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IJRCM

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THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF**.

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

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Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

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4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

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6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES & TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

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- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
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- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IMPACT OF RECESSION ON DIAMOND INDUSTRY IN INDIA: STRATEGIC SOLUTIONS

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ABSTRACT

Numerous accounts have been made to explain the causes of this great financial disaster. There are a number of compounded factors that has resulted in the outbreak of this financial crisis of enormous proportions. Collapse of the US housing market, highly leveraged financial transactions and a low interest rate encouraging borrowings, among others, have all contributed to the downturn in the global financial market. Let us now look at these various causes in greater detail. The global financial crisis in 2008 is a major ongoing financial crisis, the worst of its kind since the Great Depression. It became prominently visible in September 2008 with the failure, merger or conservator ship of several large United States-based financial firms. The underlying causes leading to the crisis had been reported in business journals for many months before September, with commentary about the financial stability of leading US and European investment banks, insurance firms and mortgage banks consequent to the sub-prime mortgage crisis.

KEYWORDS
recession, diamond industry.

1.1 DEFINITION

A period of general economic decline; specifically a decline in GDP for two or more consecutive quarters.

1.2 GLOBAL FINANCIAL CRISIS OF 2008

Numerous accounts have been made to explain the causes of this great financial disaster. There are a number of compounded factors that has resulted in the outbreak of this financial crisis of enormous proportions. Collapse of the US housing market, highly leveraged financial transactions and a low interest rate encouraging borrowings, among others, have all contributed to the downturn in the global financial market. Let us now look at these various causes in greater detail.

The global financial crisis in 2008 is a major ongoing financial crisis, the worst of its kind since the Great Depression. It became prominently visible in September 2008 with the failure, merger or conservator ship of several large United States-based financial firms. The underlying causes leading to the crisis had been reported in business journals for many months before September, with commentary about the financial stability of leading US and European investment banks, insurance firms and mortgage banks consequent to the sub-prime mortgage crisis.

Beginning with failures of large financial institutions in the United States, it rapidly evolved into a global crisis resulting in a number of European banks' failures and declines in various stock indexes, and significant reductions in the market-value of equities (stock) and commodities worldwide. The crisis has led to a liquidity problem and the de-leveraging of financial institutions especially in the United States and Europe, which further accelerated the liquidity crisis. World political leaders and national ministers of finance and central bank directors have coordinated their efforts to reduce fears, but the crisis is ongoing and continues to change, evolving at the close of October 2008 into a currency crisis with investors transferring vast capital resources into stronger currencies such as the Yen, the Dollar and the Swiss Franc, leading many emergent economies to seek aid from the International Monetary Fund. The crisis has roots in the sub-prime mortgage crisis and is an acute phase of the financial crisis of 2007-2008.

1. 3 GLOBAL RESPONSES

On September 15, 2008, China cut its interest rate for the first time since 2002. Indonesia reduced its overnight repo rate, by two percentage points to 10.25 percent. The Reserve Bank of Australia injected nearly $ 1.5 Billion into the banking system, nearly three times as much as the market's estimated requirement. The Reserve Bank of India added almost $ 1.32 Billion, through a re-finance operation, its biggest in at least a month.

In Taiwan, the Central Bank on September 16, 2008, said it would cut its required reserve ratios for the first time in eight years. The Central Bank added $ 3.59 Billion into the foreign-currency inter bank market the same day. Bank of Japan pumped $ 29.3 Billion into the financial system on September 17, 2008, and the Reserve Bank of Australia added $ 3.45 Billion the same day. The European Central Bank injected $ 99.8 Billion in a one-day money-market auction. The Bank of England pumped in $ 36 Billion. Altogether, central banks throughout the world added more than $ 200 Billion from the beginning of the week to September 17, 2008.

1.4 US RESPONSES

The Federal Reserve, Treasury, and Securities and Exchange Commission took several steps on September 19 to intervene in the crisis. To stop the potential run on money market mutual funds, the Treasury also announced on September 19 a new $ 50 Billion program to insure the investments, similar to the Federal Deposit Insurance Corporation (FDIC) program. Part of the announcements included temporary exceptions to Section 23A and 23B (Regulation W), allowing financial groups to more easily share funds within their group. The exceptions would expire on January 30, 2009, unless extended by the Federal Reserve Board. The Securities and Exchange Commission announced termination of short-selling of 799 financial stocks, as well as action against short selling, as part of its reaction to the mortgage crisis.

1.5 IMPACT OF THE CRISIS IN INDIA

While the overall policy approach has been able to mitigate the potential impact of the turmoil on domestic financial markets and the economy, with the increasing integration of the Indian economy and its financial markets with rest of the world, there is recognition that the country does face some downside risks from these international developments. The risks arise mainly from the potential reversal of capital flows on a sustained medium-term basis from the projected slow-down of the global economy, particularly in advanced economies, and from some elements of potential financial contagion. In India, the adverse effects have so far been mainly in the equity markets because of reversal of portfolio equity flows, and the concomitant effects on the domestic forex market and liquidity conditions. The macro effects have so far been muted due to the overall strength of domestic demand, the healthy balance sheets of the Indian corporate sector, and the predominant domestic financing of investment.

As might be expected, the main impact of the global financial turmoil in India has emanated from the significant change experienced in the capital account in 2008-09 so far, relative to the previous year. Total net capital flows fell from US $ 17.3 Billion in April-June 2007 to US $ 13.2 Billion in April-June 2008. Nonetheless, capital flows are expected to be more than sufficient to cover the current account deficit this year as well.

While Foreign Direct Investment (FDI) inflows have continued to exhibit accelerated growth (US $ 16.7 Billion during April-August 2008 as compared with US $ 8.5 Billion in the corresponding period of 2007), portfolio investments by Foreign Institutional Investors (FIIs) witnessed a net outflow of about US $ 6.4 Billion in April-September 2008 as compared with a net inflow of US $ 15.5 Billion in the corresponding period last year.
Similarly, external commercial borrowings of the corporate sector declined from US $ 7.0 Billion in April-June 2007 to US $ 1.6 Billion in April-June 2008, partially in response to policy measures in the face of excess flows in 2007-08, but also due to the current turmoil in advanced economies. With the existence of a merchandise trade deficit of 7.7 per cent of GDP in 2007-08, and a current account deficit of 1.5 per cent, and change in perceptions with respect to capital flows, there has been significant pressure on the Indian exchange rate in recent months. Whereas the real exchange rate appreciated from an index of 104.9 (Base 1993-94=100) (US $ 1 = Rs. 46.12) in September 2006 to 115.0 (US $ 1 = Rs. 40.34) in September 2007, it has now depreciated to a level of 101.5 (US $ 1 = Rs. 48.74) as on October 8, 2008.

Trends in Capital Flows			
		US $ Million	
Component	**Period**	**2007-08**	**2008-09**
Foreign Direct Investment to India	April – August	8,536	16,733
FIIs (Net) *	April - September 26	15,508	-6,421
External Commercial Borrowings (Net)	April – June	6,990	1,559
Short-Term Trade Credits (Net)	April – June	1,804	2,173
Memo			
ECB Approvals	April – August	13,375	8,127
Foreign Exchange Reserves (Variation)	April - September 26	48,583	-17,904
Foreign Exchange Reserves (End-Period)	September 26, 2008	247,762	291,819

***** Data on FIIS presented in this table represent inflows into the country and, thus, may differ from data relating to net investment in stock exchanges by FIIs.

1.6 ABOUT INDIAN DIAMOND INDUSTRY

Diamonds are one of India's great business success stories from the past 30 years. One of the country's key export sectors, its polishers import rough diamonds, cut and then export them to the big jewellery markets of the US, the Gulf and Europe.
Today, India has a 55 per cent market share of the world's diamond cutting and polishing business. Some 800,000 jobs were created in this sector by virtue of India's low-cost but technically skilled labour force. And the sector is at the forefront of the economy's integration into global markets.
The industry imports more than half of its rough diamonds from Belgium and has strong links with De Beers, the global diamond group, Alrosa, the Russian diamond producer, and BHP Billiton, the resources group. By 2007-2008, diamond exports had risen to $14bn.But in December 2008, the industry juddered to a halt and with it years of uninterrupted rising growth. It has yet to recover. That month there was a near 100 per cent decline in imports of rough diamonds from $1bn a year before to $85m. Worried about tumbling diamond sales in developed markets, Indian industry leaders took a controversial decision to stem supply and avoid flooding their production pipeline.
In the worst period, sales went down more than 50 per cent, says Vasant Mehta, the chairman of India's Gem and Jewellery Export Promotion Council. "The sales have stopped going down further. We have stopped dropping and that's where the hopes of revival are. We are now in wishful thinking.
Over the past eight months, the diamond industry has shed about 200,000 jobs. Hopes are pinned to a revival in the big US market ahead of Christmas, but there is more talk now of the domestic market and consumers in China coming to the rescue.

