessly towards our strategy of profitable growth. We have always believed in striving for the best and playing a proactive role in syncing our strategy with changing times. We strongly believe as long as we focus on building capability ahead of growth, results will follow. Our new business strategy has been successful and is yielding results in line with our expectations. We continue to consciously move away from the low margin cutting and polishing business to higher margin rough trading and jewellery business.

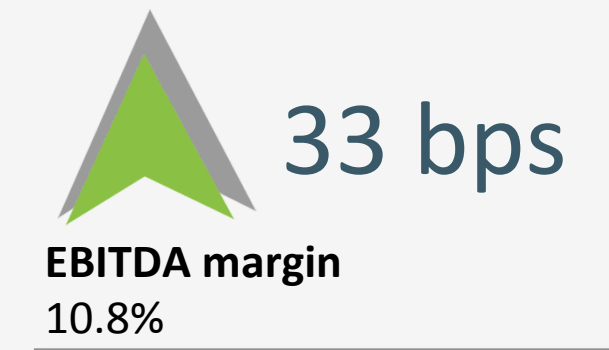
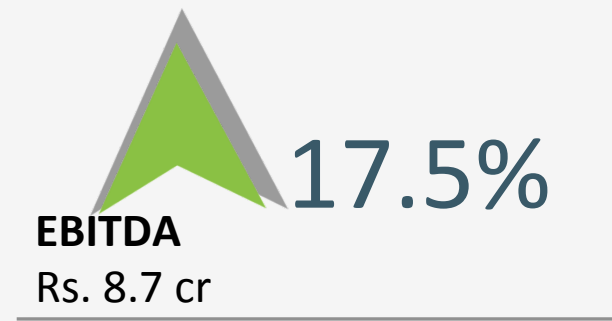
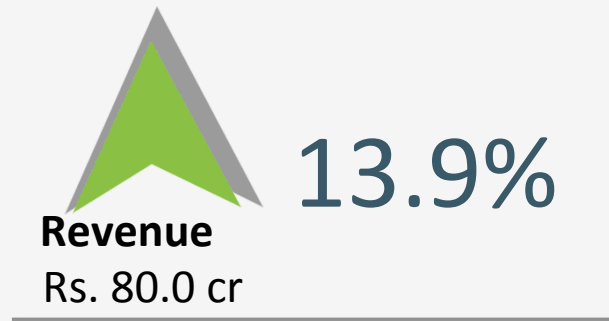
Our Company delivered reasonably good riding on the strength of the quality of our craftsmanship, expertise in business and dynamic approach to a rapidly changing and increasingly challenging market conditions. Our products have been appreciated across the globe, resulting in an increase in customer base and repeat orders from existing clientele.

End to end integration of the diamond value chain combined with over four decades of industry experience enables us to not only grow revenue but most importantly, focus on profitable growth and generate maximum value for our shareholders. We are committed to building efficiencies across the entire diamond value chain in order to create a competitive market offering that delivers on profitability margins as well.”



**Q4 & FY17 Financial
Performance**

Consolidated Financial Highlights – Q4 FY17 vs. Q3 FY17



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

Consolidated Profitability Highlights

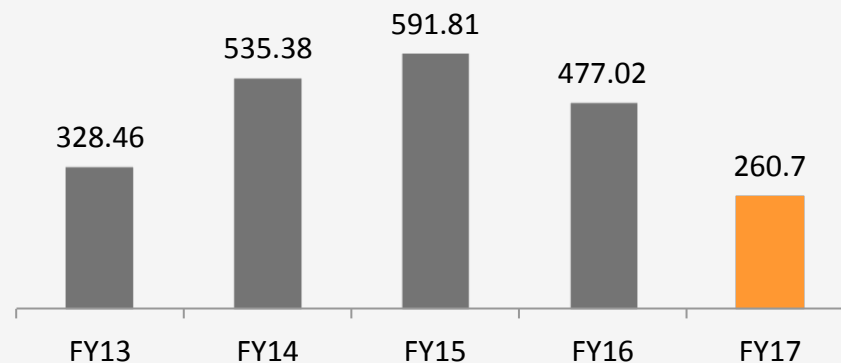


Rs. Crores	Q4 FY17	Q3 FY17	QoQ %	FY17
Total Income from Operations	80.0	70.3	13.9%	260.7
Raw Materials	71.1	62.7		233.8
Employee Cost	0.1	0.1		0.9
Other Cost	0.1	0.1		0.6
Total Expenditure	71.4	62.9		235.3
EBITDA	8.7	7.4	17.5%	25.4
EBIDTA margin (%)	10.8%	10.5%	33 bps	9.7%
Interest	1.5	0.8		3.7
Depreciation	0.1	0.1		0.4
Other Income	0.0	0.0		0.2
Profit Before Tax	7.0	6.5		21.5
Tax	0.0	0.0		0.0
Profit After Tax	7.0	6.5	8.1%	21.5
EPS in Rs.	3.3	3.0		10.2

