Asian Star Company Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	980.00	CARE A-; Negative / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Asian Star Company Limited (ASCL) reflects strengths derived from the experience of its promoters, comfortable capital structure and debt coverage metrics, established presence across geographies and long-standing customer relationships, association with leading global diamond mining companies, and adequate liquidity position.

Ratings remain tempered by moderation in ASCL's scale of operations and operating profitability in FY25 (FY refers to April 01 to March 31) driven by demand slowdown and price decline witnessed in the cut and polished diamonds (CPD) industry, which is expected to continue in the near term. Ratings also remained constrained due to thin profit margins susceptible to price volatility in rough and polished diamonds, and elongation in the working capital cycle. The recent 50% reciprocal tariff imposed by the US on Indian gems and jewellery (G&J) imports from August 27, 2025, poses further demand risk to the industry, while mitigation strategies are being explored by players, its impact remains key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantially improving scale of operations led by improved volumes and improvement in profit before interest, lease rentals, depreciation and taxes (PBILDT) margins over 5.00% on a sustained basis.
- Improving collection days and receivable days resulting in improved working capital cycle below 100 days on a sustained basis.

Negative factors

- Deteriorating overall gearing beyond 0.75x and total debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) (TD/PBILDT) above 7.00x on a sustained basis.
- Continued overall sluggishness in demand for natural diamonds impacting the sector, resulting in decline in total operating income (TOI) below ₹2,500 crore and decline in PBILDT margins on a sustained basis.
- Deteriorating liquidity resulting in high working capital utilisation.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of ASCL, while arriving at ratings, owing to operational and financial linkages between these entities. Details of subsidiaries and associate company, which have been consolidated with ASCL are listed under Annexure 6.

Outlook: Negative

Continuation of Negative outlook reflects CareEdge Ratings' expectation of sustained pressure on scale of operations and profit margins, considering sluggish demand across the CPD industry likely impact of imposition of 50% reciprocal tariff by the US on Indian G&J imports. The outlook may be revised to Stable with recovery in demand leading to growth in its scale of operations and improvement in its profit margins.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with an established long track record in the CPD industry

Arvind Tarachand Shah, Chairman and Chief Financial Officer, ASCL, has over 50 years of experience in the G&J industry. Vipul Shah, Chief Executive Officer and Managing Director, ASCL, has experience spanning over three decades in this industry. His

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

strategic vision and business acumen have helped transform the company from a manufacturing company to a value-adding, vertically integrated business partner for its clients. Together, they played a key role in establishing a global network and developing its jewellery business. Vipul Shah previously served as Chairman of the Committee of Administration of the Gems and Jewellery Export Promotion Council. He is supported by a team of professionally qualified and experienced directors.

Comfortable capital structure and debt coverage indicators

As on March 31, 2025, the total debt outstanding (consolidated) stood at ₹528.01 crore, which primarily consists of working capital borrowings of ₹402.12 crore and borrowings from promoters and related parties of ₹125.89 crore. The company's financial risk profile is comfortable characterised by overall gearing of 0.34x as on March 31, 2025 (PY: 0.49x). Improvement was due to reduced debt level with inventory rationalisation. Despite moderation led by reduced PBILDT, interest coverage remained comfortable with 2.32x for FY25 compared to 2.99x for FY24. In Q1FY26, the company reported improved interest coverage of 4.53x against 3.38x in Q1FY25 mainly attributed to lower interest cost. Going forward CareEdge Ratings expects capital structure to remain comfortable with continued focus on lean inventory levels.

Diversified geographical presence and established relationship with customers

The Asian Star Group operates across a wide network of international markets – including New York, Chicago, Antwerp, Dubai, Shanghai, Hong Kong, Bangkok, and Singapore, and prominent domestic locations such as Surat, Ahmedabad, Hosur, and Chennai. ASCL has a diversified revenue base with its presence in domestic and international markets. Exports accounted for ~59% of total revenue in FY25 compared to 66% in FY24 while domestic revenue accounted for 41% in FY25 (PY:34%). Major export destinations include the Middle East, Europe, the US, Hong Kong, and Southeast Asia. Export revenue from the Middle East, Europe and Hong Kong accounted for 45% of overall sales in FY25 (PY: 49%), compared to 8% share of the US in the revenue mix. Comfort is drawn from the fact that ASCL does not have a material direct dependence on the US market in the current context of imposition of 50% tariffs by the US Government on imports of CPD from India. Going forward, the management is focusing on improving their presence and scale of operations in regions such as the Middle East, Hong Kong and Europe whilst also focusing on improving their presence domestically.

Diversified consumer base

Through a focus on collaboration, tailored services, and offering technical marketing services to their clients, the company has built strong relationships with leading jewellery brands and retailers around the world across prime trading and consuming centres in Asia, Europe, and North America. Their collection includes a wide selection of loose diamonds –certified and non-certified, available across shapes, colours, qualities, and sizes up to 5 carats. Signature cuts such as the Asian Star, the EX-EX-EX Hearts & Arrows, and other proprietary designs have contributed to the company's reputation for precision. This has helped the group to establish diversified clientele. In FY25, the sales from top 10 diamond consumers accounted for ~31% of total diamond sales while in FY24, sales from top 10 diamond customers accounted for ~25%.

