



EVERY
MILESTONE
IS A
STEPPING
STONE



Asian Star Company Limited,
114 - C, Mittal Court, Nariman Point,
Mumbai - 400 021, India.

www.asianstargroup.com

ASIAN STAR COMPANY LIMITED
19TH ANNUAL REPORT 2012-2013



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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

The secret to success in winning a marathon is in the approach of the runner. When great marathon runners prepare and train, they always measure their progress using milestones. Every milestone that is reached also becomes a stepping stone to the next milestone. Every milestone marks an end as well as a beginning.

A milestone is much more than a mere yardstick of measurement. It is a confirmation of path and direction. It is a validation of faith and focus. It is a testimony to passion and endurance. It is a reassurance of stability and steadiness.

At Asian Star, we reached an important milestone this year. We crossed a turnover of Rs. 2,000 crore, even as business environment globally as well as domestically continued to remain challenging.

While it is an important achievement and a significant milestone in our journey, we believe it is also a stepping stone for us to review our progress, reassess our strengths, and retain our focus on the next phase of growth and success.

At Asian Star, we believe that

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PATH AND DIRECTION

More than the distance or the time, a milestone is a confirmation of the path and direction.

Along the journey of a business come many choices of diverse paths, each leading to a different direction. Volume or value, expansion or consolidation, manufacturing or outsourcing - once a business chooses a path and progresses in a direction, how does it ensure it is on the correct course aligned with its goal and mission?

It is when a milestone is reached.

At Asian Star, crossing a turnover of Rs. 2,000 crore is a milestone that confirms both the correctness of our path as well as the direction of our progress. It means we have been choosing the right stepping stones.

This milestone has been achieved on the strength of an excellent performance and contribution from our jewellery business. Our foray into the jewellery business was in line with our long-term goal to move up the value chain, and enter high-margin segments by leveraging our expertise in diamond processing.

At Asian Star, our conviction in moving up the value chain has been proven right. Today, as we cross this important milestone, we are confident we are moving along the correct path and in the right direction.

"Winning has been in the back of my mind and has made me move forward, prepare myself, get the act together in the factory."

Michael Schumacher
(The world-famous Formula One racer)



"It's lack of faith that makes people afraid of meeting challenges, and I believed in myself."

Muhammad Ali

(Renowned former boxer)



FAITH AND FOCUS

Every milestone hides within itself the firm resolve of faith and the unwavering focus on the path and the goal.

Once a business chooses a path and direction, it needs to advance with a resolute firmness and relentless drive. Faced with many obstacles, it is faith and focus that keeps a business steadfastly on course. But what is it that validates the faith and focus of a business?

It is when a milestone is reached.

Crossing a turnover of Rs. 2,000 crore is the single-most visible validation of the faith and focus at Asian Star. The path that we chose was strewn with difficulties. But, we moved ahead firmly. Every step, a step forward.

This milestone validates our focus on our core competencies in diamond processing, on quality, and on upgrading and updating our skills to match the best in the world.

It is with this faith and focus that we are moving to the next stepping stone - expansion of our existing diamond processing plant at Surat. This expansion will reduce our dependency on outsourcing, resulting in better yields and diamond cuts as well as improvements in quality, which in turn will lead us to the next stepping stone to further growth and success.

PASSION AND ENDURANCE

What a milestone stands for most strongly and communicates unambiguously is its appreciation of the passion and endurance to perform, execute and deliver.

To overcome the many obstacles and blocks along the path of progress, a business needs the passion to perform and endurance to execute. And these remarkable virtues rest with the people. How does a business know its people are motivated and inspired, and that their passion and endurance is recharged?

It is when a milestone is reached.

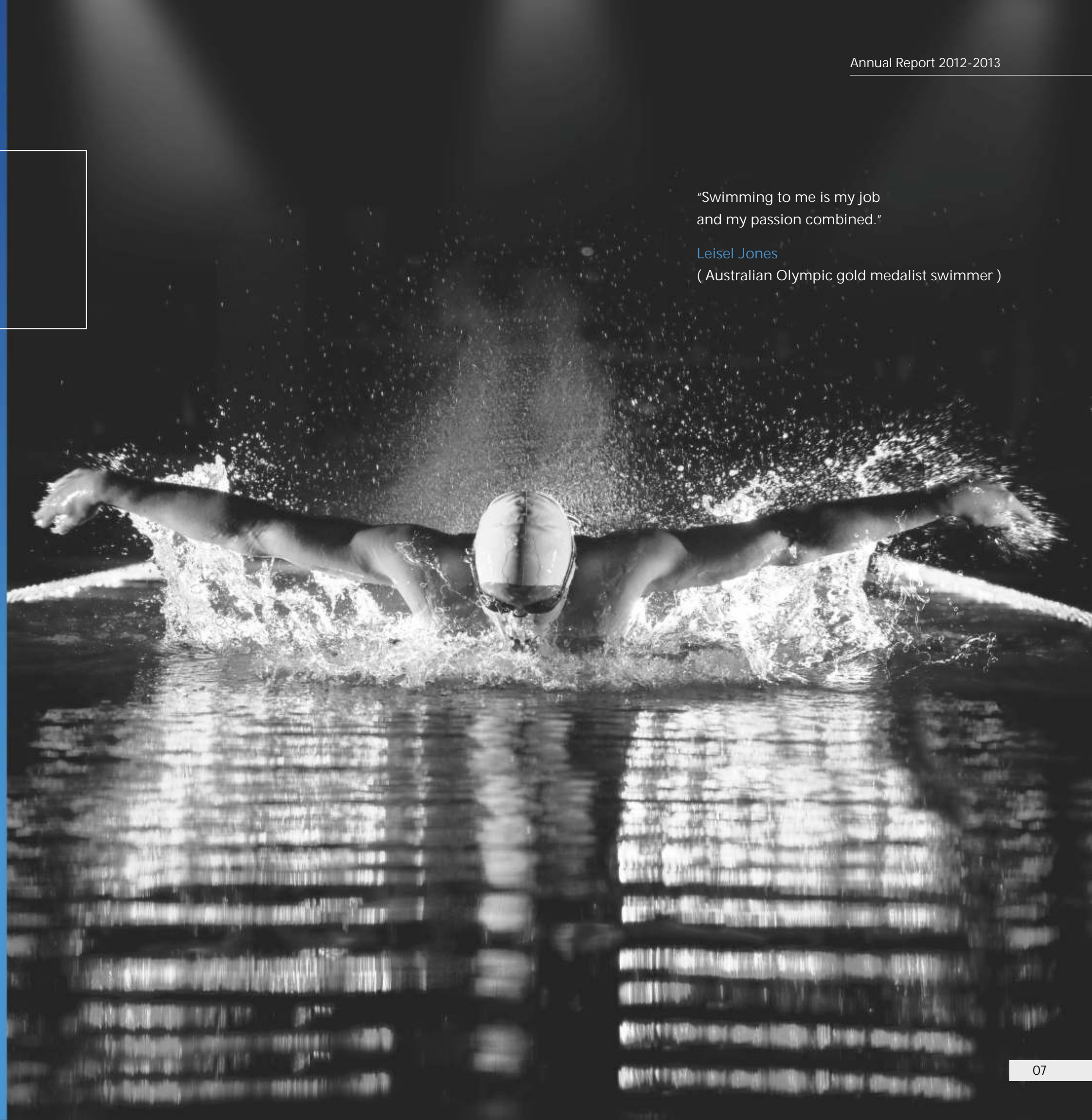
It is the passion and endurance of our people that have driven us to cross the milestone turnover of Rs. 2,000 crore this year. It is both a tribute and a testimony to the sustained effort of every member at Asian Star – from our skilled cutters and polishers to our jewellery designers to our marketing team.