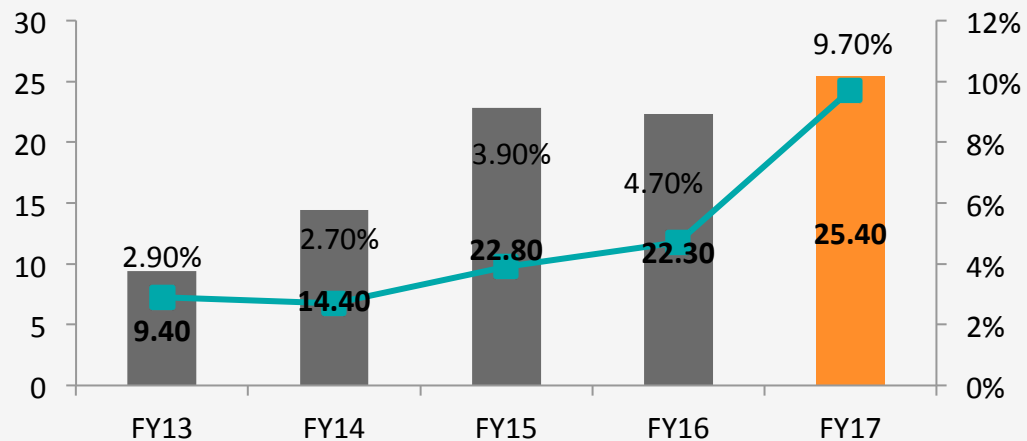
Consolidated Financial Highlights - FY17



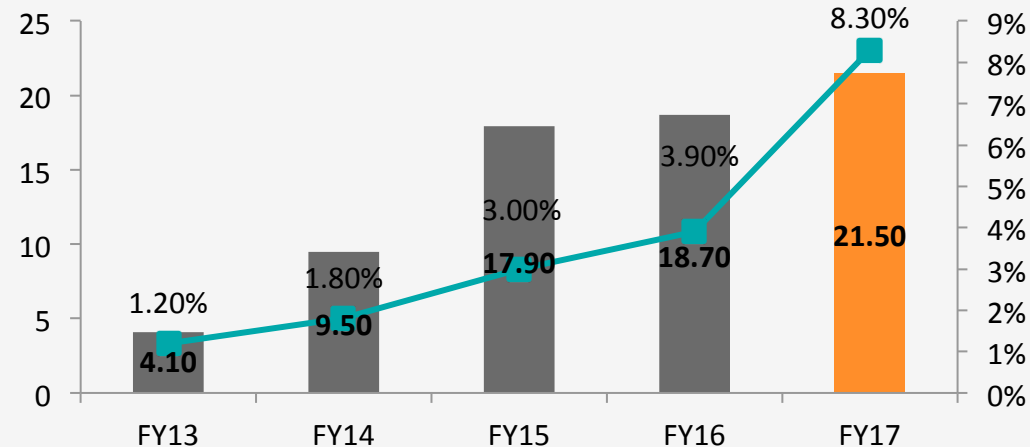
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)



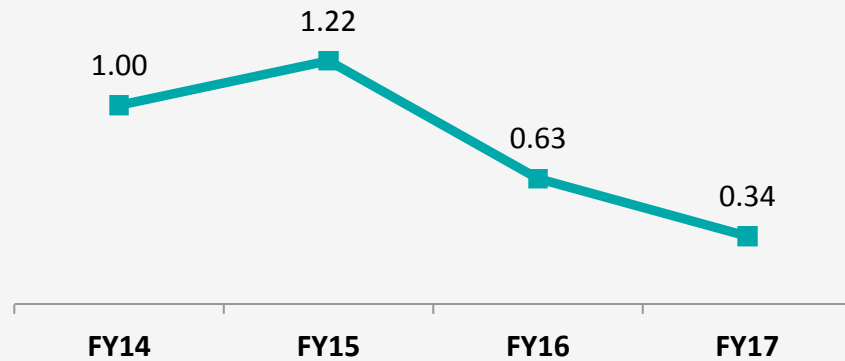
PAT (Rs. Crore) / Margin (%)