1.7 ABOUT SURAT DIAMOND INDUSTRY

Surat the business capital of Gujarat in india is the largest market of diamond polishing, cutting and crafting in the whole world. Availability of skilled but low waged workers and the presence of international market have earned a worldwide fame for the Surat Diamonds. More than 70% of the world diamonds are cut and polished in the Surat city of Gujarat (India). It is a $17 billion industry and cuts and polishes diamonds around $11 billion worth of diamonds every year. Eight out of ten diamonds in the world are processed in India. About 90% of these diamonds are exported to Europe and North America while the rest are purchased by Indian jewellery retailers.
Although India produces a very negligible amount of diamonds, the country dominates the world's diamond polishing industry. Despite the fact that Bombay is the commercial center of India's diamond trade, Surat with its advantages has emerged as the hot spot of the diamond industry.
More than 700,000 people earn their livelihood from the diamond industry of Surat while 2.5 million are indirectly related to this industry. Although Indian exports only 4% of the global diamond, it represents "almost 25% value addition to imported rough diamonds." In 2006-07, India imported $8.8 billion rough diamonds and exported $10.9 billion polished gems

2. LITERATURE REVIEW

2.1 LGP Kimothi in his study –"[1]Geological condition of diamonds deposits and prospects of their search in India", had given a detailed survey analysis of Kimberlite of India. The researcher had identified certain areas where there is a possibility of having a Kimberlite deposits and diamond mining. Also he had given a detailed historical analysis of diamond mining and exploration of India.
2.2 S N Sharma in his study–"[2]Imperative and potential for diamond finds (search) and production in India", presented a focus on various geographical areas like, Andhra Pradesh,Madhya Pradesh, Uttar Pradesh, Orissa and Maharashtra where there is a possibility of having diamond deposits. Also he had given a study of Panna mines where the diamond production is around 20,000 Carats. He had developed a model for a self-sufficiency of rough diamond supply for our industry in which he emphasized on the role of mining engineers and geologists for better India.

3. RESEARCH METHODOLOGY

3.1 RESEARCH PROBLEM:

As the global country, face the depression and recession in variety of industry. The study is in the reference of diamond industry. The recession in the diamond industry required to be overcome. The government and other group of peoples were making effort to solve the global recession.

3.2 SCOPE OF STUDY:

The scope of the study is related to variety of diamond companies which have direct or indirect relation with export and import of diamond. The study all pay attention to the companies in Surat city.

[1] L G P Kimothi, Geologist, Geological condition of diamonds deposits and prospects of their search in India, National Mineral evelopment Corporation (NMDC), Panna, M.P., Papers and Proceedings of the Seminar : The many Facets of the Indian Diamond Industry, Hindustan Diamond Company (HDC), Gem and Jewelry Export Promotion Council (GJEPC), National Mineral evelopment Corporation (NMDC) and Industrial Diamond Association of India, Mumbai, March 6-7, 1980
[2] S N Sharma, Chairman and Managing Director, Hindustan Diamond Company Ltd., Imperative and otential for diamond finds and production in India, Papers and Proceedings of the Seminar : The many Facets of the Indian Diamond Industry, Hindustan Diamond Company (HDC), Gem and Jewelry Export Promotion Council (GJEPC), National Mineral Development Corporation (NMDC) and Industrial Diamond Association of India, Mumbai, March 6-7, 1980

3.3 OBJECTIVES OF STUDY

- To analyze the impact of global recession on diamond manufacturing company.
- To analyze and evaluate the effect of diamond manufacturing. company on the turn over(sales) of the firm.
- To find out criteria of global recession on diamond company.
- To study the export and import condition of diamond company.

3.4 RESEARCH APPROACH

To study the problem various approaches can be used. The choice of approach depends on the degree of precision with which the original research question can be formulated, and how much knowledge already exists in the area of research. Research approaches can be of exploratory, descriptive or hypotheses testing characteristics.

3.5.1 SAMPLE PLAN

It define the method of data collection from the variety of sources.

Type of sample

The sample is taken reference to study i.e. two diamond company for comparisons.

3.5.2 SAMPLING TECHNIQUE

Sample design is as follows:

A. non- probability sample design

1. Quota sampling 2. Judgment sampling

B. probability sampling

1. Lottery method 2. Random number method

The study uses the area sampling technique. The area sampling is from of multi stage sampling in which maps, rather than list or registers are used as the sample frame.

3.6 PERIOD OF STUDY

The period of study is between 1-4-2005 to 31-3-2009

3.7 NATURE OF DATA REQUIRE

SECONDARY DATA

Primary data collected by one person may become the secondary data. Secondary data for the study will be collected from the journals, magazines, newspaper, reference books and websites.

3.8 SOURCE OF DATA

Secondary data only

A. journals
B. magazines
C. reference books
D. websites

3.9 Tools and techniques of data analysis:

A. Ratio analysis
B. Trend analysis
C. Comparative statement analysis

3.10 LIMITATION OF STUDY

- Limited ability to generalize findings
- Limited definition of the subject area
- Use of the selected area
- Uncontrolled factors like unexpected behavior of the society.
- Difficulty for data collection and authenticity

4. OVERVIEW OF DIAMOND INDUSTRY

4.1SU-RAJ AT A GLANCE

- Core business activities of the Company are:
- Manufacture and export of gold, silver & platinum jewellery studded with
- diamonds, color stones and semi precious stones as well as plain jewellery.
- Manufacture and export of polished diamonds.
- Facilities at par with any advanced manufacturing centers in the world and state of the art units.
- Excellent Quality Control.
- Product designs are one of the best in the industry.
- The entire products are being sold in the International markets through the extensive marketing network of the Company and with customers of long term relationships.
- Su-Raj Diamonds N.V., subsidiary of the Company at Antwerp, Belgium gives a cutting edge in the International market of diamond trading.
- Other subsidiaries, namely Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamonds & Jewelry USA, Inc, and Su-Raj Diamond (H.K.) Limited extend further market penetration.
- CRISIL has rated 'P1' for Su-Raj Diamonds and Jewellery's bank facilities. CRISIL's ratings reflect the Company's healthy business risk profile and sound operational efficiencies, and its comfortable financial risk profile.
- The Company's units at Bangalore and Chennai have been accredited with ISO certification (9001 : 2000)
- The Company is having Star Trading House Status and is, as per Govt Rules, a nominated agency for import of bullion in India.

4.2. MISSION

- Our mission is to become one of the most trusted jewellery conglomerates globally.
- Su-Raj will be a Company with international expertise in the Industry in all facets of its management and operations.
- The Company is committed to total customer satisfaction and enhancement of shareholders value.
- The Company will continue to adopt best standards of corporate conduct towards its employees, consumers and society and will strive to meet their expectations.

4.3 CORPORATE GOVERNANCE

In our strive to achieve excellence we implemented the concepts of Corporate Governance in true sprits and today it is an integral part of our management. Efficient Corporate Governance requires a clear understanding of the respective roles of the Board and of senior management and their relationship with others in the Corporate Structure. Corporate Governance envisages the attainment of transparency, accountability and integrity in all facets of its operations and interactions with shareholders, employees, banks and Government so as to ensure that there is fairness to all stakeholders and that its action benefit the greater number of shareholders.

The Board of Directors has the important role of overseeing management's performance on behalf of the stakeholders.

Except the Chairman cum Managing Director all other Directors on the Board are Independent Directors with rich experience and expertise in the areas of management, banking, finance, administration and law.

4.4 CODE OF CONDUCT

The Board of Directors has approved and adopted a Code of Conduct for the members of the Board and Senior management of the Company. This code helps to maintain the standards of business conduct for SDJL and ensures compliance with legal requirements, particularly the requirements under clause 49 of the Listing Agreement with Stock Exchange(s).

To ensure a transparent and fair administration, the Company is having a Governance Structure that provides for checks and balances throughout its operations.

Audit Committee

The Audit Committee is headed by an Independent Director and supported by professional Internal Auditors, interalia, provides re assurance to the Board on the effective internal control and compliance environment that ensures:

- Efficiency and effectiveness of operations both domestic and overseas.
- Reliability of financial and management information and adequacy of disclosures.

Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee functions with the objective of looking into redressed of Shareholders' and Investors' grievances relating to non receipt of dividend, Annual Report, transfer of shares etc. The Company has taken all steps to ensure that shareholders' grievances are given high priority and are resolved at the earliest.

Internal Control System

The Company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by management and well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board review the findings and recommendations of the internal auditors.

Prevention of Insider Trading

The Company has adopted a code of conduct (SDJL(Dealing in Securities & Prevention of Insider Trading) Rules, 2002) for prevention of insider trading in the shares of the Company. The Code interalia prohibits purchase/sales, dealing of shares of the Company by the insiders while in possession of unpublished price sensitive information in relation to the Company.

4.5. MANUFACTURING PROCESS

Diamonds:

The Cutting and Polishing of diamonds is a highly labour intensive process, which demands a significant level of skill and attention in detail on the part of the worker. Each small diamond has to be processed individually and due to the small size and high cost of raw material being processed "rough diamonds" or "roughs" – a great deal of accuracy is required. Constant supervision to ensure minimum wastage and constant vigilance to prevent any pilferage is essential.

4.6 CLASSIC DIAMONDS : ABOUT US

With an annual turnover in excess of $100m, Classic Diamonds (India) Ltd is one of the leading diamond companies in India, Being cognizant of the huge future potential for our company in India, Classic Diamond converted from a partnership to a corporate structure in 1986.We have been one of the few publicly quoted companies on the stock exchange ever since. We are recognized sight holders of the Aber group, customers of Alrosa and other South African mines. It is a recognition of the fact that we are one of the largest Indian manufacturers of Stars (2 pointer) with a monthly output of 25,00,000 million stones.

Classic Diamond is a fully integrated business, buying its rough diamonds from the major mining companies, manufacturing it under our direct control, sorting the polished into regular assortments and finally selling to jewellery manufacturers or our own jewellery manufacturing company.