Asian Star today has a firm foothold in the emerging markets of Russia and South Africa. It was sheer grit and determination that made our entry into these tough markets possible. The next tier of larger emerging economies of Brazil, Mexico and Turkey are important stepping stones the Company is looking at. Powered with passion and endurance, we are certain of reaping rich growth from these newer markets.

“Swimming to me is my job
and my passion combined.”

Leisel Jones

(Australian Olympic gold medalist swimmer)



"Success in this game depends less on strength of body than strength of mind and character."

Arnold Palmer

(PGA Tour Lifetime Achievement Award winner)

STABILITY AND STEADINESS

Every milestone stands as a tribute to the stability and steadiness in approach of the path because a firm resolve is a pre-requirement for progress. Resolve emanates from a deep sense of belief and balance, without which any progress falls or falters.

Stability and steadiness are achieved with a careful combination of speed and momentum that is neither too fast nor too slow. How does a business check its momentum and maintain a trajectory of growth that is certain and sure, stable and steady?

It is when a milestone is reached.

Crossing the milestone turnover of Rs. 2,000 crore is reflection of our approach – considered, careful and calculated. Avoiding steep highs or abysmal lows, our progress has been both continuous and continual. We have always built up on a year to year basis, and have never had de-growth even in the most difficult of times.

At Asian Star, we have crossed a significant milestone, and yet, even at this considerable height, we are stable and steady, prepared and poised, to move on to the next stepping stone!

ABOUT US

One of the leading diamond conglomerates in the world, Asian Star Company has a heritage of 40+ years stretching back to 1971. The forward-looking, professional company was listed on the Bombay Stock Exchange in 1996 and today, has its presence across the entire value-chain.

The Company's operations encompass rough sourcing, diamond cutting and polishing, jewellery manufacturing and marketing verticals.

PEOPLE

Total count: 2150 employees



CORPORATE OBJECTIVE

VISION

To be a world-class diamantaire enjoying sustainable growth; to maximize the potential of our core competencies and add long-term value to the diamond pipeline.

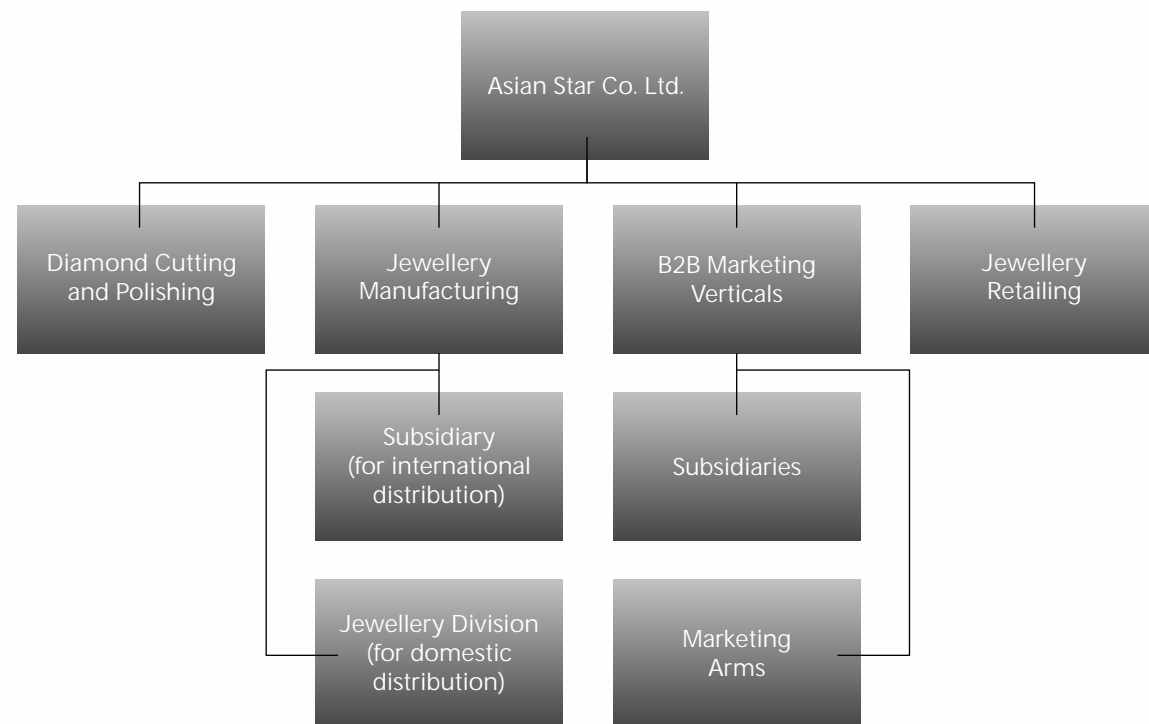
MISSION

We will live each day our passion for innovation and excellence, to create highly desirable diamonds and experiences that surpass our customers' expectations.

VALUES

Integrity, Partnership, Excellence, Responsibility, Unity.





BUSINESS PRESENCE



The Company is the preferred supply partner for diamonds and diamond jewellery to some of the leading retail brands and retail chains across the globe.

Our business portfolio encompasses:

Loose Polished
All polished 3 carats and smaller in fine makes and proprietary diamond cuts.

Diamond Jewellery
Gold and platinum, diamond studded jewellery in fashion and bridal styling, spanning all categories like Rings, Earrings, Pendants, Bracelets, Bangles, Necklaces, etc for the domestic and international market.

Diamond Jewellery Retailing
Couture diamond boutique, ex-factory Mumbai, to cater exclusively to HNI customers.

Power
Windmills in Maharashtra, Kerala and Tamil Nadu.