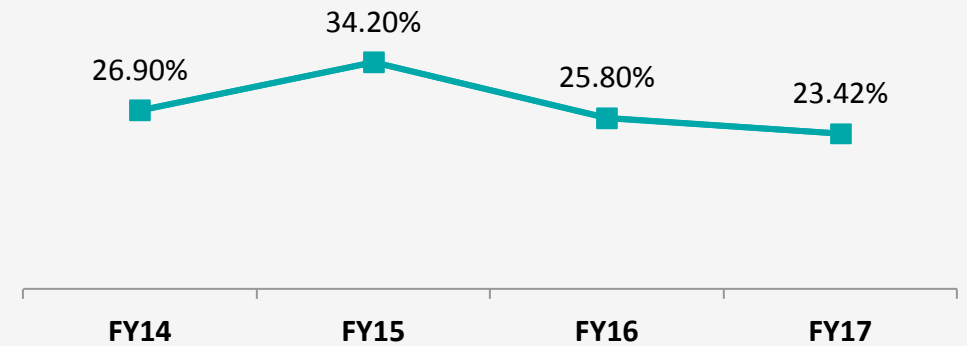
Key Return Ratios



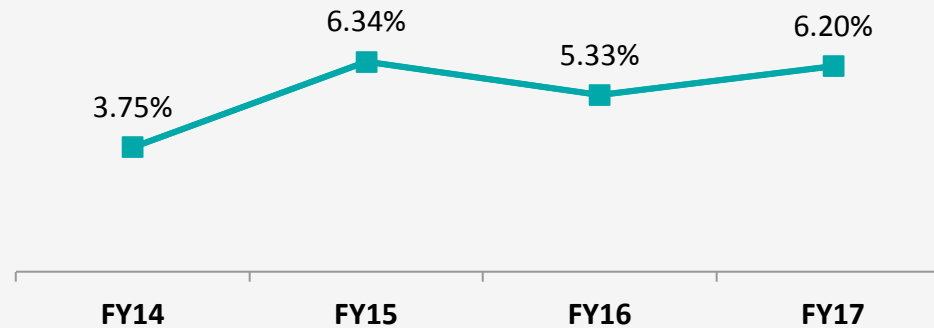
Total Debt to Equity



RoE (%)



RoA (%)



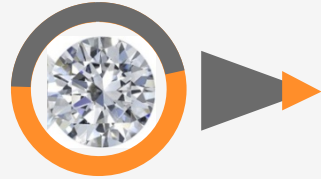
Despite challenging environment, Company registered strong RoA & reduced Debt to Equity

Annual Consolidated Balance Sheet Highlights



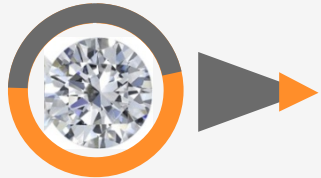
Rs. Crores	Mar-17	Mar-16
Shareholder's Funds	91.8	72.4
Share capital	21.1	21.1
Reserves & Surplus	70.8	51.3
Non-current liabilities	0.3	0.3
Long term borrowings	0.0	0.0
Defer Tax liabilities	0.3	0.3
Other Long-Term liabilities	0.0	0.0
Long-Term Provisions	0.0	0.0
Current liabilities	254.7	277.8
Short Term Borrowings	24.0	32.4
Trade Payables	229.4	244.5
Other Current liabilities	1.3	0.7
Short-term provisions	0.0	0.3
Total Equities & Liabilities	346.8	350.6

Rs. Crores	Mar-17	Mar-16
Non-current assets	5.6	6.2
Fixed assets	5.4	5.9
Non-current Investments	0.1	0.1
Long-term loans & advances	0.1	0.2
Other non-current assets	0.0	0.0
Current assets	341.1	344.4
Current investments	0.2	0.2
Inventories	1.6	34.6
Trade receivables	338.4	301.9
Cash & Cash equivalents	0.9	6.7
Short-term loans & Advances	0.2	0.9
Other Current Assets	0.0	0.0
Total Assets	346.8	350.6



