

June 7, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF ASIAN STAR CO LTD.

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	734.11 (Reduced from Rs.757.64 crore)	'CARE A-' [Single A Minus]	Reaffirmed

Rating Rationale

The rating continues to derive strength from vast experience of ASCL's promoters, status of DTC Sightholder, increasing focus on jewellery operations and its global distribution network. Rating also derive strength from the forward integration of the company into high margin jewellery retailing segment.

The rating is constrained by the long working capital cycle, economic slowdown in the key markets and the competition from the Chinese industry.

Further, ability to maintain healthy profitability in the adverse economic environment is the key rating sensitivity.

Company Profile

Asian Star Company Ltd (ASCL) was set-up as a partnership firm in 1971 by the Shah and Kothari families to trade in diamonds. In 1990, the management control passed on to the Shah family and in 1995 it became a public limited company. It subsequently came out with an IPO in 1996. The company is well integrated across the value chain from procurement of rough diamonds to jewellery manufacturing and distribution directly to retailers across the globe and in May, 2008 it ventured into jewellery retailing under the brand name 'Shagun Jewels' in Hyderabad.

The company's income from operations for FY09 was Rs.1321.99 crore and the company reported a PAT of Rs.19.00 crore a fall of 52.91% as compared to FY08. In 9MFY10, the company posted net sales of Rs.951 crore, a fall of 6% as compared to 9MFY09, with a PAT margin of 2.47%.

Analyst Contact

Name: Ms. Aarti Mhatre

Tel # 022 6754 3440

Email: aarti.dogra@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>