GEOGRAPHIC PRESENCE

Manufacturing Centres

World-class infrastructure at Surat, Mumbai and Hosur, in India for Diamond Processing and Jewellery Manufacturing. These technologically advanced manufacturing facilities offer the best-in-class infrastructure including Wide Area Network computerisation, 'Lean Manufacturing' processes and eco-friendly environment.

Marketing Presence

Subsidiaries – Four wholly owned subsidiaries in New York (USA), Dubai (UAE), Hong Kong and Mumbai (India).

Marketing Arms – A strong global presence with 16 marketing arms spread across the continents of Asia, Europe and America.



- Manufacturing units
- Subsidiaries
- Marketing arms

KEY STRENGTHS

A vertically integrated business model that makes commercial proposition sound and synergistic.

We are now present across the entire value chain; sourcing rough, cutting and polishing diamonds, setting them in jewellery and selling them to retailers and retail brands all over the world, and also through our own retail outlet at Mumbai, India.

Strong marketing capabilities and well penetrated distribution network.

A strong global presence with 20 marketing arms, including 4 subsidiaries, spread across the continents of Asia, Europe and America.

Direct access to primary sources of rough.

Besides having secured our place on the DTC Sightholder list for the contract period ending 2015, we also procure directly from other major sources such as Alrosa and Rio Tinto.

Strong equity for the 'Asian Star Make' and reputation as a one-stop shop in the trading circles.

The cut, clarity and colour of our polished diamonds is so consistent and superior that our product is renowned as the 'Asian Star Make' within the trade community.

A design team proficient in delivering innovations and country-specific jewellery designs.

We have 40 members in our design and product development team based in India, USA and Hong Kong whose exposure to global jewellery trends backed with the experience of working in cross-cultural markets always keeps us ahead of the game.

Well-established manufacturing capabilities coupled with cutting edge technology.

We have world-class infrastructure at Surat, Mumbai and Hosur, in India for diamond processing and jewellery manufacturing.

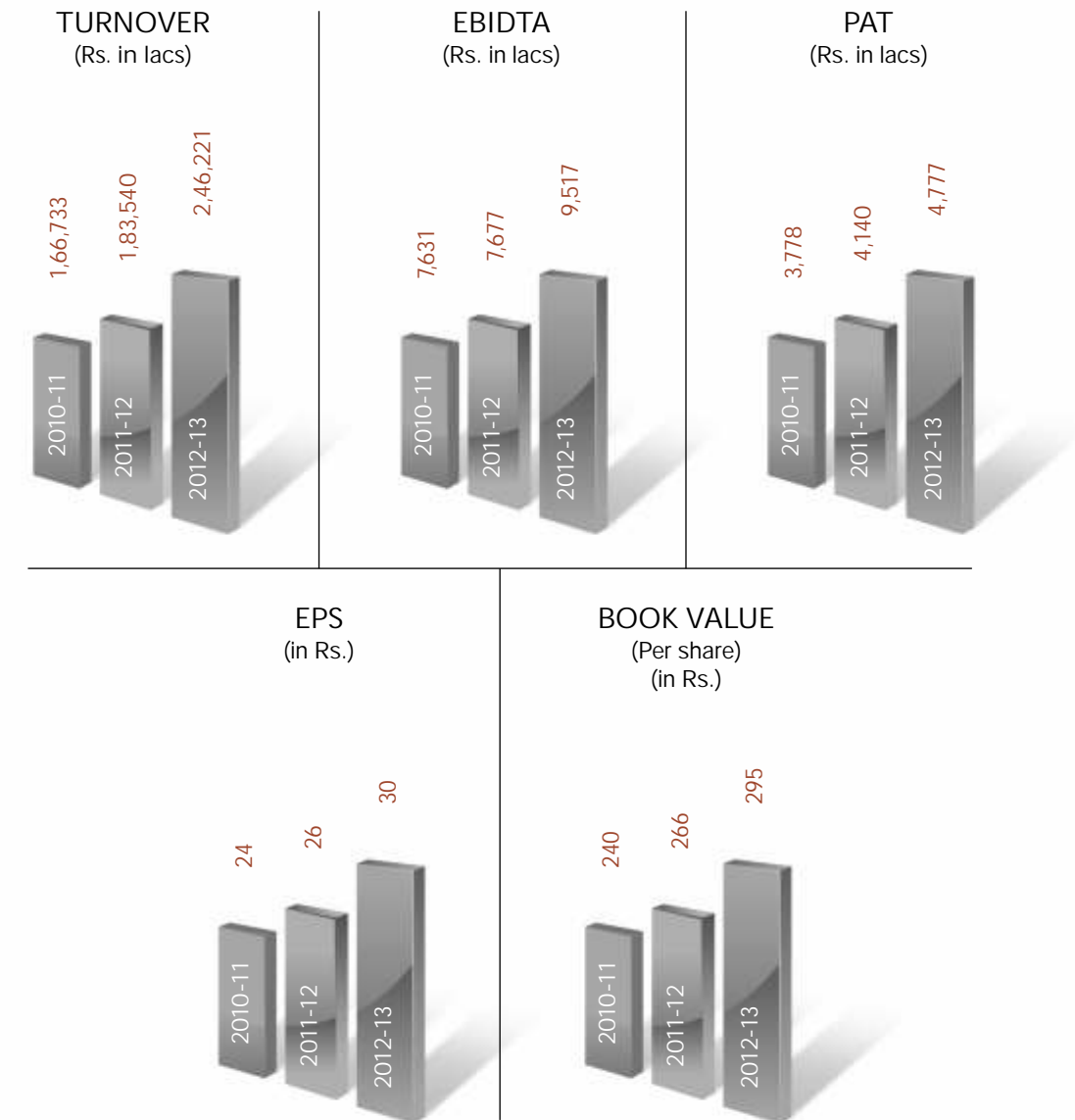
Proven management expertise and a large pool of experienced and talented human resource.

We are a young organisation, with an average age of 35 years, ensuring the right blend of experience and enthusiasm.

Strong financial base supporting future growth plans.



CONSOLIDATED FINANCIAL PERFORMANCE



LISTING

The Company's shares are listed on the Bombay Stock Exchange (script code – 531847) in India.

As on 31st March, 2013 Asian Star Co. Ltd. had a market capitalisation of Rs. 1,225 crore.

ACHIEVEMENTS

Ranked 375 among the corporates in Dun & Bradstreet's 2012 edition of "India's Top 500 Companies".

Has the prestigious status of being a DTC Sightholder for the current contract term, upto 2015.

Commercial member of the Responsible Jewellery Council (RJC) since May 2012.

CEO AND MD'S MESSAGE

"...we crossed the milestone of Rs. 2,000 crore in turnover in 2012-13. When viewed against the challenging environment, it is indeed a significant and an important milestone in the journey of the Company..."



