

Asian Star Company Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	884.50 (Reduced from 980.00)	CARE A-; Stable / CARE A2+	Reaffirmed; Outlook revised from Negative

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings and revision in outlook from 'Negative' to 'Stable' assigned to bank facilities of Asian Star Company Limited (ASCL) reflects the company's ability to generate positive cash flow from operations with reduction in inventory and receivables level, reducing its external working capital borrowings while maintaining healthy liquidity position marked by unencumbered cash and liquid investments of ₹181.08 crore as on March 31, 2026. The capital structure remained comfortable with overall gearing being 0.30x as on March 31, 2026, compared to 0.34x as on March 31, 2025. Ratings also factor in the company's scale of operation remained relatively stable in FY26 (FY refers to April 01 to March 31), supported by its focus on studded jewellery segment amidst sluggish demand scenario in cut and polished diamond (CPD). However, in Q1FY27 (refers to April 01 to June 30), ASCL witnessed moderation in total operating income (TOI) mainly due to lower sales realisations, following a sharp correction in prices of smaller-sized diamonds and continued global headwinds though some volume-led stabilisation rather than a value-led recovery was witnessed in CPD exports from India in 5MFY27 on a year-on-year (y-o-y) basis. Going forward, the company's focus on expanding its jewellery business is expected to support revenue diversification and partially mitigate the impact of volatility in the CPD segment.

Ratings continue to derive strength from its experienced promoters with an established track record in the CPD industry, comfortable capital structure, and debt coverage indicators, diversified geographical presence, long-standing customer relationships, and association with leading global diamond mining companies.

Ratings remain constrained by the company's moderate operating profitability and elongated working capital cycle. Ratings are further tempered by exposure to volatility in diamond and gold prices, foreign exchange fluctuation risks, intense competition in CPD and jewellery segments, and regulatory risks associated with the industry.

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-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 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 is provide under Annexure 5.

Outlook: Stable

Revision in the outlook from 'Negative' to 'Stable' factors in the company's improving capital structure led by reduction in inventory and receivables, reducing reliance on external debt levels in the last two years and maintaining healthy liquidity position. Scale of operations remained relatively stable in FY26, supported by jewellery segment amidst sluggish demand

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

scenarios. Stable outlook reflects CareEdge Ratings' expectation that ASCL will continue to benefit from increasing contribution from the jewellery segment while maintaining comfortable leverage profile and adequate liquidity position.

Detailed description of key rating drivers

Key strengths

Experienced promoters with an established long track record in the cut and polished diamond industry

Arvind Tarachand Shah, Chairman and Chief Finance Officer (CFO) of ASCL has over 50 years of experience in the gems and jewellery industry. Vipul Shah, Chief Executive Officer and Managing Director (CEO & MD), has experience in this industry spanning over three decades. His broad strategic vision and business acumen have contributed to develop the Asian Star Group from a manufacturing company into a value-adding and vertically integrated business partner to its clients. Together, they have been instrumental in establishing ASCL's global network and in developing ASCL's jewellery business. Vipul Shah held the position of Chairman of the Committee of Administration of the Gems & Jewellery Export Promotion Council (GJEPC) in recent past. He is assisted by a team of professionally qualified and experienced directors.

Comfortable capital structure and debt coverage indicators

As on March 31, 2026, the total debt outstanding (consolidated) stood at ₹493.31 crore, which primarily consists of working capital borrowings of ₹352.43 crore and balance is from promoters and related parties. With liquidation of inventory and better receivable management, ASCL was able to reduce working capital borrowings, resulting in improved leverage indicators. The company's financial risk profile is comfortable characterised by overall gearing and total outside liabilities / tangible net worth (TOL/TNW) of 0.30x and 0.48x, respectively, as on March 31, 2026 (PY: 0.34x and 0.53x, respectively).

Despite moderation in operating profitability, debt coverage indicators remained stable, with interest coverage largely stable at 2.31x in FY26 (PY: 2.32x) and total debt to gross cash accruals (GCA) improving to 9.99x in FY26 from 11.07x in FY25.