With a 37-year sparkling experience in the industry, Classic Diamond is the ideal partner for riving business growth for you.

A sight holder with Aber, we are rightly geared to deliver all-round product consistency. From procurement of rough diamonds to supplying polished diamonds assortment, we guarantee the best for our discerning customers worldwide.

All our diamonds are manufactured in our own diamond manufacturing factories, each one state-of-art and ISO certified, thus enabling better cut & clarity and low cost of production. Sales offices in the strategic diamond jewellery centers of the world like Dubai, Hong kong, Antwerp, Israel, New York, allow better co-ordination & service and help us cater to client needs most effectively.

As Classic Diamond does business with the whole range of customers ranging from jewellery manufacturers, wholesalers, independents and the major chain stores, the company is recognized for the great emphasis it places on understanding and responding to the needs of our entire customer base.

We have three state of the art jewellery factories equipped with the latest technology, in order to provide our customers with their exact requirements. Our staff are well trained in the use of the most modern equipment and this combined with our design capabilities, strict quality control procedures and an on line order tracking system, enable us to provide our customers with extremely high standard of service.

Moreover, since 2003, our retail brand of couture diamonds jewellery, Classic jewels, has been making an increasing foray into the Indian retail market, with 5 signature stores dazzling an ever demanding audience.

Thus, its our vertical integration and our through understanding of the diamonds business, right from rough procurement to jewellery retailing, propels us to the high pedestal to be the right partner for you, with whom you can grow your business.

4.7. DIAMOND FACTORIES

DIAMOND CITTING & POLISHING FACTORY, SURAT

Classic Diamonds have set up a large 2,20,000 square foot diamond cutting and polishing factory in surat, built to the standards of ISO 9001.The factory can accommodate 5000 workers and will produce 15,00,000 stones per month.

The factory incorporates the latest state of the art technology that will not only improve productivity but will help in reducing manufacturing costs and will produce a more superior and uniformly cut diamonds. The factory will enable our group to exercise more direct control over the entire manufacturing process and will fully compliant with the high standards set by the DTC Best Practice Principles and BHP's business excellence model.

With the inauguration of this factory Classic Diamonds will be able to better serve it's customers by providing them with timely delivery of well made diamonds, consistently.

Classic Diamonds India Ltd.

5. ANALYSIS AND INTERPRETATION

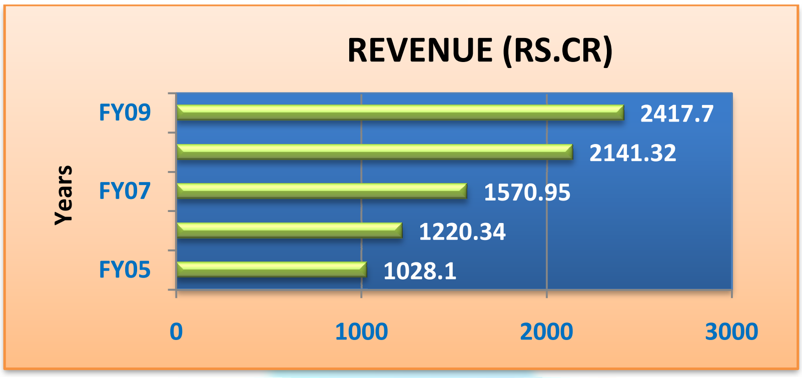
5.1 Suraj Diamonds Ltd

5.1.1 REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

TABLE: 5.1. REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

REVENUE	RS.CR
FY05	1028.1
FY06	1220.34
FY07	1570.95
FY08	2141.32
FY09	2417.7

FIGURE 5.1: REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

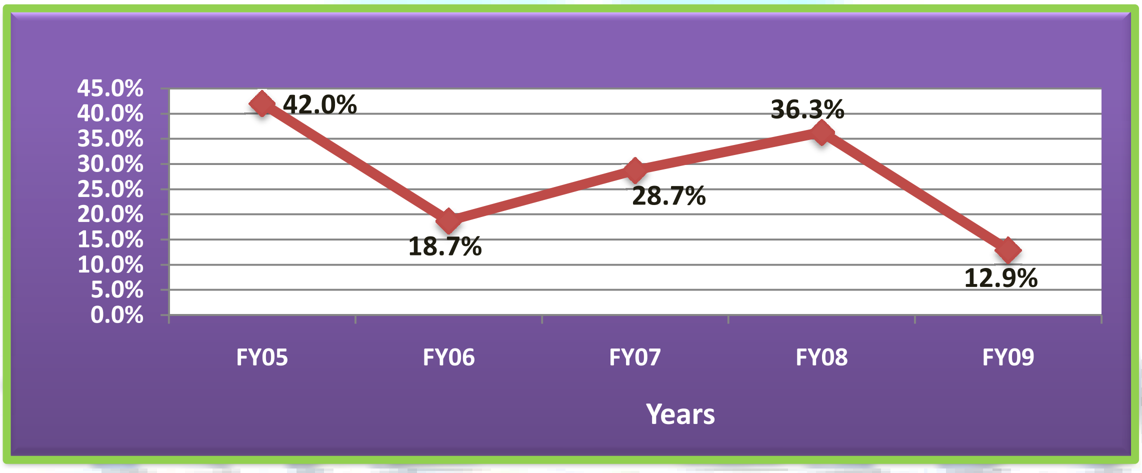


As can be seen from the chart above, revenue of the company was Rs.2417.7 Cr in FY09 vs. Rs.2141.32 Cr of FY08. However, if we do not see this absolute higher amount in revenue and concentrate on growth as percentage term, we can see from below chart that, revenue grew at 12.9% in FY09 against previous two years (FY06-FY08) period in which revenue growth was higher yoy at 28.7% and 36.3% mainly due to better business duration.

TABLE: 5.2. REVENUE GROWTH

REVNUE	GROWTH(%)
FY05	42.0%
FY06	18.7%
FY07	28.7%
FY08	36.3%
FY09	12.9%

FIGURE 5.2.: REVENUE GROWTH



5.1.2 OPERATING PROFIT: DECLINED AMIDST FALLING MARGINS

As can be seen from below charts, operating profit of the company declined by 6.5% yoy to Rs.71.9 Cr in FY09. This fall in operating profit was mainly attributed to decline in profit margins amidst impacts of falling demand from recession.

