

## **Ladies & Gentlemen,**

I would like to begin by congratulating The Dubai Pearl Exchange on the wonderful show that they have put up here. Well begun is half done, they say, and by that token the World Pearl Forum is off to a lustrous start indeed.

We at Rosy Blue are proud to sponsor this landmark forum and look forward to productive interaction at the deliberations of this truly global gathering.

I would like to preface my presentation with a few words about Rosy Blue and the visionary behind the company, Mr. Harshad Mehta.

Rosy Blue was founded several decades ago as B Arun Kumar & Co. It is today one of the world's largest diamond manufacturing companies. Quite a few of the diamonds traded in the world are Rosy Blue Diamonds

For over 45 years, our skill and knowledge have been passed on from generation to generation, each driven by a passion for innovation and quality. Over this period, Rosy Blue has grown from a single workshop specializing in polishing small diamonds to a global corporation at the very heart of the diamond industry.

We are a global leader in the design, manufacture, and distribution of fine diamonds and jewellery. Rosy Blue is firmly established across the globe with a footprint that spans 15 countries. We employ 15,000 people and top \$1.7bn in annual sales.

A company is known by the company it keeps...Rosy Blue's clients range from the world's most prestigious retail chains to small specialty jewellery houses.

Keeping in mind the great potential that the GCC region holds, we started our diamond and Jewellery division in June 2006 in Dubai. This division brings to the GCC market an end-to end offering: jewellery design, production, branding, sales & marketing.

The creation and manufacturing of several brands of Rosy Blue was done in one of its product development and manufacturing center LUCKY STAR, Mumbai, India. As the Director & CEO of Lucky Star, I am indeed proud that my company has played a major role in the success of one of our major branding and marketing initiatives in this region, the launch of OMRI – our signature jewellery line designed specially for this market.

As we negotiate the choppy waters of the global economic crisis, we at Rosy Blue are as committed as ever to the core values of integrity, innovation and customer orientation that form the cornerstone of the vision of our company's leadership. At Rosy Blue we believe that the challenges of the present are mere stepping stones to a bright and beautiful morrow.

As I mentioned earlier, Rosy Blue has a global footprint. The GCC region is a huge growth driver for us. Typically, diamond jewellery sales have shown exponential growth in the Middle East region in last few years. Our presence and growth in this region is led by Mr. Harshad Mehta, Chairman- Rosy Blue FZE.

Mr. Mehta is acknowledged as a visionary and thought leader of the Diamond industry. He has played a stellar role at Rosy Blue, in all aspects of the business – strategic thinking, design, manufacture and distribution of diamond studded gold and platinum jewellery. His foresight and dynamism have played a major role in winning for Rosy Blue a powerful position in the diamond industry, worldwide.

A strong believer in fair and ethical business policies, Mr. Mehta believes in raising the bar and setting new benchmarks of excellence in every aspect of work and life.

Friends, I am sure you would agree with me when I say that we work in a profession imbued with beauty and subtlety. Permit me some poetic license...

...The iridescence and luster of the pearl has made it a symbol of unblemished perfection, purity and innocence. Such is the beauty of the pearl, that it has found mention in the important scriptures known to man. They have been used extensively for decoration, ornamentation, and even as charms. Apart from having aesthetic appeal, pearls have always been symbols of Aristocracy and Class. In many parts of the world the pearl is even believed to have a magical power.

Pearls are the embodiment of radiant splendor and understated elegance that have made them the object of admiration and desire from time immemorial. Pearls have also acquired the standing of time honored family treasures. It has always been passed on as heirlooms from one generation to the next.

They are forever in one form or the other!

Let us get a historical perspective.

As far back as 6000 years ago, pearls caught the fancy of the people of the Middle East. Several archaeological findings have suggested that in the Persian Gulf region, people were often laid to rest with a single pierced pearl clasped in their right hand. As civilizations developed and trade flourished, the status of the pearl as a symbol of wealth became more entrenched. Even the mother of pearl shells was considered greatly valuable. The worth of pearls and pearl shells was first recognized by the ancient Middle Eastern cultures, who valued it at its weight in gold. Its popularity is made evident by number of pearl adorned objects found across archaeological sites in the Middle East.

The Arabian Gulf had provided the world with its finest pearls, that were sought by the upper echelon, until pearl harvesting came to an abrupt standstill as the economic focus shifted to oil trade. This subsequently led to decline in the investment in, and therefore the resultant sale of pearls. Absence of a global forum working toward the integration of processes such as pearl harvesting, promotion, sales and trade related activities across specific geographic regions has contributed to decline of this industry.

