

The period of volatility and gradual adjustment will continue in the immediate future - Vipul Shah

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Vipul Shah, an ace businessman and visionary, has been instrumental in establishing the Asian Star Group's global network. Under his guidance, Asian Star, a company solely into diamond manufacturing, 'metamorphosed' into a value added, vertically integrated supply partner. Today, he heads Asian Star Co. Ltd, a market leader in the Indian gem and jewellery industry.

Vipul Shah, a former Chairman of the Gem & Jewellery Export Promotion Council of India (GJEPC), had also earlier served as the Convener of BITC (Banking, Insurance & Taxation) Committee of GJEPC.

In an interview with Rough & Polished, Vipul Shah provides insights into the recently concluded Hong Kong Fair, the present status of the Indian industry and more...

Some excerpts: -

The September Hong Kong Show was said to be better than the previous year/s. Buyer traffic was also on a high level, raising expectations. So, can we conclude that the worst is over for the global gem & jewellery industry? Your comments...

The September show set an optimistic tone for the diamond market particularly considering the challenging conditions of the past one year, but trading was not exceptional.

It is difficult to predict short-term prospects for the global gem & jewellery industry

until the time we are assured of adequate level of downstream activity during upcoming holiday season in the US, India and China.

Demand for loose diamond was also reportedly very encouraging at the Fair. Can you give us an idea of the quality/size/colour of polished goods that were in high demand? Given the slowdown in China/Hong Kong, unexpected heavy footfalls from the region was reported at the Fair. On the whole, what's your views on this sudden turnaround?

We saw a general demand for SI goods from 10 points to 50 points. There was also demand for certified stones from 30 points to 1 carat in VS –SI quality, F –J colour.

The reason for heavy footfalls from China/ Hong Kong is essentially because the buyers from this region have been out of the market for a long time. And with the festive season approaching, the Hong Kong show was the perfect platform for them to replenish their stock.

After these unexpected results at the Hong Kong Show, what do you predict for the Indian industry as we head into the holiday season? Should 'caution' be the buzz word; or you consider the industry is already on its fast tracks? Your views please.

The diamond market is in a healthier position today than it was a year ago in terms of supply-demand equilibrium. Nevertheless, the period of prudence continues. Primarily, the diamond industry is not insulated from the unpredictability of fluctuating global economy. Short- term sentiment is still weak especially in Asian markets and it is affecting consumer spending. In my opinion, the period of volatility and gradual adjustment will continue in the immediate future.

Did both your companies Asian Star as well as Asian Star Jewels participate; and how did they fare at the Show? From which consuming markets were maximum demand in both loose stones as well as jewellery. Demand wise, for both genre of products, what changes were noticed, especially from US and Chinese buyers?

Both our companies, Asian Star and Asian Star Jewels, participated at the show. We received reasonably good response bearing in mind the weak half-year performance this year. Loose polished demand came from mainly Chinese buyers, while our diamond jewellery team entertained buyers from mainly Europe and Middle East markets. There were very few US buyers, and among them hardly any retailers. In general, buyers were judicious and very specific in their purchase.

As far as overseas demand goes, it is said that 'silver' is being substituted for 'gold' due to high gold prices, especially in diamond studded jewellery? In which consuming markets is silver more in demand; and in which category of studded jewellery...entry level or even high-end jewellery?

Silver is being substituted for gold largely in lower-end fashion products. This pattern in product merchandising is being adopted in the US and Europe by retail chains, but predominantly in the US.

Considering the Indian G&J industry export performance, India's polished diamond exports as well as gold jewellery (including diamond studded jewellery) has registered considerable increase last month. Are good days here again for the Indian industry? Or is it too early to rejoice? What do you foresee?

The markets open during August and normally the first three months see higher trading than the rest of the year. So, as I have already mentioned earlier, we need to be cautious and wait for the holiday season to pan out.

We would like your opinion on the 'much debated' topic of lab-grown diamonds or synthetics, if you will. How do you think the 'natural diamond sector' can be protected, especially in 'mixing' episodes the industry has witnessed of late? Consumer confidence is shaken, surely. Any suggestions?

The trade organisations and top diamantaires are taking this issue seriously and have already implemented several measures to curb malpractice of mixing lab-grown diamonds with natural ones.

On our part, Asian Star has installed machines to detect synthetics of all sizes, even as small as -2 size. I believe that ethical sourcing of goods, vigilance and proper documentation for traceability will go a long way in minimising this problem.

The SNZ at the Bharat Diamond Bourse has been helpful no doubt, but will it not be more useful (for both rough producers as well as Indian cutting and polishing companies) if the Indian government makes necessary changes in the tax structure for trading in the SNZ? Your views please.

Yes, I agree that changes in tax structure that favour trading will be beneficial to all concerned and boost effectiveness of this entire venture. GJEPC is in discussion with the Government to implement these measures and we are looking forward to a positive outcome.

Aruna Gaitonde, Editor-in-Chief of Asian Bureau, Rough & Polished