TABLE: 5.3. OPERATING PROFIT

Operating Profit	Rs. Cr
FY05	45.43
FY06	57.1
FY07	72.59
FY08	76.87
FY09	71.9

FIGURE 5.3: OPERATING PROFIT

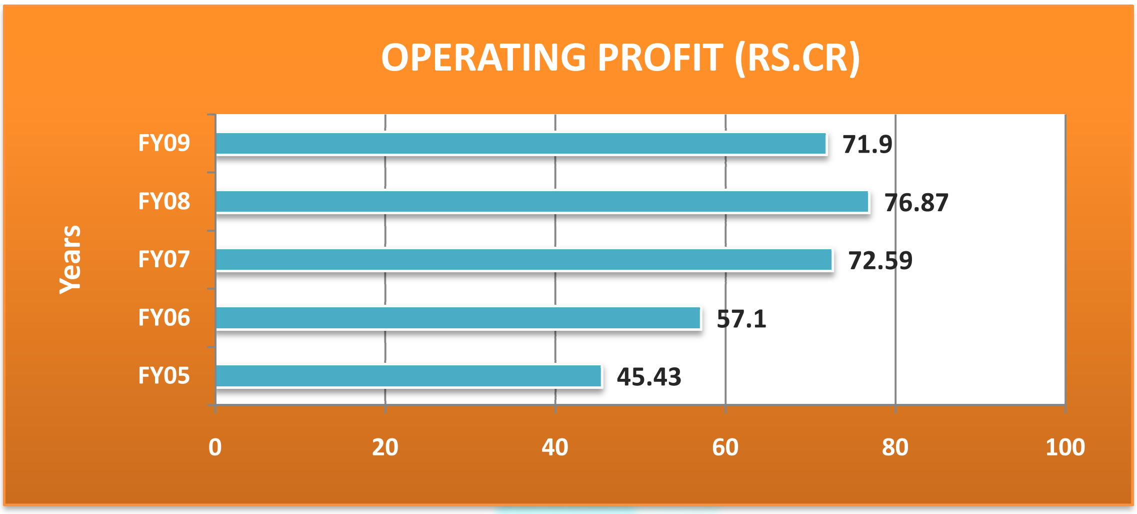


TABLE: 5.4. OPERATING PROFIT GROWTH

OPERATING PROFIT	GROWTH (%)
FY05	20.7%
FY06	25.7%
FY07	27.1%
FY08	5.9%
FY09	-6.5%

FIGURE: 5.4. OPERATING PROFIT GROWTH

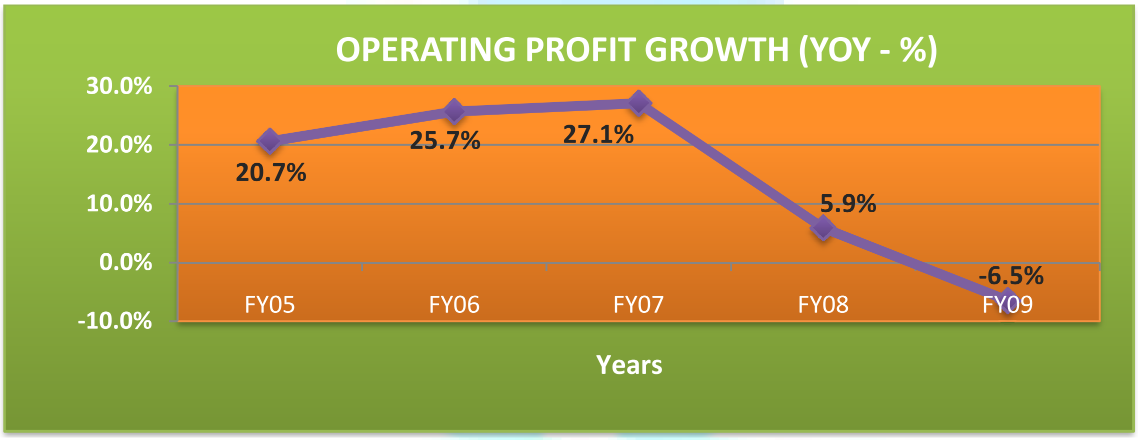
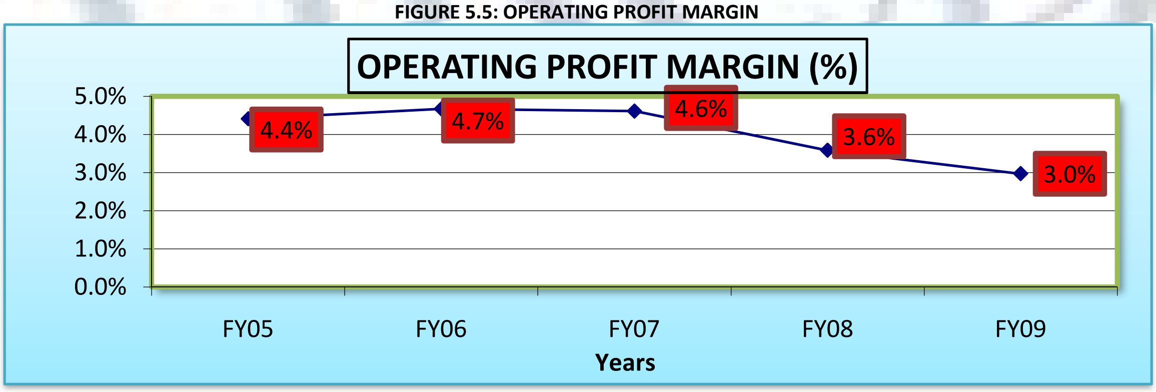


TABLE 5.5: OPERATING PROFIT MARGIN

YEAR	OPERATING PROFIT MARGIN
FY05	4.4%
FY06	4.7%
FY07	4.6%
FY08	3.6%
FY09	3.0%

FIGURE 5.5: OPERATING PROFIT MARGIN



Operating profit margins of the company declined to 3% in FY09 from 4.6% of FY07 and 3.6% of FY08.

5.1.3. NET PROFIT: DECLINE DUE TO LOWER OPERATING PROFITABILITY AND HIGHER INTEREST COSTS.

TABLE: 5.6. . NET PROFIT

NET PROFIT	RS.CR
FY05	30.08
FY06	38.93
FY07	49.37
FY08	62.63
FY09	33.44

FIGURE 5.6: NET PROFIT

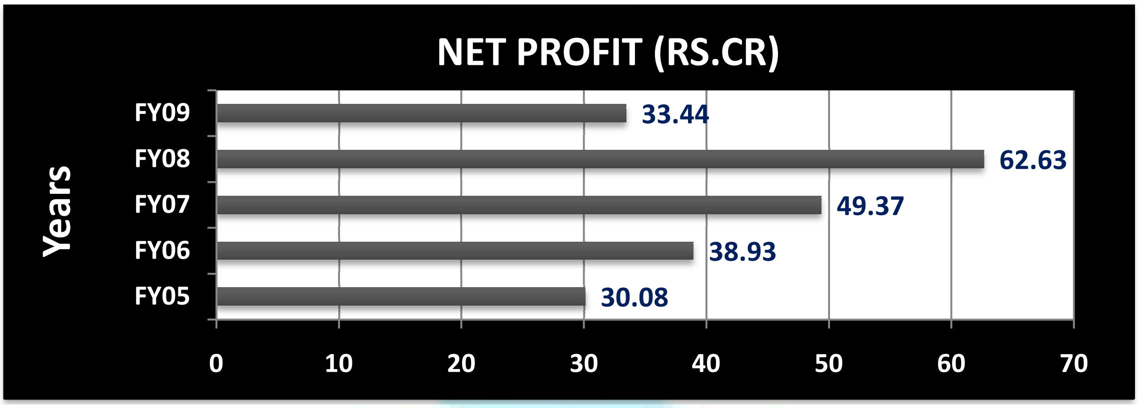


TABLE 5.7: NET PROFIT GROWTH

NET PROFIT	GROWTH (%)
FY05	30.8%
FY06	29.4%
FY07	26.8%
FY08	26.9%
FY09	-46.6%

FIGURE 5.7: NET PROFIT GROWTH

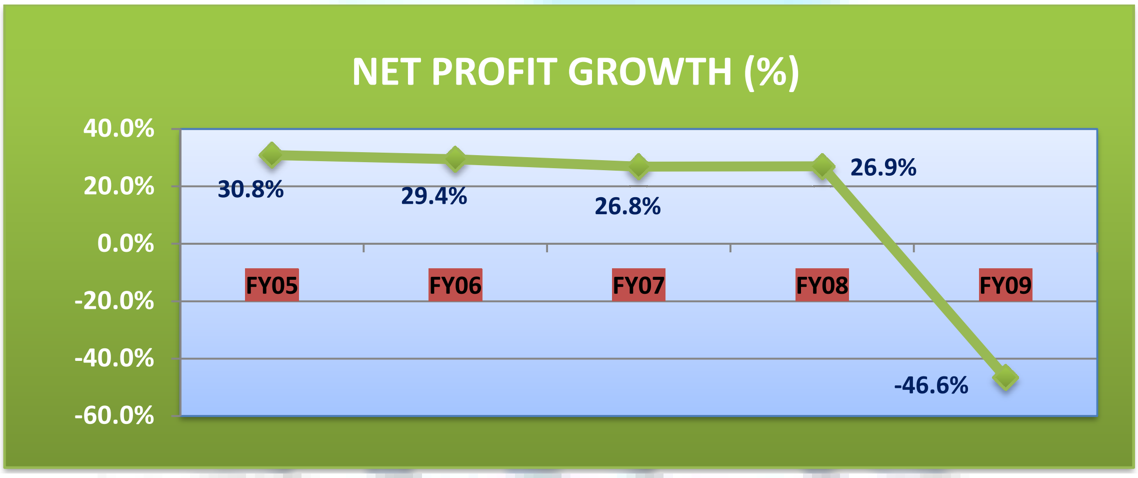
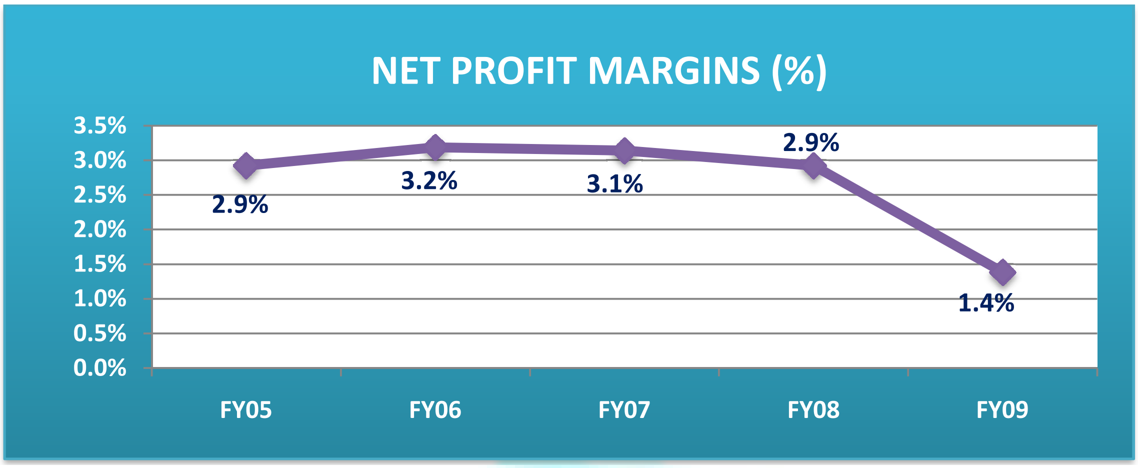


TABLE 5.8: NET PROFIR MARGINS

Net Profit Margin	NPM
FY05	2.9%
FY06	3.2%
FY07	3.1%
FY08	2.9%
FY09	1.4%

FIGURE 5.8: NET PROFIT MARGINS



As can be seen from the above diagrams, net profit of the company decline by 46.6% yoy to Rs.33.44 Cr in FY09. This fall in the net profit was mainly due to decline in operating profitability with higher operating expenditure. There was also higher component of non-operating expenditure in the form of higher interest cost.

As can be seen from below diagram interest cost of the company has risen sharply from just Rs.4.41Cr of FY08 to Rs.32.6Cr of FY09. this rise in interest cost was mainly attributed to substantial rise in loan amount.