VIPUL P. SHAH

Dear Shareholders,

It is always a pleasure to share with you the performance of your Company in the year that went by as well as a brief overview of the current year.

As you are all aware, the recovery in the global economy during 2012-13 was modest and not as significant as expected or predicted, even though there were some positive signs of improvement. In the USA, a rebounding corporate sector boosted the economy with improvements in employment rate and housing markets. The Eurozone showed great determination in saving the euro, even though growth in the area continues to remain a major worry. Close to home, China witnessed waning export demand for most of its products due to strong global headwinds. In India, GDP growth during the year was lowest in the last decade at 5 per cent.

The diamond industry too faced a challenging year. The overall gems and jewellery exports from India fell by more than 9 per cent to US\$ 39.03 billion compared to US\$ 43.09 billion in the previous year due to weak demand from the developed countries. While exports of cut and polished diamonds declined by 25.3 per cent to US\$ 17.4 billion in 2012-13 against US\$ 23.3 billion in the previous year, the gold jewellery business performed favourably, with a 8.9 per cent increase to US\$ 18.2 billion for the year compared to US\$16.7 billion in 2011-12. Import of rough diamonds, however, increased by 12.65 per cent in carat terms, indicating an increase in cutting and polishing activities.

At Asian Star, we crossed the milestone of Rs. 2,000 crore in turnover in 2012-13. When viewed against the challenging environment, it is indeed a significant and an important milestone in the journey of the Company, and I congratulate every member of the Company for their exemplary efforts in this proud achievement. The performance of the jewellery business of the Company contributed significantly in reaching this milestone.

The total consolidated income for the year increased to Rs. 2,462 crore from Rs. 1,835 crore in the previous year, an improvement of 34 per cent. Margins continued to remain under pressure due to stiff operating conditions and increasing costs. Expansion into new markets was another reason that contributed to lower margins. The establishment in newer markets will accrue many positives in the future. The jewellery business of the Company showed a lot of promise and continued its stellar performance during the year improving by 41 per cent to Rs. 432 crore for the year, compared

to Rs. 305 crore in the previous year. In terms of geographic markets, our performance in the emerging market of Russia was noteworthy, while our performance in the US and Indian markets improved substantially over the previous year.

During the year, we also completed the expansion of our diamond processing plant at Surat. With this, the overall cutting and polishing capacity of the Company has increased by 50 per cent. What is more important is that with this expansion now in place, we will be able to reduce our dependence on outsourcing, resulting in better cuts and yields, as well as much improved quality. Needless to say, it will also have a positive impact on the bottom line in the future.

The outlook for the diamond industry looks positive with a 12-15 per cent overall growth expected in the gems and jewellery exports in the current year. India and China will drive the growth in demand for diamonds with a 6 per cent growth through 2020. The USA is still the top diamond market in the world, and with revival in the economy, the US market is expected to improve further. The Indian consumers are also demanding higher quality and standards in both diamonds as well as jewellery, which bodes well for the industry. The government has set up a task force to examine the existing problems faced by the industry and we are expecting some key reform proposals during the year.

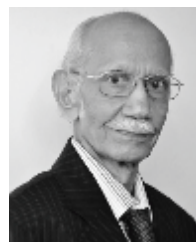
At Asian Star, we continue to remain positive about the future, buoyed by crossing the milestone turnover of Rs. 2,000 crore during the year. While this is a significant milestone, we have always believed that every milestone is a stepping stone in the path and journey of Asian Star. As we celebrate this success, we are also moving ahead to the next stepping stone – the next tier of emerging markets and new opportunities for our jewellery business to deliver outstanding performance and make increasing contributions to our margins. This milestone has only strengthened our resolve and determination to go further and higher, taking all our stakeholders with us.

I thank you all for your sustained faith and trust, and congratulations on achievement of this significant milestone!

With best wishes,

Vipul P. Shah
CEO & Managing Director

BOARD OF DIRECTORS



DINESH T. SHAH
CHAIRMAN

The Chairman of Asian Star Co. Ltd. started his career as a diamond manufacturer and then ventured into the diamond trade in 1971 as a partner in Asian Star Company. His broad strategic vision, business acumen and professional conduct have contributed significantly in the success story of the Company. Under his able guidance and leadership, the Company has attained the status of being one of India's leading exporters of cut and polished diamonds.



VIPUL P. SHAH
CEO & MANAGING DIRECTOR

The CEO & Managing Director of Asian Star Co. Ltd. has created an empire to reckon with through sheer grit and visionary foresight. He has been instrumental in establishing the Company's global network, currently one of the best in the industry. He also initiated the extension and development of the jewellery business. He transformed a manufacturer Company to a value added, vertically integrated supply partner. At present, he is focusing on the overseas business, including procurement of rough, and the financial aspects of the Company.



BHUPENDRA K. SHROFF
DIRECTOR

Mr. Bhupendra K. Shroff is M.Com, LL.B, F.C.S and C.I.A from USA. He is also a practicing Company Secretary for more than 35 years. He has wide experience on matters relating to Company Affairs and has been associated with many top companies like Reliance Industries Ltd. etc. He is considered to be a highly respected professional in the field of Corporate Laws and other legal matters.



K. MOHANRAM PAI
DIRECTOR

Mr. K. Mohanram Pai is B.A. and C.A.I.I.B. He possesses a rich and varied experience in the banking industry. He has held offices as Executive D.G.M. of Overseas Operations Dept. with Corporation Bank and as G.M. CVO with United Bank of India. He is a renowned expert in financial matters.



DHARMESH D. SHAH
CFO & JT. MANAGING DIRECTOR

The CFO & Jt. Managing Director of Asian Star Co. Ltd. started his career in the diamond business from the bottom rung and has been trained in all aspects of the diamond industry in India and abroad. He is well-traveled and has thorough knowledge of current trends prevailing worldwide as well as deep insight of future needs of the diamond market. Presently, he oversees sales and marketing functions of the Company, and has been instrumental in building and nurturing strategic alliances with business partners.



ARVIND T. SHAH
EXECUTIVE DIRECTOR

With enriched experience in diamond manufacturing, Mr. Arvind Shah – Executive Director of Asian Star Co. Ltd is responsible mainly for the diamond processing activities at all the facilities, management of contractors as well as overall administration. He is also one of the key persons responsible for rough procurement from overseas. He is well versed with all the requisite quality norms and systems related to diamond manufacturing.



APURVA R. SHAH
DIRECTOR

Mr. Apurva R. Shah is F.C.A, C.W.A and a graduate from London School of Economics and Political Sciences. He has also pursued a course in International Accounting & Finance from UK. He was a rank holder in Chartered Accountancy Examination with an award for the highest distinction in Financial Accounting and Direct Tax Laws. He is a partner of Rajendra & Co., Chartered Accountants. He has expert knowledge in the areas of Direct Taxation, Foreign Exchange Management Law, Financial Management and Business Restructuring.