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 ~67% of total revenue in FY26 compared to 59% in FY25, while domestic revenue accounted for 33% in FY26 (PY:41%). Export revenue from the Middle East, Europe, and Southeast Asia accounted for 61% of overall sales in FY26 (PY: 46%), compared to 6% share of the United States (the US) in the revenue mix. Its revenue profile is further diversified by product segment, with the jewellery business increasing its contribution to 33% of revenue in FY26 from 28% in FY25, reducing dependence on the relatively volatile CPD segment. The company offers a wide selection of loose diamonds certified and non-certified, available in shapes, colours, qualities, and sizes.

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 / arrangements with leading mining companies, including De Beers Group (as a DTC Sightholder since 1993), Rio Tinto, and Arctic Canadian Diamond Company. These agreements are facilitated through its parent company and its subsidiary. Most rough diamond procurement occurs directly from miners at the group level, rather than through the secondary market. Asian Star FZCO, a Dubai-based group company which sources rough diamonds from primary and secondary channels and supplies them to ASCL. Collaborations with mine-origin programs, such as De Beers Forevermark and Canadamark further reinforce the authenticity and value of its offerings.

Stable scale of operations in FY26; moderation witnessed in Q1FY27

ASCL reported a consolidated TOI of ₹2,879.55 crore in FY26, marginally lower by ~3% compared to ₹2,955.35 crore in FY25. The company's performance remained relatively resilient, considering the subdued demand conditions and pricing pressures prevailing in the global CPD industry. India's CPD exports declined by ~8.5% in US dollar terms in FY26, primarily due to competition from lab grown diamonds (LGD), tariff-related uncertainty, and subdued global demand.

The increasing scale of the jewellery business, which registered revenue growth of ~17% in FY26, partly offset the moderation in the diamond segment and supported the company's overall scale of operations. The growing contribution from the jewellery segment also provides greater value addition and diversification from the relatively volatile CPD business.

In Q1FY27 (refers to April 01 to June 30), ASCL reported TOI of ₹638.31 crore compared to ₹716.54 crore in Q1FY26. The moderation was primarily attributable to lower sales realisations, following a sharp correction in prices of smaller-sized diamonds, and continued weakness in global demand. Going forward, the company's focus on expanding its jewellery business is expected to support revenue diversification and partially mitigate the impact of volatility in the CPD segment.

Key weaknesses

Modest operating profitability

ASCL's operating profitability remained modest, with the PBILDT margin declining by 59 bps to 2.19% in FY26 from 2.78% in FY25. The moderation was primarily attributable to compressed margins in the diamond segment and profitability in the jewellery segment was also impacted in Q4FY26. Smaller diamond prices witnessed significant correction in H2FY26, the period where the company achieved ~46% of total topline. Furthermore, in jewellery segment, the company liquidated a sizeable portion of its inventory in March 2026 at relatively lower margins amid market uncertainty, with a view to limiting inventory accumulation. Due to continued pricing pressure, PBILDT margin further declined to 2.10% in Q1FY27 against 3.03% in Q1FY26. Going forward, the company's ability to regain profitability will remain critical from the credit perspective.

Elongated working capital cycle

ASCL's operations remain working capital intensive, as rough diamonds are procured largely against advance payment or on a cash basis, while credit is extended to customers for sale of polished diamonds. The company also maintains a diversified inventory of polished diamonds across sizes, cuts, and specifications to meet customer requirements. In addition, inventory requirements have increased in line with the growth of the jewellery segment. The working capital-intensive nature of operations is reflected in the elongated operating cycle of 178 days in FY26, though it improved from 189 days in FY25, supported by improvement in inventory and collection periods. ASCL's was able to reduce its inventory and receivables to limit its reliance on external debt, however, going forward, managing its working capital cycle efficiently with increased proportion of jewellery will remain a key rating monitorable.