TABLE 5.9: INTEREST COST

YEAR	INTEREST COST
FY05	10.48
FY06	15.43
FY07	19.15
FY08	4.41
FY09	32.6

FIGURE 5.9: INTEREST COST

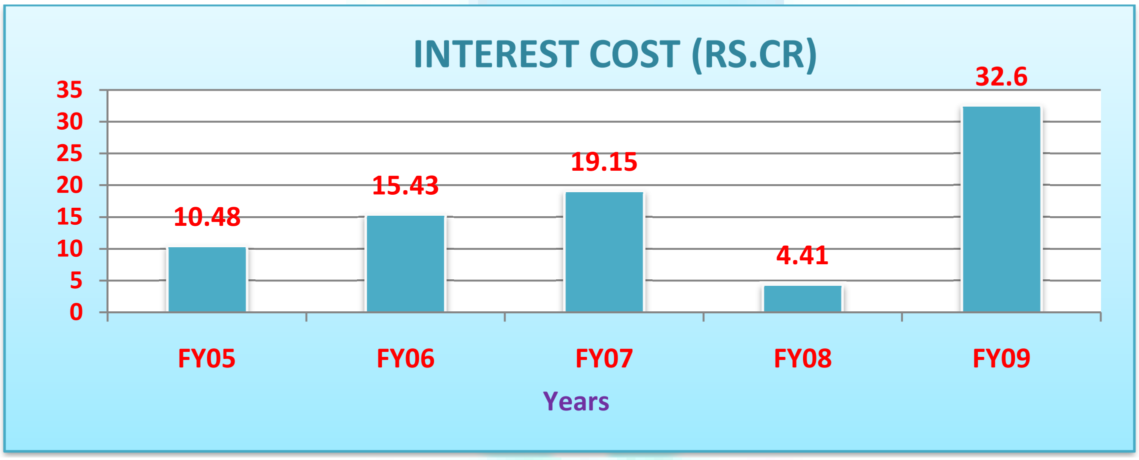


TABLE 5.10: SECURED LOAN

YEAR	SECURED LOAN
FY08	284.15
FY09	502

FIGURE 5.10: SECURED LOAN

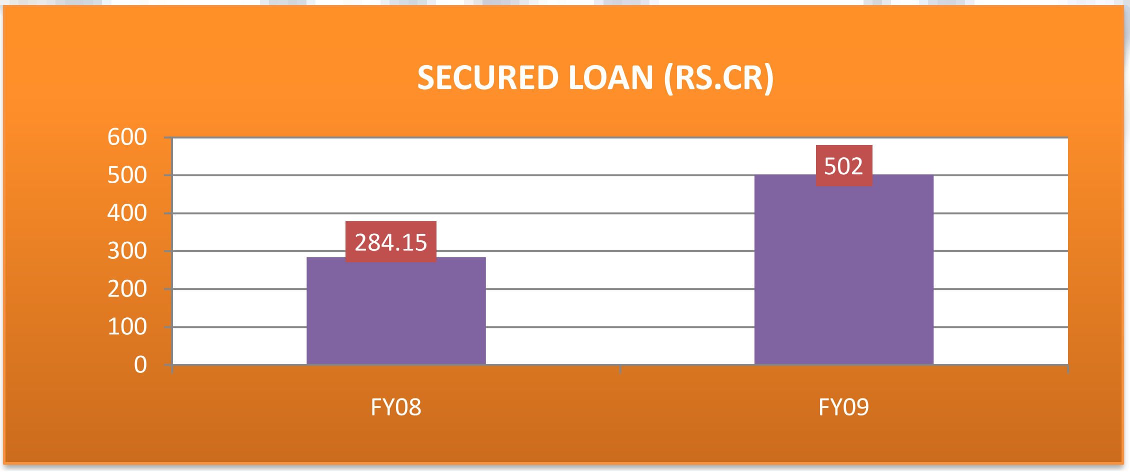
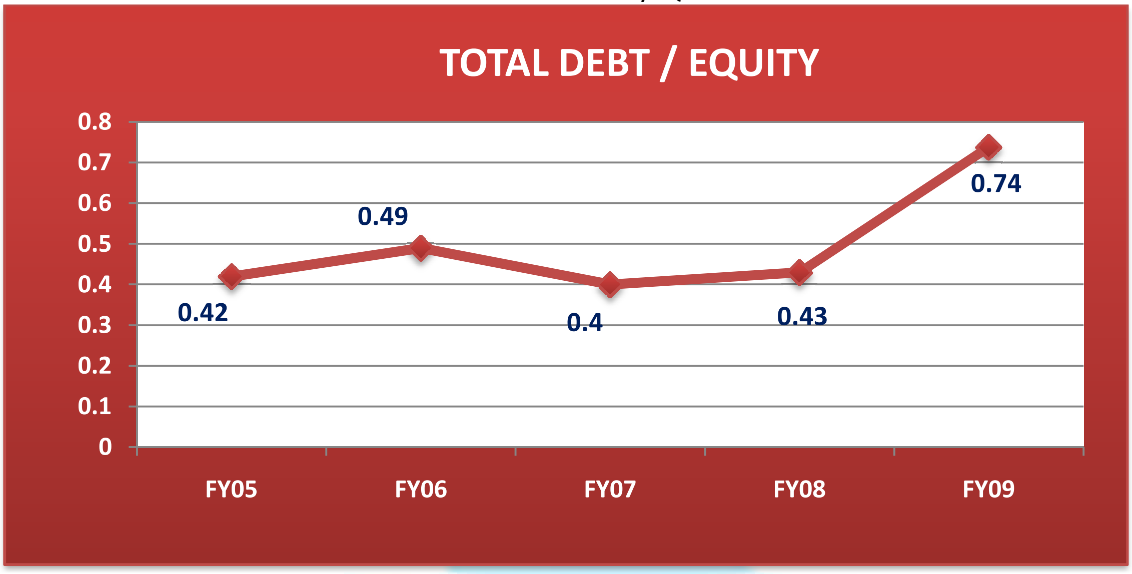


TABLE 5.11: TOTAL DEBT / EQUITY

YEAR	TOTAL DEBT / EQUITY
FY05	0.42
FY06	0.49
FY07	0.4
FY08	0.43
FY09	0.74

FIGURE 5.11: TOTAL DEBT / EQUITY



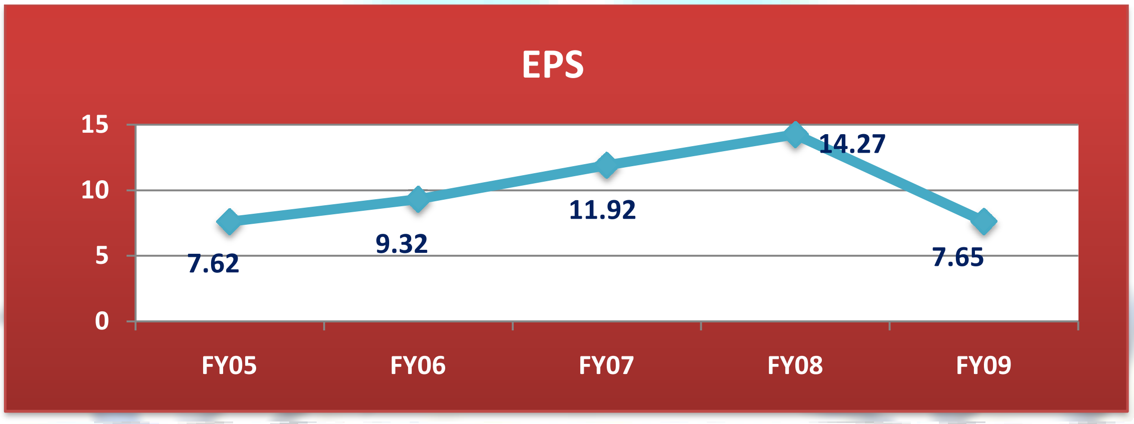
The company's secured loan grew by whopping 77% to Rs.502Cr in FY09, which had ultimately cramped down net profit margins. With rise in debt, overall debt: equity ratio increased to 0.74 in FY09 from 0.43 of FY08.

5.1.4: EARNING PER SHARE: FALLS IN LINE WITH DECLINE IN NET PROFIT

TABLE 5.12: EPS

YEAR	EPS
FY05	7.62
FY06	9.32
FY07	11.92
FY08	14.27
FY09	7.65

FIGURE 5.12: EPS



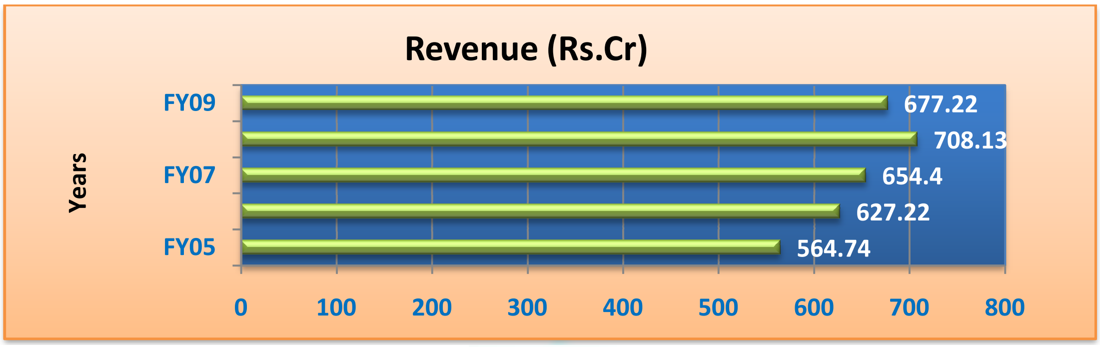
With no equity dilution or reduction, Earning per share of the firm declined to Rs.7.65 in FY09 from Rs.14.27 of FY08.
5.2 Classic diamond