HASMUKH B. GANDHI
DIRECTOR

Mr. Has Mukh B. Gandhi is B.A. (Hons) and L.L.B. He is an advocate in Mumbai High Court since 1955. He has expertise in drafting and vetting of agreements like Collaboration Agreements, Commercial Agreements, Share holders Agreements, Joint Venture Agreements, Deed of Assignments etc.



PRIYANSHU A. SHAH
EXECUTIVE DIRECTOR

The youngest Executive Director of Asian Star Co. Ltd., Mr. Priyanshu Shah, heads the thriving jewellery operations of the Company. He currently manages production and marketing functions for international as well as domestic jewellery operations. His vast knowledge of latest jewellery trends worldwide and his creative inputs have resulted in the launch of several successful collections and innovative designs.



MILIND H. GANDHI
DIRECTOR

Mr. Milind H. Gandhi is F.C.A. He was an all India rank holder in the Chartered Accountancy Examination. He is the founding partner of Gandhi & Associates. Mr. Gandhi has extensive knowledge of Taxation, Audits and Corporate Consultancy. He has specialized in advising and structuring of joint ventures and also inbound and outbound investments.

MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL ECONOMIC OVERVIEW

In spite of a positive beginning to the year, global economic recovery continued to remain a challenge in 2012-13. There were many reasons for this sluggishness. The Euro zone crisis highlighted with the precarious debt-repayment issue in Greece in the middle of 2012 and more recently, in Cyprus in March 2013 created an overall uncertainty. Slowdown of growth in the emerging economies of China and India was another major reason for the overall slowdown in the global economy. According to IMF, the global economy grew by 3.2 per cent in 2012 compared to 3.9 per cent in 2011.

On the positive front, a pleasant surprise came from North America, where thanks to a rebounding private sector, real GDP growth in 2012 was better than corresponding year. In China, in spite of sluggish export and weak domestic demand affecting production in a range of industries, the country almost hit its growth target of 7.5 per cent with an actual growth of 7.4 per cent in 2012 (source: Dun & Bradstreet).

In India, strong global headwinds combined with internal issues like inflation, tight monetary policy, high commodity prices contributed towards a growth of 5 per cent in GDP for the year, the lowest GDP growth in a decade (source: Reserve Bank of India). Throughout the year, inflation continued to remain a major concern. The Indian Rupee continued to weaken against the US\$ in 2012-13, touching a record low of 57.12, which left the government struggling to control the increasing current account deficit.

The year 2013 is expected to be a yet another difficult year. The global economy is strengthening gradually but the upturn remains weak and uneven with overall growth momentum projected to pick up from 2014.

INDUSTRY OVERVIEW

Global Gems and Jewellery Industry

The year 2012-2013 was a challenging year for the Gems and Jewellery Industry. The overhanging shadow of sluggishness in the developed markets had its effect on the global Gems and Jewellery space. The year witnessed rise in the prices of rough diamonds without corresponding rise in the price of cut & polished diamonds and jewellery, hence affecting the already shrinking margins. Availability of supply of rough continues to be a major concern as no new major mines have been discovered.

The market growth is predominantly driven by the Asia Pacific and the Middle Eastern markets, but

the USA continues to remain the dominant player in the industry. The USA currently accounts for the largest jewellery market share in the world with more than half of its market being dominated by the diamond jewellery segment. Jewellery sales in the USA are set to shine this year and are expected to grow by 5-7 per cent.

The European market continues to remain very slow and is not expected to show positive momentum in the coming year. India and China are the two rapidly growing markets driven largely by high disposable income, growing young and middle class customer segment and strong demand from tier 2 and tier 3 cities. Analysts expect China to double its share of global diamond jewellery demand by 2015 and become the second largest diamond consuming market only after the USA, which accounts for about 40 per cent of the total diamond jewellery demand in the world.

Indian Gems and Jewellery Industry

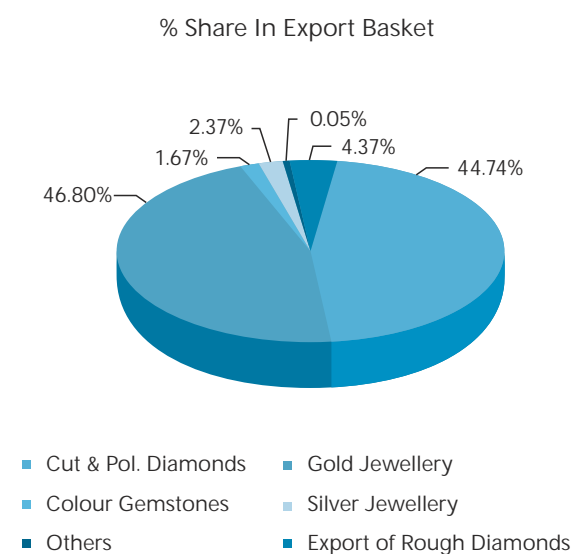
The Gems and Jewellery Industry, a leading foreign exchange earner, has an essential role in the Indian economy. The year was very challenging for the export segment. The overall Gems and Jewellery exports from India fell by more than 9 per cent to US\$ 39.03 billion compared to US\$ 43.09 billion in the previous year due to weak demand from the developed countries.

However, the Indian Gems and Jewellery sector is expected to grow at a compound annual growth rate (CAGR) of around 16.26 per cent during the period 2011-12 to 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by the Ministry of Commerce & Industry, Government of India.

Cut and Polished Diamonds

India is the world's largest diamond cutting and polishing centre in the world. There is ready availability of an entire range of diamonds in nearly every size, quality and cut. In commercial terms, India offers quality make at the most competitive price. Major portion of the diamonds processed in India is exported, either in the form of loose polished or diamond studded jewellery.

Exports of cut and polished diamonds declined by 25.3 per cent to US\$ 17.4 billion in 2012-13 against US\$ 23.3 billion in the previous year largely due to the sluggish demand from the developed markets in the USA and Europe. Cut & Polished diamonds constituted 44.74 per cent of the overall Gems and Jewellery export basket.



Diamond Jewellery

Diamond jewellery is the fastest growing segment in the Indian market. It has seen robust growth in the past few years with temporary slowdown during the global recession. One of the most encouraging trends is consumer preference shift towards branded jewellery and organised retail setup. Increased expenditure by jewellery retailers on advertising and marketing activities such as celebrity endorsements, event sponsorship and television advertising and jewellery retail brands expanding their reach to tier 2 & tier 3 cities during the last three to four years have contributed towards this positive trend.

India presents a very attractive opportunity for major global brands to establish their presence. The growing domestic market and the Government's decision to allow foreign direct investment (FDI) up to 51 per cent in single brand retail stores have attracted various foreign players to the Indian market.