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



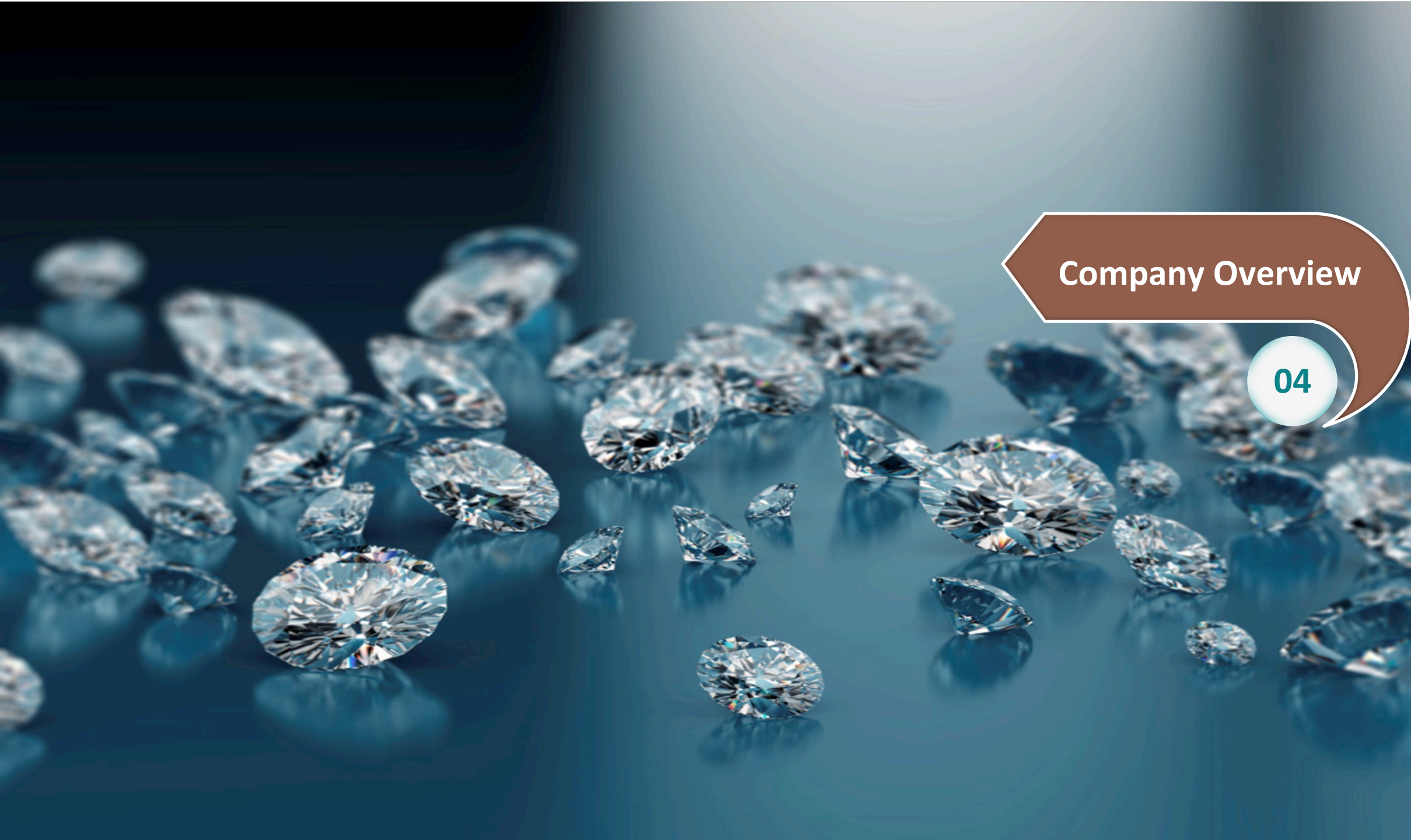
New Orders

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



Jewelry Focus

- Focus on new design development for our wholesale clients as well as retail brands ‘Lypsa Atelier’ and ‘Oropel’
- Strict Quality Control Mechanisms developed to ensure maximum customer satisfaction