5.2.1 REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

TABLE 5.18: REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

REVNUE	RS.CR
FY05	564.74
FY06	627.22
FY07	654.4
FY08	708.13
FY09	677.22

FIGURE 5.18: REVENUE: GROWTH FALLS BUT STILL MAINTAINED UPWARD JOURNEY

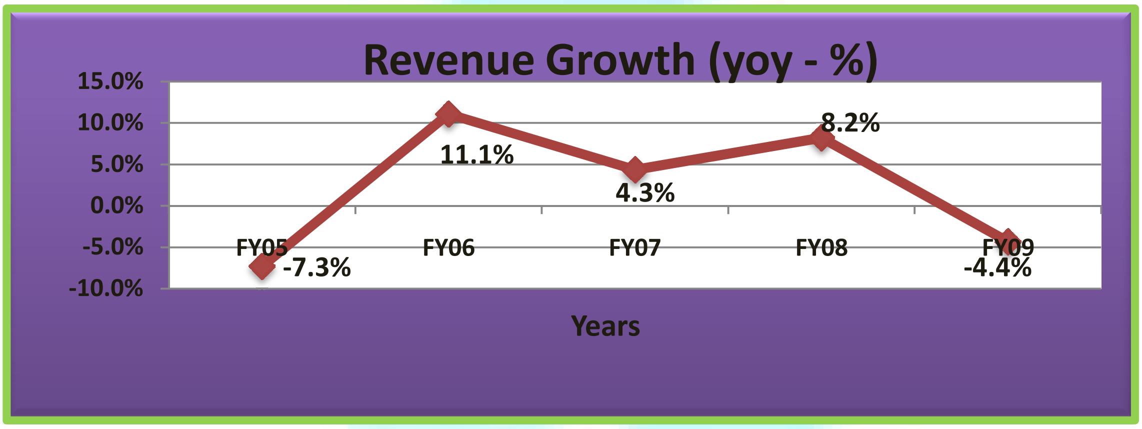


As can be seen from the chart above, revenue of the company was Rs.677.22 Cr in FY09 vs. Rs.708.13 Cr of FY08. However, if we do not see this absolute higher amount in revenue and concentrate on growth as percentage term, we can see from below chart that, revenue down at 4.36% in FY09 against previous two years (FY06-FY08) period in which revenue growth was higher yoy at 4.33% and 8.06% mainly due to better business duration.

TABLE 5.19: REVENUE GROWTH

REVNUE	GROWTH(%)
FY05	-7.3%
FY06	11.1%
FY07	4.3%
FY08	8.2%
FY09	-4.4%

FIGURE 5.19: REVENUE GROWTH



5.2.2Operating Profit: Declined amidst Falling Margins

As can be seen from below charts, operating profit of the company declined by 35.4% yoy to Rs.42.89 Cr in FY09. This fall in operating profit was mainly attributed to decline in profit margins amidst impacts of falling demand from recession.

TABLE 5.20: OPERATING PROFIT

Operating Profit	Rs. Cr
FY05	40.65
FY06	72.49
FY07	77.44
FY08	66.44
FY09	42.89

FIGURE 5.20: OPERATING PROFIT

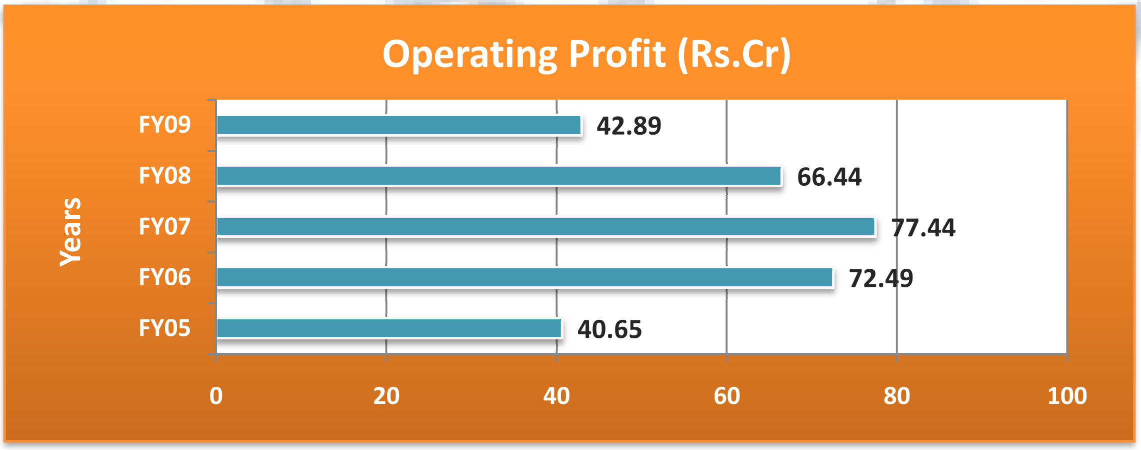


TABLE 5.21: OPERATING PROFIT GROWTH

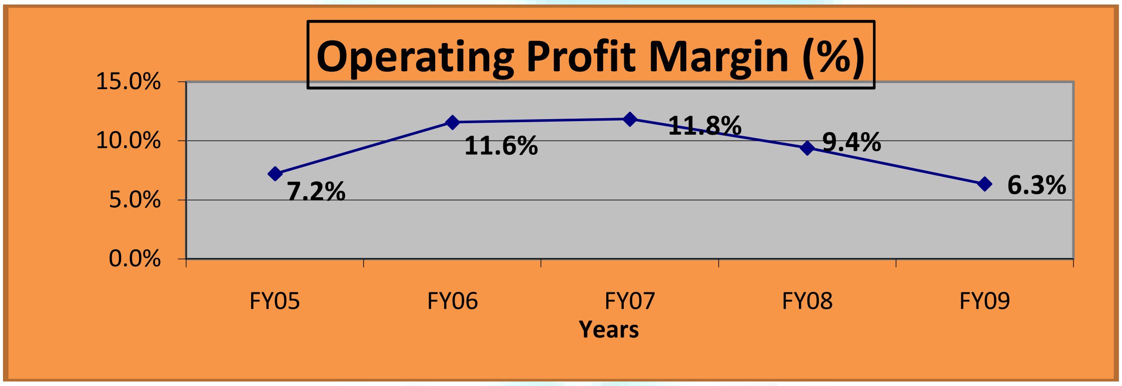
Operating Profit	Growth (%)
FY05	-12.4%
FY06	78.3%
FY07	6.8%
FY08	-14.2%
FY09	-35.4%

FIGURE 5.21: OPERATING PROFIT GROWTH

TABLE 5.22: OPERATING PROFIT MARGIN

YEAR	OPM
FY05	7.2%
FY06	11.6%
FY07	11.8%
FY08	9.4%
FY09	6.3%

FIGURE 5.22: OPERATING PROFIT MARGIN



(Operating profit margins of the company declined to 6.3% in FY09 from 11.8% of FY07 and 9.4% of FY08.)