COMPANY OVERVIEW

With an experience of over four decades, Asian Star Company Limited is one of the largest integrated diamantaires in the world and a Diamond Trading Company Sightholder. The Company has presence across the entire value chain; from diamond cutting and polishing, jewellery manufacturing and distribution to jewellery retailing. The Company is a preferred supplier for diamonds and diamond jewellery to some of the leading retail brands and retail chains across the globe.

Manufacturing Facility for Polished Diamonds

The Company has a state-of-the-art manufacturing facility in Surat, the world's largest diamond polishing centre. Spread across 65,000

sq. ft., the facility employs more than 1,000 skilled workers. This technologically advanced facility has capacity to deliver the finest make of polished diamonds to exacting international standards in terms of cost efficiency and lead time which is amongst the best in the industry. With experience of over four decades, the technical team is fully competent to deal with complexities with regards to size, colour and cuts.

The Company has expanded its capacity at Surat by 50 per cent which will be operational in the current fiscal year. This will help the Company to reduce outsourcing, resulting in better yield with improved quality and higher margins.

Manufacturing Facility for Jewellery

Jewellery manufacturing has become the focus area for the Company. The Company has two jewellery manufacturing units catering to domestic market and one unit dedicated for international market. These units, located in Mumbai and Hosur, are spread over 50,000 sq. ft., and employ over 500 highly skilled employees.

The units are equipped with latest machines and employ advanced technologies such as CAD/CAM software, rapid prototyping technology and 'Lean Manufacturing' processes. The production processes are synchronised to deliver maximum flexibility and minimum production cycle times, thus maximising client value. Mass produced or customised, hand-made or machine-made, the highly skilled craftsmen deliver a trademark precision to detail in every jewellery piece.

Distribution

The Company has a strong global presence with 16 marketing arms and 4 subsidiaries. This enables the Company to meet the varying demands of its customers, both in the international markets as well as the domestic market. The Company has a strong foothold in all the major diamond consuming centres and is now focused on establishing its presence in the new emerging markets of Russia, South Africa and Turkey.

Retail

The Company has a couture boutique, ex-factory Mumbai, to cater exclusively to HNI customers. From simply elegant to stunning signature pieces, the collections portray an exquisite blend of the modern and classic. Besides offering a wide range of prêt diamond jewellery, the Company also undertakes customised orders with jewellery design consultations for special occasions.

FINANCIAL OVERVIEW

The year 2012-13 has been a remarkable year for the Company. Asian Star has crossed a milestone

of Rs. 2,000 crore in turnover during the year. When viewed against the challenging environment, it is indeed a significant and an important milestone in the journey of the Company. The turnover of the Company during the year at Rs. 2,120.38 crore has grown by 39 per cent over that of Rs. 1,529.09 crore during the previous year whereas profit after tax for the year has grown by 41 per cent to Rs. 37.57 crore from Rs. 26.64 crore.

Consolidated turnover increased to Rs. 2,462.21 crore from Rs. 1,835.40 crore showing a growth of 34 per cent over previous year. Consolidated profit after tax was at Rs. 47.77 crore, up from Rs. 41.40 crore in the previous year.

During the year the Company has issued bonus shares in the ratio of 1:2 i.e. one new fully paid up equity share of Rs 10/- each for every two fully paid up equity shares of Rs 10/- each held. The directors have recommended dividend of Rs. 1.50 per share (15 per cent) for the year.

OPPORTUNITIES

Growing Indian Market

The domestic market has tremendous growth potential. Even though, due to the overall economic environment the momentum has slowed down, prospects are bright in the longer run. India's consumer class comprising of youth and working women is growing and the trend of buying jewellery only during special occasions such as weddings and festivals has gradually changed to encompass other occasions, including impulse purchase. The young consumers are willing to spend on jewellery to meet their aspirations, to express themselves and to follow fashion.

With rising disposable income and growing exposure to urban lifestyle, the demand for jewellery in rural India has increased like never before. Majority of retailers operating in metro cities have expanded their presence in the tier 2 and tier 3 cities attracted by the prospects of economic growth. Another trend stimulating jewellery market growth is a gradual shift in demand from traditional gold jewellery to diamond jewellery.

Branded Jewellery

The Indian Gems and Jewellery market, though traditionally highly fragmented, is rapidly transforming into an organised sector. The growing disposable income with the youth & urban consumers in India has led to increased preference for products and designs that are popular in the countries of the west.

These new Indian consumers demand greater transparency, excellent quality, better service and a more compelling value proposition driven by brands and fashion. Changing lifestyle and urbanization are fuelling the growth in the Gems and Jewellery Industry, mainly in branded jewellery, which is expected to grow over 40 per cent in the coming years.

Recovery in the USA market

After a significant fall in growth since 2008, the USA economy has stabilised to a great extent. According to analysis, improved consumer confidence, lower unemployment and enhanced stock dividends from the fourth quarter of 2012 have combined to leave people ready to start spending on luxury items again, like jewellery. Sales figures of the first four months of 2013 are very encouraging and the demand is expected to pick up substantially benefiting the Indian industry which is one of the leading suppliers to this market.

Other Emerging Markets

The South East Asian countries like Singapore, Thailand, Indonesia and Malaysia have shown a high growth in demand for gold and diamond jewellery. India's proximity to these market and similarities with their culture provides an added advantage to Indian industry. Besides these markets, the next phase of rapid growth in the jewellery sector would come from countries like Turkey, Brazil and South Africa.

The successful bilateral Jewellery Summit concluded recently with some of these countries have had a favourable impact on trade and will help in gaining a better mutual understanding of markets leading to larger volume of business being transacted. This augurs well for the growth of the industry in the coming years.

Larger Size and Proprietary cut diamonds

India is renowned in the world diamond market as a major diamond processing centre in general, and for smaller-sized diamonds in particular. But since past few years, the Indian diamond industry is focusing on processing larger sizes and higher qualities by capitalising on newer technologies and increasingly skilled artisans. The market for larger size diamonds as well as special cut diamonds is a niche, but growing segment. Consumers are willing to pay a premium for such diamonds. Asian Star with its experience and expertise is well poised to reap the benefits of growing demand in this segment.

THREATS

Shortage of Skilled Workers

Diamond polishing and jewellery making is an art which has been passed on from generation to generation. With the advent of modern education, the age-old business of craftsmanship has been steadily losing steam. Various other career opportunities for the young educated Indians have taken precedence to this industry. Skilled craftsmen are the backbone of this industry and paucity of finding new talent will result in to a roadblock in the expansion of this industry.

The government has set up various training institutes to provide the Gems and Jewellery sector with a well-trained professional workforce that is proficient in all aspects of diamond assortment, grading, jewellery designing, jewellery manufacturing etc. These initiatives create a professional environment and help to attract quality personnel by portraying the diamond industry as an attractive career option.