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

Over 600,000 Carats of Polished Diamonds Sold

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

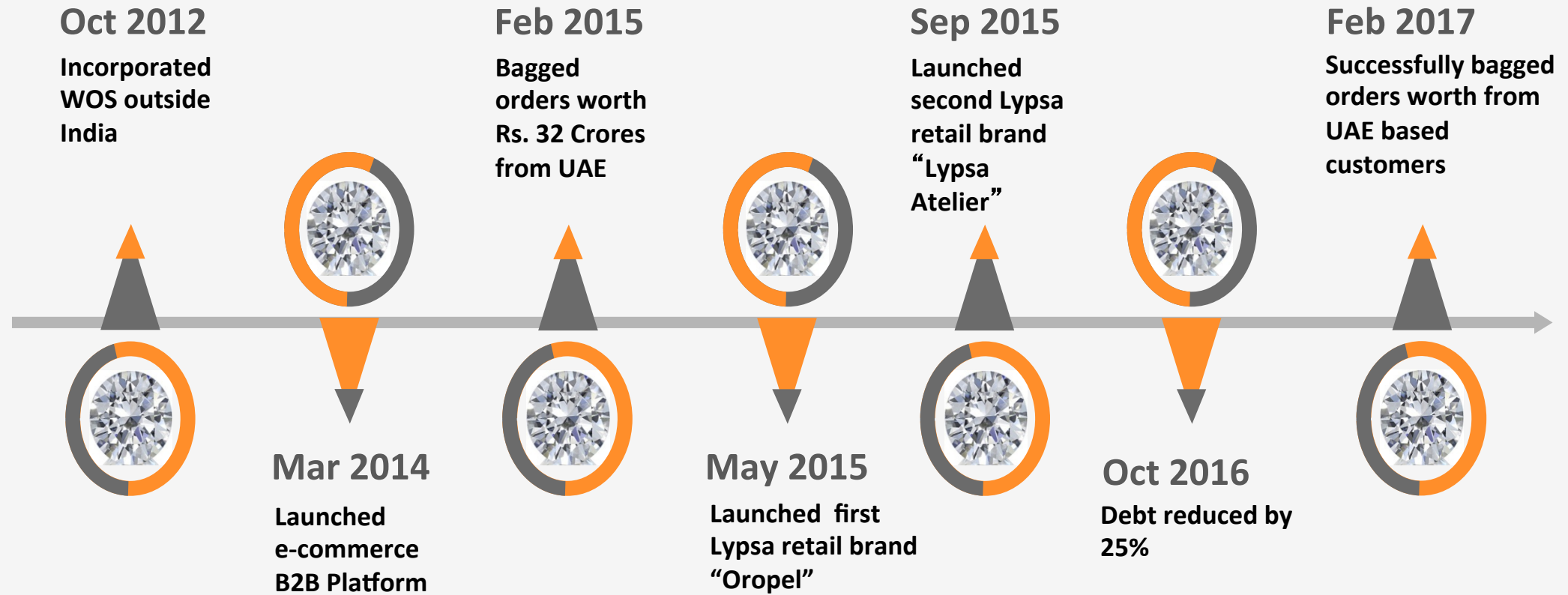
State of Art Factories

- 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



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