5.2.3 NET PROFIT: DECLINE DUE TO LOWER OPERATING PROFITABILITY AND HIGHER INTEREST COSTS.

TABLE 5.23: NET PROFIT

Net Profit	Rs.Cr
FY05	12.03
FY06	15.8
FY07	22.55
FY08	33.75
FY09	3.57

FIGURE 5.24: NET PROFIT

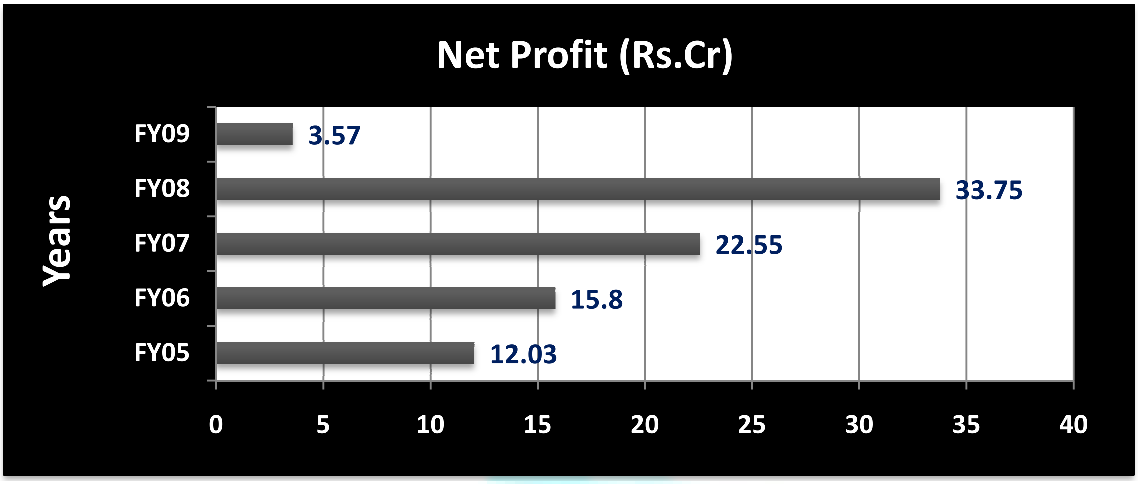


TABLE 5.25: NET PROFIT GROWTH

Net Profit	Growth (%)
FY05	-46.2%
FY06	31.3%
FY07	42.7%
FY08	49.7%
FY09	-89.4%

FIGURE 5.7: NET PROFIT GROWTH

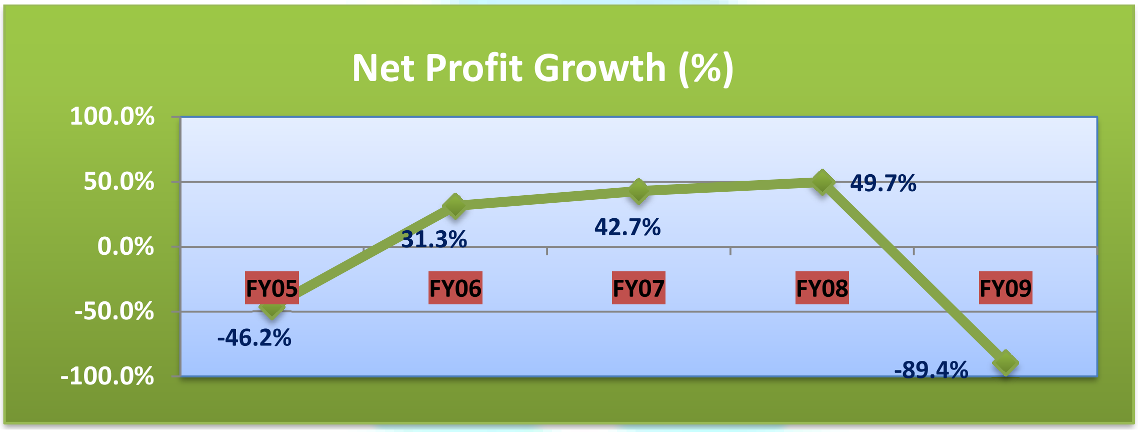
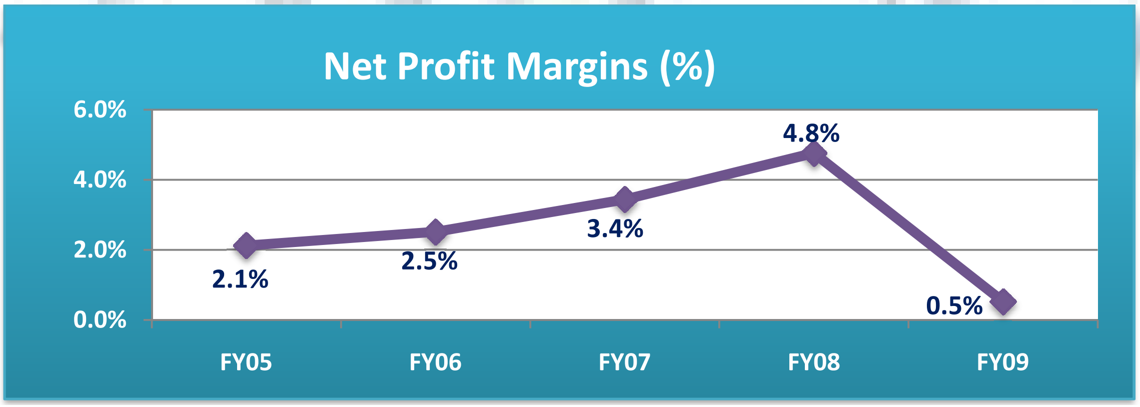


TABLE 5.26: NET PROFIT MARGINS

Net Profit Margin	NPM
FY05	2.1%
FY06	2.5%
FY07	3.4%
FY08	4.8%
FY09	0.5%

FIGURE 5.26: NET PROFIT MARGINS



As can be seen from the above diagrams, net profit of the company decline by 89.4% yoy to Rs.3.57 Cr in FY09. This fall in the net profit was mainly due to decline in operating profitability with higher operating expenditure. There was also higher component of non-operating expenditure in the form of higher interest cost.

TABLE 5.27: INTEREST COST

YEAR	INTEREST COST
FY05	20.66
FY06	26.97
FY07	34.1
FY08	30.33
FY09	34.15

FIGURE 5.27: INTEREST COST

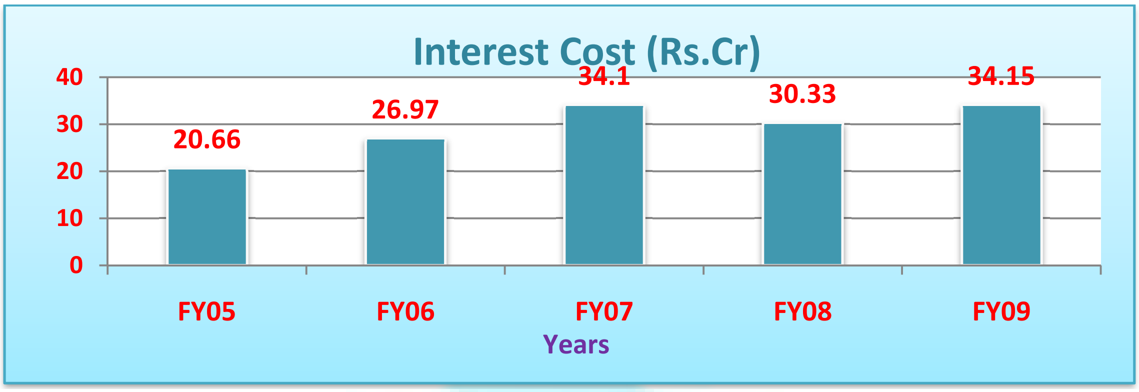


TABLE 5.28: SECURED LOAN

year	Secured Loan
FY08	565.39
FY09	581.28

FIGURE 5.28: SECURED LOAN

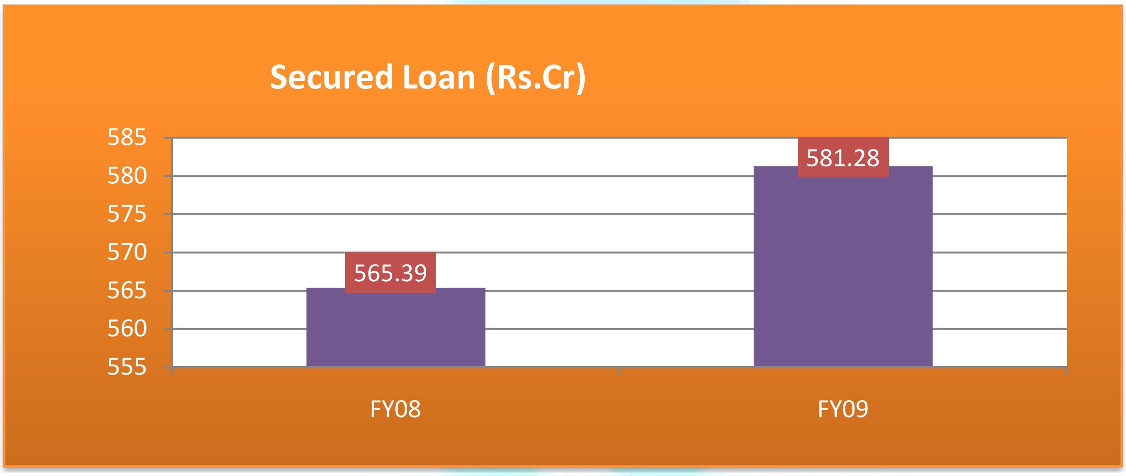
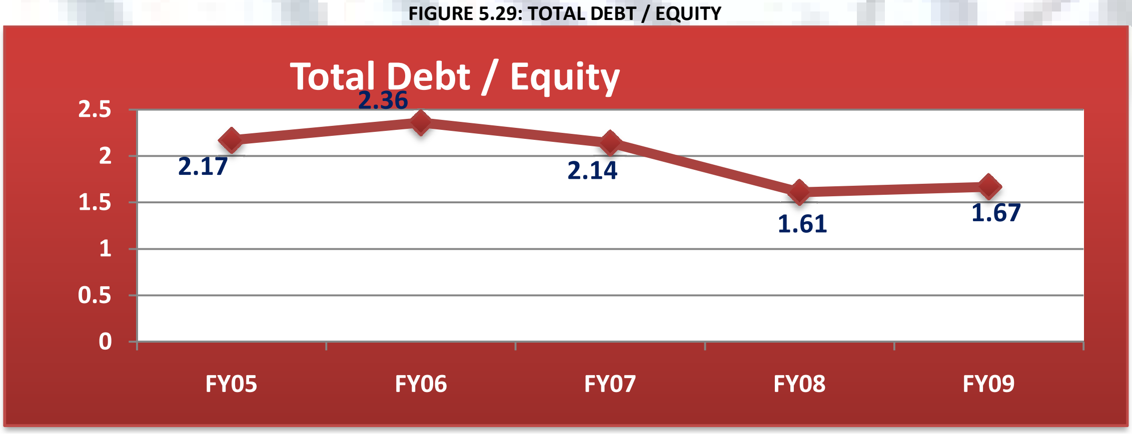


TABLE 5.29: TOTAL DEBT / EQUITY

YEAR	TOTAL DEBT / EQUITY
FY05	2.17
FY06	2.36
FY07	2.14
FY08	1.61
FY09	1.67

FIGURE 5.29: TOTAL DEBT / EQUITY



The company's secured loan grew by whopping 2.81% to Rs.581.28Cr in FY09, which had ultimately cramped down net profit margins. With rise in debt, overall debt: equity ratio increased to 1.67 in FY09 from 1.61 of FY08.