Threat of China

Although India currently enjoys dominance in the world's cut and polished diamond market, China is fast catching up. China has already become the second largest diamond processor in the world. Cheap labour with improved workmanship, availability of latest technology, conducive political environment and growing domestic demand have made China a very attractive place for diamond processing in the world. Increasing number of diamond processors are setting up their facilities in China.

Considering the growing prospects and emerging opportunities in the Gems and Jewellery Industry, the government of India has introduced several schemes to promote this sector and encourage entrepreneurship. Foreign Trade Policy 2009-14 has identified the Gems and Jewellery sector as a thrust area with prospects for export expansion and employment generation.

Cheaper Substitutes

Diamonds prices have increased steadily over the past few years, and this has led to increasing demand for substitute synthetic diamonds due to their affordability and illusionary looks. With the improvement in technologies year over year, it is getting increasingly difficult to differentiate between the natural and artificial diamonds. This has led to tremendous strain on the luxury diamond segment.

Various initiatives are being undertaken by major diamond producers, retailers and industry bodies to increase consumer awareness about diamonds and to portray them as eternal as well as affordable. These promotions have helped to

project diamonds as inimitable and have created consumer desire to own the 'real stone'.

Supply Constraints

Diamond is a natural resource and its reserves are fast depleting. In the recent past, there has been no major discovery of new mines. This has led to increased pressure on the existing mines to cater to the increasing demand across the globe for diamonds. Further, due to the local beneficiation programmes of the mining countries, increasing portion of the mined supply is retained for the local polishers, hampering the supply to Indian market.

The Company is a DTC Sightholder and also has alternative direct sources of rough supply, and thus is assured of continuous supply of rough at competitive prices.

RISK MANAGEMENT

The Company has comprehensive risk management system where the senior management team sets the overall tone and risk culture of the organisation through defined and communicated corporate values and a risk management model which promotes out-of-the-box thinking for converting potential risk to potential business opportunities.

The Company regularly scans the macro economy and industry for risks which it believes would affect its performance and prospects. The Company ensures that all such foreseeable risks are analysed in detail and appropriate measures are taken to mitigate these, or limit their effect to minimal. Some of the foreseeable risks and their management as envisaged by the Company are:

Exchange Rate Risks

Massive fluctuation in exchange rates is one of the biggest risks the industry is exposed to. The Rupee has depreciated more than 20 per cent over a period of two years and has been touching new lows. Rupee has seen highest volatility in the last year and there are no signs of it stabilising in the near future.

The import centric nature of the trade, acts as a natural hedge for the Company. The Company has a sound foreign exchange policy and experienced personnel constantly monitor the exchange rate movements and keep all exposures fully hedged. This ensures that the exchange rate fluctuations have no adverse impact on the margins of the Company.

Increasing Costs

Though the inflation has eased in the recent past, it is still much above the desired level. Due to high

inflation, the Government and Reserve Bank of India are tied down and cannot ease the interest rates beyond a certain level. Due to weakening Rupee, import cost has increased substantially. All these factors have affected the liquidity and have resulted in higher cost of finance and overall operations, thus affecting margins.

The Company has its own manufacturing facilities that work on a 'Lean Manufacturing Process', with high yields and amongst the lowest wastages in the industry. Being vertically integrated also means that the Company can offer lowest-cost solution to its customers. The Company is constantly upgrading its plant and processes and emphasizing on product innovations, thereby becoming more efficient not only in terms of quality and processing times, but also in terms of product pricing.

FUTURE OUTLOOK

According to GJEPC, the outlook for the domestic Gems and Jewellery Industry for 2013-14 looks very positive with an estimated growth of 12-15 per cent in overall exports of gems and jewellery. Globally, it is anticipated that the USA and the Japanese jewellery market will bounce back from the slow growth witnessed in the last two years. These markets are expected to grow by 5 per cent in the next year according to industry sources. China is expected to maintain its robust growth of 10 per cent. Emerging markets of Russia and Turkey are also expected to continue with their growth momentum.

India is on an undeniable growth trajectory, matched by few in the world, for scale and vigour. Fuelled by boundless aspirations and the infectious energy of a young population, the country is fast progressing towards a definitive role in the global economic order. Organised retailing is expected to grow at a faster rate thereby garnering a larger share of the market due to changing consumer preferences and other growth drivers of organised retail in the country.

The Indian Gems and Jewellery sector is expected to grow at a CAGR of around 16.26 per cent during the period 2011-12 to 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by Ministry of Commerce & Industry.

INTERNAL CONTROLS AND SYSTEMS

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These

are routinely tested and certified by internal as well as statutory auditors and covers all the offices, manufacturing units and key areas of business. The Company has a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making. These internal control procedures ensure the following:

- Efficient use and protection of resources
- Compliance with policies, procedures and statutes
- Accuracy and promptness of financial reports

The Company has an internal audit team that routinely audits all processes and functions from manufacturing to accounting, and any discrepancy is immediately flagged off for corrective measures to the senior management. Internal audit reports are reviewed by the Audit Committee and corrective measures are carried out towards further improvement in systems and procedures and compliance with Internal Control System.

HUMAN RESOURCES

The Company considers its people and its human resource to be its most important resource and asset. The Company ensures that safe working conditions are provided both in the manufacturing plants as well as offices of the Company. The Company regularly updates their skills with training and development programmes, which take place at all levels.

The Company wants to make a significant difference to the lives of its employees, and ensure that they can climb up both the social as well as professional ladder while they are working for the Company. The Company motivates them to achieve their professional as well as personal targets, and encourages them to contribute to their societies and communities, thereby becoming more significant as well as successful.

DIRECTORS' REPORT

DIRECTORS' REPORT

To the Members,
Asian Star Company Limited
Mumbai

Your Directors take pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2013.

Financial Performance

The performance of the Company for the financial year ended March 31, 2013 is summarized below: (Rs. in Crore)

Particulars	2012-2013	2011-2012
Total Sales	2,120.38	1,529.09
Add : Other Income	1.09	(0.02)
Total Income	2,121.47	1,529.07
Less : Total Expenditure	2,041.95	1,468.90
Operating Profit (PBDIT)	79.52	60.17
Less : Interest and Depreciation	28.86	21.74
Profit before Exceptional Items and Tax	50.66	38.43
Exceptional Items – Income / (Loss)	1.52	(0.02)
Provision for Tax	15.00	12.27
Provision for Deferred Tax	(0.39)	(0.48)
Profit after Tax	37.57	26.64
Add : Balance in Profit and Loss Account Brought forward	200.20	177.43
Profit available for Appropriation	237.77	204.07
Appropriation		
Dividend / Proposed Dividend on Equity Shares	3.20	1.60
Tax on Dividend	0.54	0.26
Transferred to General Reserve	2.00	2.00
Balance Carried forward to Balance Sheet	232.03	200.21
	237.77	204.07

The performance of the Company during the year 2012-13 has been outstanding. The Company has crossed a milestone of Rs. 2,000 crore in turnover during the year. The sales during the year at Rs. 2,120.38 crore has grown by 39 per cent over that of previous year whereas profit after tax for the year has grown by 41 per cent at Rs. 37.57 crore. When viewed against the challenging environment, it is indeed a significant and an important milestone in the journey of the Company.