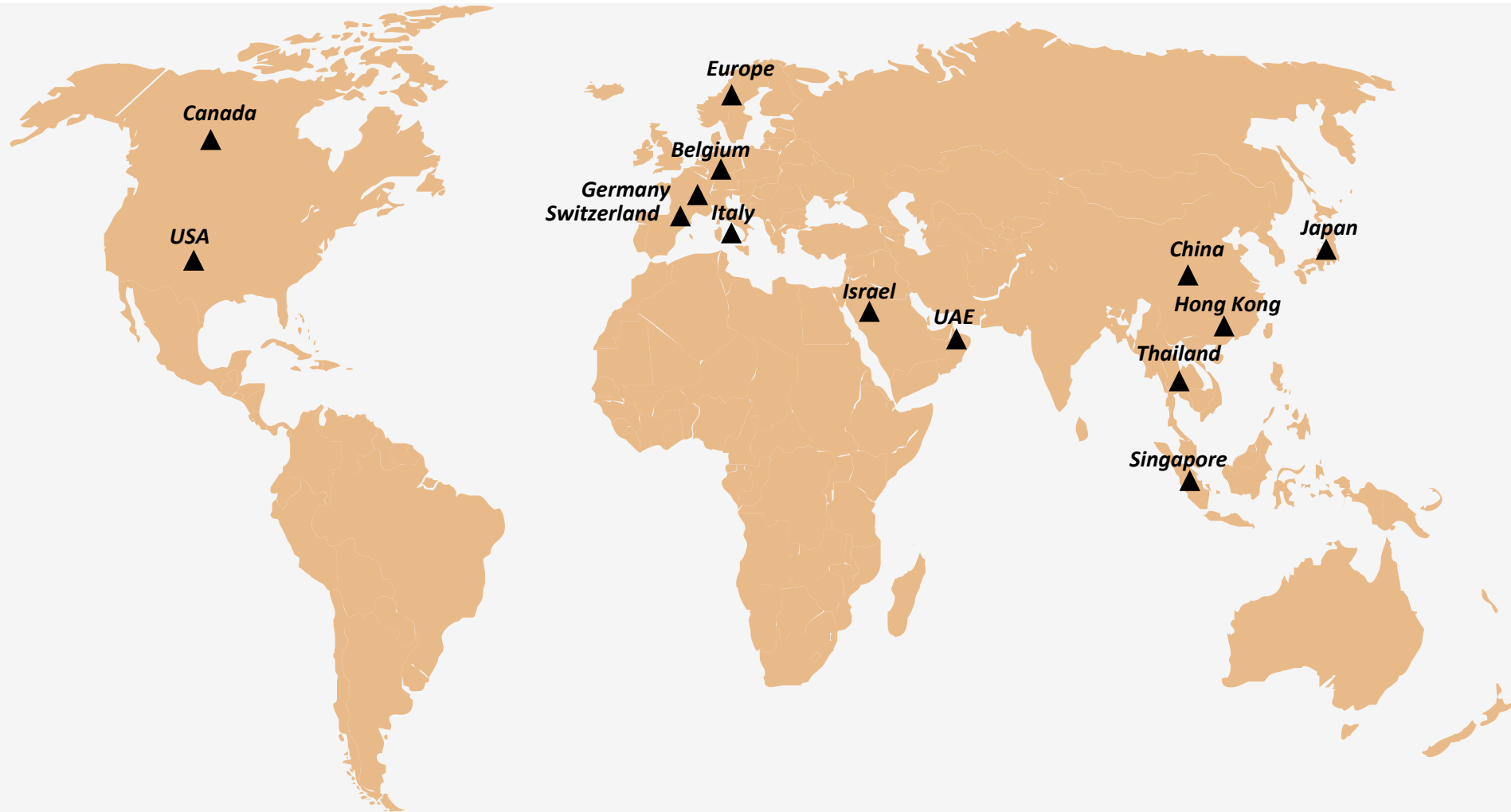
Diamond
jewellery
manufacturing

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

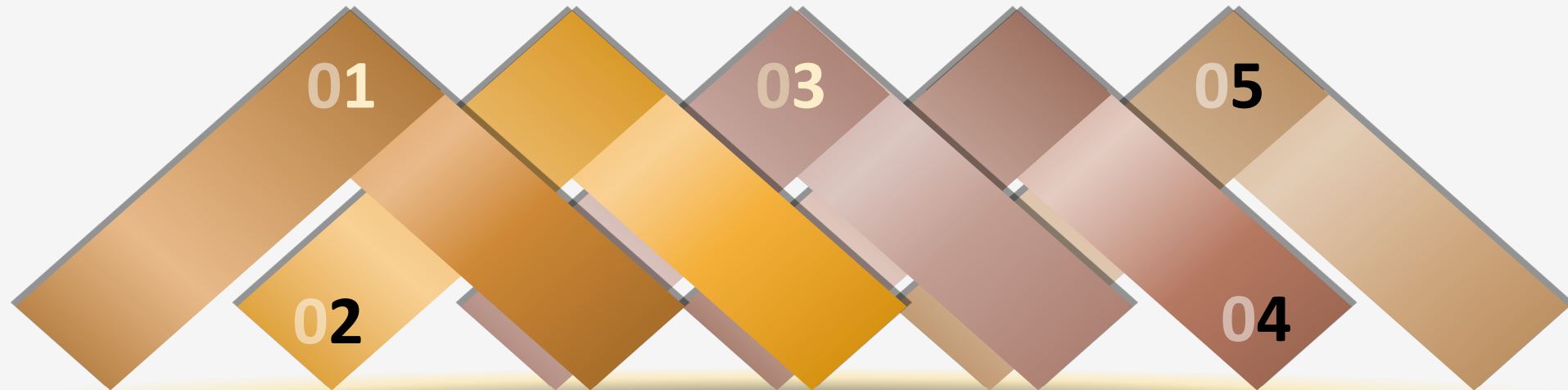
- Expect demand for polished diamonds to grow
- Rough prices and supply to remain stable, resulting in healthier margins this year