Volatility in diamond and gold prices, exchange fluctuation risks, intense competition and regulatory risks

ASCL largely depends on imports for meeting its rough diamond requirements. Given the limited value addition in the CPD segment and the company's limited ability to influence prices at either end of the value chain, its profitability remains susceptible to fluctuations in rough and polished diamond prices. The growing jewellery operations and associated inventory holding also expose the company to volatility in gold prices. ASCL is exposed to foreign exchange fluctuation risk arising from its import and export transactions, inventory holding, and timing differences between payments for procurement and realisation of export receivables. However, the risk is partially mitigated by the natural hedge available through import-linked procurement and export sales, supplemented by the company's hedging policy. Price and inventory risks in the jewellery segment are also mitigated to an extent by the order-backed nature of a portion of its inventory.

India's CPD export value declined by 8.5% to US\$12.16 billion in FY26, due to price correction in segments especially in small carats and export volume declined by 3.8%. In 5MFY27, export volume increased by 6.8% y-o-y, while export value declined by 7.4% and average realisation declined by 13.3%. However, higher correction was witnessed in rough procured (23% decline in purchase realisation in 5MFY27), which is expected to have positive impact on profitability. The industry is therefore witnessing volume-led stabilisation rather than a value-led recovery. Studded jewellery exports from India continue to show growth on a y-o-y basis, with exports reaching US\$6.3 billion in FY26 from US\$5.7 billion in FY25, a growth of 10%.

The CPD and jewellery industries remain highly fragmented and competitive, with the presence of numerous organised and unorganised players, which constrains the company's pricing power and operating profitability. The industry remains exposed to evolving regulatory and trade-related developments, including traceability requirements for Russian-origin diamonds and changes in tariff regimes across key export markets. Such developments may increase compliance requirements, disrupt trade flows and exert pressure on profitability.

Liquidity: Adequate

ASCL's liquidity position remains adequate on a consolidated basis, supported by unencumbered cash and liquid investments of ₹181.08 crore as on March 31, 2026. The lead bank has reduced its assessment of sanction limits to ₹860 crore from ₹980 crore. However, the presently rated limits of ₹884.50 crore are as per the submitted sanction letters. Average utilisation of its fund-based working capital limits remained low at ~34% for the 12 months ended July 2026, providing sufficient liquidity cushion. The company's current ratio also remained comfortable at 2.83x as on March 31, 2026. Cash flow from operations (CFO) remained positive at ₹16.25 crore in FY26, although it moderated from ₹223.55 crore in FY25, primarily due to an increase in advances extended to suppliers. The company does not have term debt obligations.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cut and Polished Diamonds](#)

[Short Term Instruments](#)

[Consolidation](#)

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 into a public limited company. ASCL's primary business involves CPDs of less than 30 cents. The company also manufactures diamond studded gold and platinum jewellery. ASCL is partially integrated across Gold and jewellery 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, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	2955.35	2,879.55	638.31
PBILDT	82.28	63.18	13.40
PAT	41.16	40.48	12.06
Overall gearing (times)	0.34	0.30	NA
Interest coverage (times)	2.32	2.31	2.58

Particular – Standalone (₹Crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	2336.40	2203.81	546.12
PBILDT	74.51	52.72	12.74
PAT	38.41	32.35	11.20
Overall gearing (times)	0.51	0.46	NA
Interest coverage (times)	2.20	1.98	2.46

A: Audited; UA: Unaudited; 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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	884.50	CARE A-; Stable / 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 2026-2027	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
1	Fund-based-LT/ST	LT/ST	884.50	CARE A-; Stable / CARE A2+	-	1)CARE A-; Negative / CARE A2+ (09-Oct-25)	1)CARE A-; Negative / CARE A2+ (08-Oct-24)	1)CARE A-; Stable / CARE A2+ (07-Sep-23)

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Asian Star FZCO	Full	Subsidiary
2	Asian Star Company Limited (USA)	Full	Subsidiary
3	Asian Star Trading (Hong Kong) Limited	Full	Subsidiary
4	Shah Manufacturers LLP	Full	Associate
5	Ratnanjali Infra LLP	Moderate	Joint Venture

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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Darshan Shah Associate Director CARE Ratings Limited Phone: 022-67543408 E-mail: Darshan.shah@careedge.in
	Rakshya Daga Lead Analyst CARE Ratings Limited E-mail: Rakshya.daga@careedge.in

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