6. FINDINGS, CONCLUSIONS

This chapter is divided into three parts. First part shows the findings . Second part shows the conclusion from the findings. Third part is given suggestions if diamond Companies.

6.1 FINDINGS

6.1.1 findings of su-raj diamonds

A) Revenue Analysis:

The revenue of the Su-raj Diamonds Ltd. Can be analyzed with the help of *Revenue Chart* and *Revenue Growth Chart, Various Ratios and Statistical Tools and Techniques.*

1. The revenue of the Su-raj Diamonds Ltd. In FY 05 was Rs. 1028.10 CR while in FY 09 it rises to Rs. 2417.70 CR. It can be clear from the above figure and graph that the revenue of the company becomes almost 2.35 times (or it has raised by nearly 135%).
2. But if we throw the light on the *REVENUE GROWTH CHART* we can see that revenue increased with the decreasing growth rate although the revenue had become 2.35 times during the period of 5 years study. The revenue growth rate which was 42.0% in FY 05 becomes only 12.9% n FY 09. Of course, there was increase in growth rate in the FY 07 & FY08 after there was deep fall in FY06
3. The operating profit of the company is not only unsatisfactory but also there is declining trend in it during the period of 5 years study. The operating profit of the company which was Rs. 45.43 Cr in FY05 has raised to Rs. 71.90 Cr in FY09. From the revenue chart it is seen that the though the revenue has becomes more than two times but operating profit becomes only 1.58 times during this 5 years period. So, it can be said that operating profit has raised by only 58% as against an increase in revenue by 135%.
4. Moreover, the operating growth rate increases from 20.7% in FY05 to 27.1% in FY 07 but it became only 5.90% in FY 08 while in FY 09 it shows negative growth rate i.e. (-) 6.50% which is looking very serious for future.
5. On the other hand, the operating profit margin which was 4.40% in FY05, it shows only 3.0% in FY 09 whereas revenue growth chart shows revenue becomes 2.35 times from FY 05 to FY 09 and revenue growth rate chart shows it has raised by almost by 58% from FY 05 to FY 09. While operating profit margin shows a continuously a negative trend from FY 05 to FYT 09.
6. The net profit of the company shows an increasing trend from FY 05 to FY 08 (Rs. 30.08 Cr in FY 05 whereas Rs. 62.63 Cr in FY 08) but there is a sharp fall in net profit of the company to Rs. 33.44 Cr only in FY 09. So, it can be seen that there is a decrease in net profit by 46.61% in FY 09 as against in FY 08 though there is an increase in revenue by 12.90% in FY 09 as compared to revenue in FY 08. The reason for such decrease in the net profit can be as follows:-

a. Decrease in operating profit in FY 09 as compared to FY 08 (decrease by 6.50% in FY 09 as compared to FY 08).
b. The high interest cost in FY 09 as compared to FY 08 i.e. Rs. 32.60 Cr in FY 09 as against of Rs. 4.41 Cr only in FY 08). There is a sharp increase in interest cost by 639.23% in FY 09 as compared to FY 08 or it becomes 7.39 times in FY 09 against in FY 08.
c. There is an increase in net profit of the company but it increase with the diminishing trend.
d. The sharp increase in the secured loan in FY 09 as compared to FY 08.

7. There is an increase in the secured loan from Rs. 284.15 Cr in FY 08 to Rs. 504 Cr in FY 09. Therefore, it increases by 77.37% in FY 09 as compared to FY 08.
8. The debt equity ratio of the company is 0.42 : 1 in FY 05 and it remains nearly to it in the FY 06 to FY 08 whereas it was 0.74 : 1 in FY 09. But the ideal debt equity ratio recommended is 2:1.
9. The Earning Per Share (EPS) of the company in FY 05 is Rs. 7.62 and it shows an increasing trend with the increasing trend in the net profit while it again split to Rs. 7.65 in FY 09 as already discussed due to sharp decrease in net profit in FY 09. So, we can say that EPS of the company came back in FY 09 as it was in FY 05.

6.1.2 Findings of Classic diamonds

A) REVENUE ANALYSIS:-

The revenue of the Classic Diamonds can be analyzed with the help of *Revenue Chart* and *Revenue Growth Chart, Various Ratios and Statistical Tools and Techniques.*

1. The revenue of the Classic Diamonds in FY 05 was Rs. 564.74 Cr. While in FY 09 it raised to Rs. 677.22 Cr. Therefore, the revenue of the company raised by 20% during the 5 years of the period or in other words we can say that it becomes the 1.20 times in FY 09 as compared to the FY 05.
2. If we throw our eyes on the *REVENUE GROWTH RATE* we can see that in FY 05 the growth rate of revenue of the company was (-) 7.30% and in FY 09 it was (-) 4.40%. So, we can say that there is an improvement of 2.90% in FY 09 as compared to FY 05. But if we see the growth rate of the years between the FY 05 and FY 09 we can find there is a movement of both upside and downside in the growth rate of the revenue during these years. The growth rate of the company raised to 11.10% in FY 06 as compared to that of (-) 7.30% in FY 05 and again it falls to 4.30% in FY 07 as compared to that of 11.10% in FY 06. The growth rate raised to 8.20% in FY 08 as compared to that of 4.30% in FY 07 and again it falls and shows a negative growth rate of (-) 4.40% in FY 09. So, we can say that there is nothing about stagnant in the revenue growth of the company. Moreover, it also shows that there is too much risky in the revenue generation of the company.
3. The operating profit of the company was Rs. 40.65 Cr in FY 05 while in FY 09 it raised to Rs. 42.89 Cr. Hence, we can say that operating profit of the company becomes 1.06 times in FY 09 as compared to FY 05 or it increased by 5.51% only during these 5 years whereas the revenue of the company was increased by 20% during the same period of time.
4. The growth rate of operating profit of the company was (-) 12.40% in FY 05 whereas it was (-) 35.40% in FY 09. But if we see the operating profit growth rate between the financial years of 2005 and 2009 we can find that there is an unimagined movement of upside and downside of its trend as that we had seen in revenue growth rate of the company. The operating profit growth rate in the FY 06 shows 78.30% as compared to that of (-) 12.40% in FY 05 and we can see that it was increased by 90.70% in the FY 06 in comparison to FY 05. In the same was, its growth rate shows 6.80% & (-) 14.20% in the FY 07 and FY 08 respectively in comparison to that of 78.30% and 6.80% in the FY 06 and FY 07 respectively. Hence we can say that the operating profit growth rate decreased by 71.50% and 21% in FY 07 and FY 08 as compared to the increases of 90.70% in FY 06.
5. The operating profit margin of the company declined to 6.30% in FY 09 from 7.20% of FY 05 or 11.80% of FY 07 and 9.40% of FY 08 while it remains almost same in the FY 06 and FY 07.
6. The net profit of the company in FY 05 was Rs. 12.03 Cr while in FY 09 it falls to Rs. 3.57 Cr. But the net profit of the company shows a continuously increasing trend upto the FY 08 in which it was Rs. 33.75 Cr. Hence the net profit of the company declined to Rs. 3.57 Cr in FY 09 from the 33.75 Cr. of FY 08 which shows that there is an almost decreasing of 90% in the net profit on FY 09 as compared to FY 08.
7. The net profit growth rate of the company declined to (-) 89.40% in FY 09 from (-) 46.20% in FY 05. It increases by 77.50% in FY 06 as compared to the FY 05 and it becomes 31.30%. In the same way, it raised to 42.70% and 49.70% in the FY 07 and FY 08 respectively & hence it increased by 11.40% and 7.00% in the FY 07 and FY 08 respectively in comparison to the FY 06 and FY 07 respectively. Whereas the net profit growth rate of the company decreases by 139.10% in FY 09 as compared to the FY 08 and it falls to (-) 89.40% in the FY 09.
8. The net profit margin (NPM) of the company was 2.10% in FY 05 and shows a continuously increasing trend up to FY 08 which it raised to 4.80% in FY 08 and hence we can say that it becomes more than 2 times in FY 08 in comparison to FY 05. But in FY 09, it declined to 0.5% or it has decreased by 75% and 90% in comparison to the FY 05 and FY 08 respectively.
9. The interest cost of the company which was Rs. 20.66 Cr in FY 05 rose to Rs. 34.15 Cr in FY 09. This rise in the interest cost of the company was mainly due to the substantial rise in the amount of the loan. The secured loan which was Rs. 565.39 Cr in the FY 08 raised to Rs. 581.28 Cr in the FY 09.

10. The debt equity ratio of the company in FY 05 was 2.17:1 times whereas it becomes 1.67:1 times in the FY 09. The ideal debt-equity ratios recommend is 2:1 which we can say that the company has maintained this ideal debt equity ratio during the FY 05, FY 06 and FY 07 and nearly to this ideal debt equity ratio in the FY 08 & FY 09.
11. The Earning Per Share (EPS) of the company was Rs. 17.19 in FY 05 and it increased up to Rs. 32.21 in FY 07. But it sharply declined to Rs. 8.10 and Rs. 0.92 in the FY 08 and FY 09 respectively. In the FY 09 the EPS of the company becomes less than Rs. 1.00. Hence, we can see the effect of the decreasing trend of net profit of the company on the EPS.

6.2 CONCLUSIONS

So, from the above findings, facts and figures we can conclude that the company is facing really tough time and pass from the poor financial performance due to mainly of reducing operating profit, profit margin and increasing in non operating expenses and huge interest costs. Because of these reasons there is also decreasing in the share holding of the public as the trust of the public is showing decreasing in the company.

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