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

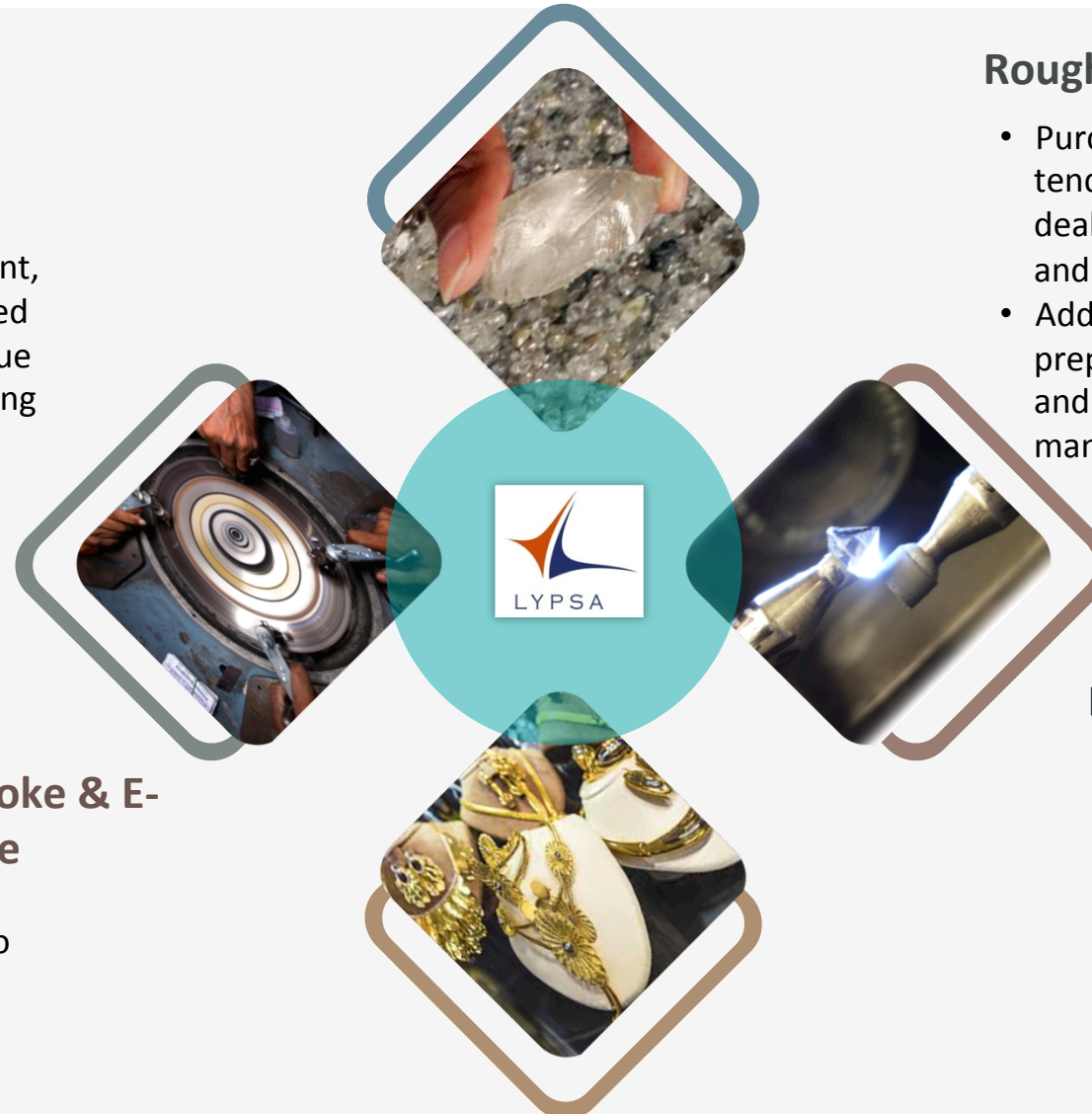
- Last couple of years - excess supply resulted in low pricing and pressure on margins
- Miners reduced supply of rough to suck up excess inventory, resulting in increase in demand for polished diamonds enabling better margins for manufacturers like Lypsa

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'



snapdeal.com



SHOPCLUES.COM



Craftsvilla.com
Handcrafted Luxuries

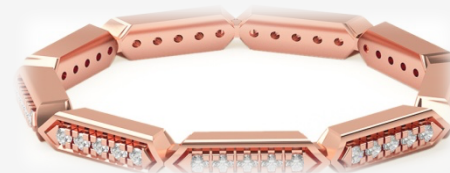
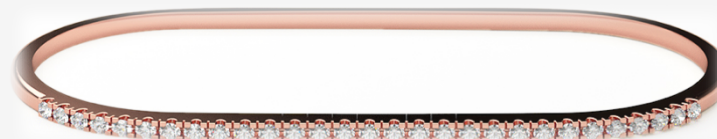
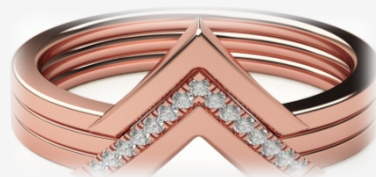
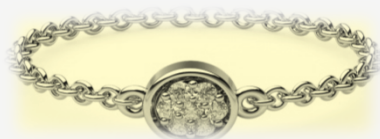