Moving forward in time, let us take a look at consumer preferences today.

1. Branding has become a major factor in pearl retailing. The traditional lure of pearls, backed by powerful brand attributes, is drawing in the woman of fashion who makes her own decisions, is willing to experiment and wear a fresh look that is all her own.

We at Rosy Blue strongly believe in the power of branding - we have successfully launched several jewellery brands, addressing varied market needs. These collections include simple everyday wear to exquisitely crafted pieces for special moments.

I would like to cite here our own experience that will show how important branding is for the entire pearl industry. In 2006, Lucky Star produced 500,000 units of diamond jewellery. 50% of this entire production was on account of one single brand, Journey, promoted at the industry level by DTC. Such is the overwhelming power of a well conceived brand promotion exercise. This subject – the power of branding – is something that we truly believe in.

2. As a corporate, our faith in the power of branding has grown even stronger, given the very positive response to the Suki range, our exciting blend of pearl and diamond jewellery, in the Middle East.

Suki means moonlight and the designs aspire to evoke the attributes of softness and timeless grace. Featuring blends of pearls and diamonds, Suki Pearl is available as a complete range of complementing jewellery, from pendants to necklaces. Suki Pearl was

launched in December 2006 and is currently available in UAE, Saudi Arabia, Qatar, Kuwait & Turkey.

3. Another trend that I came across while having discussion with a leading pearl retailer in India, is that the percentage of pearls purchased for gifting is all time high and still growing. Once this data is validated, it may well call for a recalibration of some of our selling strategies.
4. There is also a trend towards using pearls as an affordable, mix and match fashion accessory. Consequently, coloured pearls are becoming popular. Nevertheless, white pearls continue to be seen as timeless classics.
5. We live in the age of fusion. Fusion music. Fusion cuisine. So why not fusion jewellery? There is a clear trend towards using pearls in combination with precious and semi-precious stones. A large percentage of pearl jewellery now incorporates these stones.
6. A new report indicates a steady upsurge in online sales of pearls. Some retailers report close to half their sales being web driven.

Coming to the future of the pearl industry, I believe that the Middle East region will play a key role.

Ladies and gentlemen.....

We are in the midst of a global recession. Luxury spending is amongst the worst hit. The pearl industry is not organized the way the gold and diamond industries are. So where do we go from here?

There are several things that we can do, at the micro level and at the global industry level. I will dwell here only on the macro issues that need to be tackled at the industry level, worldwide.

I talked just now of the negative impact caused by the absence of a global body that would provide leadership and direction to the pearl industry. The Dubai Pearl Exchange is an idea whose time has most certainly come. It seeks to fill the lacuna that the absence of a global body has created. Not only is it a positive assertion of the Middle East's bid to reclaim past dominance in the pearl industry, but it also is an admirable initiative to synergize pearl production and trade at the international level.

There are several areas wherein The Dubai Pearl Exchange can play the major role to promote the Pearl Industry such as:

1. Regulate the production of pearls and harmonize demand-supply equations.
2. Over the medium term, achieve price stability.
3. As a corollary to the above, provide reassurance to buyers about investment value appreciation
4. Provide some price benchmarking parameter at international level.
5. Create a platform for seamless global trade in pearl.
6. Promote “Pearl Awareness“through a comprehensive website that would address the information needs of the consumer, the trader and the experts.
7. *Proactively influence and direct* future fashion trends by networking and interacting with fashion & design houses, fashion icons, trendsetters.
8. Most importantly, I believe that Dubai Pearl Exchange can become a platform to create a Global Branding Campaign for pearls.

These campaigns will raise the profile of pearls, hugely expand the market size, elevate the status of pearls in consumer esteem and lead to great appreciation in unit values. The entire pearl industry would benefit from this one single exercise and change the fortunes of the industry dramatically.

To my mind, our success is greatly linked to our ability to action these items aggressively and effectively. I invite the thoughts and seek the support of all industry stake holders in this exercise.

I would like to end by congratulating The Dubai Multi Commodities Centre on the huge strides it has taken. I wish its ambitious Pearl Essence program all success.

I will now conclude my presentation with a quote from Robert Kennedy:

Few will have the greatness to bend history itself; but each of us can work to change a small portion of events, and in the total of all those acts will be written the history of this generation...

**Thank you.....**