Sourcing of diamonds from world's leading diamond mining companies

ASCL sources its rough supply directly from leading miners worldwide and is a recognised manufacturer for several global jewellery brands. ASCL secures its rough diamond supply through contracts/arrangement with leading mining companies, including De Beers Group (as a DTC Sightholder since 1993), Rio Tinto, and Arctic Canadian Diamond Company among others. These agreements are facilitated through parent company and its subsidiary at Dubai. Most rough diamond procurement occurs directly from miners at the group level, rather than through the secondary market. Asian Star DMCC, a Dubai-based subsidiary sources rough diamonds from primary and secondary channels and supplies them to ASCL. In FY25, ~31% of rough diamond requirements were sourced directly from miners (FY24: ~32%), while 69% was procured from the secondary market (FY24: 68%). Collaborations with mine-origin programmes such as De Beers Forevermark and Canadamark further reinforce authenticity and value of its offerings.

Key weaknesses

Moderation in scale of operations and PBILDT margins in FY25; stable PBILDT margins in Q1FY26

In FY25, ASCL on a consolidated basis reported TOI of ₹2955.75 crore, a moderation of 16% is observed over FY24 TOI, reported at ₹3523.76 crore owing to overall demand slump in the industry and price erosion. The CPD industry experienced contraction of ~16.75% in FY25, in this context the performance of ASCL has been largely in line with the industry scenario primarily considering volatility in prices and demand slowdown in its core target markets. ASCL's operating profitability marked by PBILDT margins decline by 60 bps to 2.78% in FY25 from 3.38% in FY24. Moderation in PBILDT margins is owing to liquidation of slow-moving inventory, inventory loss and increase in employee expense and selling expenses. As on June 30, 2025, (Q1FY26 results) ASCL achieved a TOI of ₹716.54 crore registering a decline of 5.62% relative to corresponding quarterly result of ₹759.20 crore in Q1FY25. Though there has been marginal reduction in TOI, the company' PBILDT margin remained in line at 4.62% for Q1FY26 against 4.61% in Q1FY25. ASCL's ability to grow its scale of operations and navigate volatility in the current macroeconomic environment, especially in the backdrop of imposition of trade tariffs by the US, remains a key monitorable moving forward.

Elongation in working capital cycle

ASCL's operations are working capital intensive as it procures rough diamond mainly on advance payment or cash basis, whereas it extends credit terms to its customers for sale of polished diamonds and has to maintain high inventory levels. Working capital intensive business is reflected by elongation in the operating cycle to 189 days in FY25 from 159 days in FY24, primarily considering elongation in inventory and receivables period despite reduction in value outstanding (in absolute terms) from previous year. The inventory holding period also remains high amid volatility in global demand-supply dynamics. CareEdge Ratings will continue to monitor ASCL's operating cycle and operating profitability, improvement in these metrics remains a key rating sensitivity.

Sluggish demand scenario and fragmented nature of CPD industry

The CPD industry has been experiencing a rough phase in the last two years amidst global headwinds and now braces itself against the steep export tariffs to the US, which is the key diamond-consuming nation. The CPD industry operates in single-digit profit margins, and the imposition of blanket tariffs as high as 50% has further exacerbated pressures across the value chain, deepening concerns around revenue, profitability, liquidity, and operational resilience. The significant share of India in diamond processing (90% by volume of polished diamonds) limits the options for buyers in the near term. However, high tariff, if fully passed on, increases the price of end consumer, significantly in the US, which is likely to impact the CPD demand adversely. Hence, the outlook remains negative, and CareEdge Ratings expects further 17-20% decline in CPD exports to ~US$11 billion in FY26.

The CPD industry in India is highly fragmented with presence of numerous unorganised players and large integrated G&J manufacturers, leading to a high level of competition and limited pricing flexibility.

Liquidity: Adequate

On a consolidated basis, ASCL's liquidity is characterised as 'adequate' marked by unencumbered cash & cash equivalent (including current investments) of ₹158.44 crore as on March 31, 2025, providing comfortable liquidity cushion. on average, ASCL has utilised ~39% of its working capital borrowings for 12 months ended July 2025. Its current ratio stood at 2.63x as on March 31, 2025, and cash flows from operations (CFO) turned to positive ₹339.11 crore from negative 74.38 crore as on March 31, 2024, on the back of reduced inventory holding and outstanding receivables. The company doesn't have long-term loan in the books as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Consolidation
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cut and Polished Diamonds

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Gems, jewellery and watches

ASCL was set up as a partnership firm in 1971 by the Shah and Kothari families. In 1990, the company's management control was vested with the Shah family and in 1995 it was subsequently converted to a public limited company. ASCL's primary business involves cutting and polishing of diamonds of less than 1 carat. The company also manufactures diamond studded gold and platinum jewellery. ASCL is partially integrated across G&J value chain from procurement of rough diamonds, diamond cutting and polishing to jewellery manufacturing and distribution directly to retailers across the globe.

Particular – Consolidated (₹ Crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	3523.76	2955.35	716.54
PBILDT	119.24	82.28	21.73
PAT	77.58	41.16	19.34
Overall gearing (times)	0.49	0.34	N.A.
Interest coverage (times)	2.99	2.32	2.97

Particular – Standalone	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	2698.80	2336.40	553.65
PBILDT	101.94	74.51	18.12
PAT	65.54	38.41	16.04
Overall gearing (times)	0.69	0.51	N.A.
Interest coverage (times)	2.65	2.20	2.52

A: Audited UA: Unaudited N.A.: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST		-	-	-	980.00	CARE A-; Negative / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-LT/ST	LT/ST	980.00	CARE A-; Negative / CARE A2+	-	1)CARE A-; Negative / CARE A2+ (08-Oct-24)	1)CARE A-; Stable / CARE A2+ (07-Sep-23)	1)CARE A-; Stable / CARE A2+ (10-Oct-22)

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Asian Star DMCC	Full	Subsidiary
2.	Asian Star Company Limited (USA)	Full	Subsidiary
3.	Asian Star Trading (Hong Kong) Limited	Full	Subsidiary
4.	Shah Manufacturers	Full	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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