flipkart.com

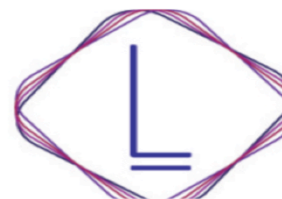


Jewelsouk.com

- 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

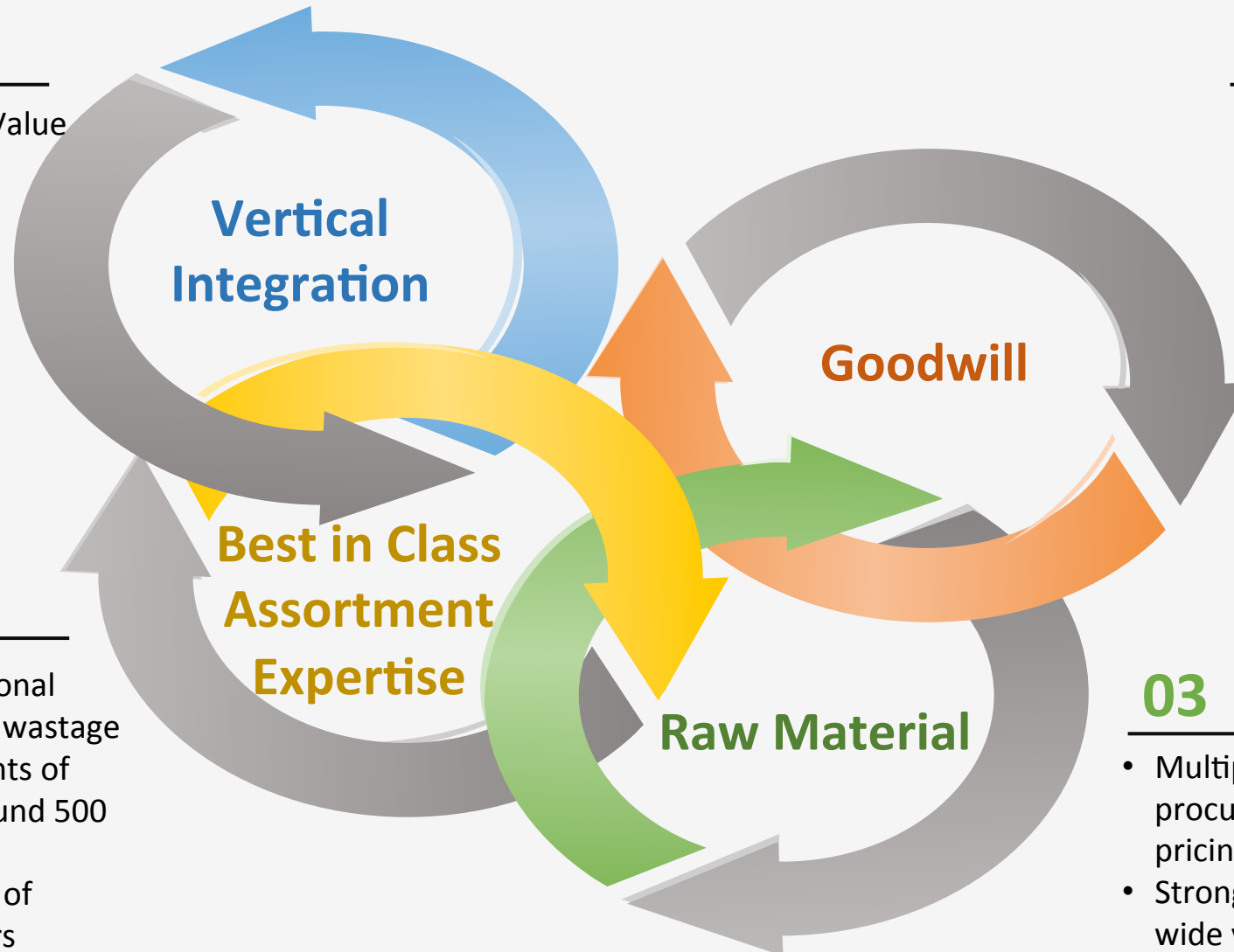
- Three decades of experience
- Strong market Reputation and Goodwill
- Established International market with presence across geographies and diverse global customer base

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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REUTERS

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