Dividend

The Board of Directors have recommended a dividend of Rs. 1.50 per Equity Share of Rs. 10/- each for the financial year ended March 31, 2013. Equity Dividend if approved, at the Annual General Meeting will be paid to those members whose name appear on the Register of Members as at the end of business hours on September 12, 2013.

Bonus

During the year the Company declared issue of Bonus Shares in the ratio of 1:2 i.e. One new fully paid up equity Share of Rs. 10/- each for every two fully paid equity shares of Rs. 10/- each. On July 23, 2012, the Company allotted 5,335,600 equity shares in the ratio of 1:2 and a sum of Rs. 53,356,000 out of Capital Redemption Reserve was capitalized for distribution amongst the members.

Subsidiary Companies

The Ministry of Corporate Affairs (MCA) by Circular No. 51/12/2007-CL-III dated 8th February, 2011, issued a direction under section 212(8) of the Companies Act, 1956 that the provisions of the Section 212 shall not apply to companies in relation to their subsidiaries subject to fulfilling certain conditions mentioned in the said circular with immediate effect. In pursuance of this circular the company has decided to avail the exemption from presenting the financial statements of the subsidiary companies. However, the financial statements of the Company and its subsidiaries shall be made available for inspection to the members and / or will be allowed to take a copy of the same on demand being made by them.

Wind Energy

As a part of its social commitments and endeavor to carry out operations in a more sustainable manner, the Company has always been inclined to promote a cleaner and greener environment. The Company has been pursuing generation of energy from wind power through establishment of Wind Turbine Generators (WTGs) since 2006. The Company's windmills are located in the state of Maharashtra, Tamil Nadu & Kerala. During the year 2012-13, the Company has generated 250.48 lacs Kwh. resulting in the sales of Rs. 802.14 lacs.

Directors

Dinesh T. Shah, Vipul P. Shah and Milind H. Gandhi retire by rotation and being eligible, offer themselves for reappointment.

Attention of the members is invited to the relevant items in Notice of Annual General Meeting.

Finance

The Company is availing working capital requirements from consortium of bankers.

Deposit

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. There are no deposits which are outstanding and/or which is claimed and not paid or unclaimed for which information is required to be given in the report.

Insurance

The properties and assets of the Company are adequately insured.

Consolidated Financial Statements

In accordance with the Accounting Standard 21, issued by The Institute of Chartered Accountants of India, the Directors have attached the Audited Consolidated Financial Statements for the year ended March 31, 2013.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, a report on Corporate Governance, along with the Auditors' certificate regarding compliance of conditions of Corporate Governance and Management Discussion and Analysis is separately given in this Report.

Cash Flow

In conformity with the provision of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended March 31, 2013 is annexed hereto.

Notes on Accounts

Notes forming part of Accounts are self-explanatory.

Listing Arrangements

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited. The Company has paid listing fees for the year 2013-14.

Dematerialization of Shares

In terms of the Listing Agreement the Company has tripartite agreements with the Registrar and Share Transfer Agent i.e. Bigshare Services Private Limited, National Securities Depository Limited and Central Depository Services (India) Limited respectively.

Auditors

- V. A. Parikh & Associates, Chartered Accountants, the retiring Auditors of the Company, hold office up to the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from the said firm to the effect that their appointment if made at Annual General Meeting would be within the limits mentioned under Section 224 (1-B) of the Companies Act, 1956. The Directors recommend the re-appointment of V. A. Parikh & Associates as auditors for the financial year 2013-2014.
- The Board has approved the appointment of Kishore Bhatia & Associates, Cost Accountants for the Financial Year 2013-14.
- The Cost Audit Report would be filed with the Central Government within the prescribed time limit.

Directors' Responsibility Statement

On the basis of compliance certificates received from the executives of the Company, subject to disclosures in Annual Accounts, and also on the basis of discussion with the Statutory Auditors of the Company from time to time, we state as under:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the Profit and Loss Account of the Company for the year ended on that date;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts of the Company on a going concern basis.
- The Company has received certificate under section 274(1)(g) of the Companies Act, 1956 and none of the Directors are disqualified to act as Director.

Particulars of Employees

In terms of provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended, the name and other particulars of the employees are required to be set out in Annexure to the Directors' Report. However as per the provision of Section 219(1) (b) (iv) of the Companies Act, 1956 the Annual Report and Annual Accounts of the Company sent to the shareholders do not contain the said annexure. Any shareholder desirous of obtaining a copy of the said annexure may write to the Company Secretary at the registered office address of the Company.

Particulars under Companies (Disclosure of particulars to the report of Board of Directors) Rules, 1988:-**Conservation of Energy**

The activity of the Company does not require large-scale consumption of energy and the Company is not covered in the list of industries required to furnish information in Form - A relating to conservation of energy.

Technology Absorption

The Directors are in constant touch with ongoing research in the world to upgrade and absorb improved technology for better line of products and to yield better quality, cost reduction and worldwide acceptability of its range of products.

Foreign Exchange Earnings and Outgo

The Company has earned Rs. 1,39,269.30 lacs in foreign exchange by way of exports and has spent Rs. 89,922.34 lacs in foreign exchange, for the imports of materials & consumables, foreign travel, diamond grading charges and repairs and maintenance. The Directors are making their best endeavors to earn foreign exchange.

Appreciation

The Directors thank the Company's Customers, Contractors, Shareholders, Bankers, Financial Institutions and Central & State Governments for their consistent support to the Company. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

Place : Mumbai
Dated : May 30, 2013

For and on behalf of the Board

Registered Office:
114-C, Mittal Court,
Nariman Point, Mumbai – 400 021.

Dinesh T. Shah
Chairman

Arvind T. Shah
Executive Director

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

I Company's Philosophy

The Company believes that good corporate governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its shareholders.

The Company has complied with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the BSE. With the adoption of a Code of Conduct for Board of Directors and Senior Management Personnel and the implementation of a Whistle Blower Policy, the Company has moved further in its pursuit of excellence in corporate governance.

II Board of Directors

(a) The Company has 10 directors on the Board. The Company has a Promoter Non-Executive Chairman and 5 Independent Directors i.e. half of the total number of Directors on its Board. Composition of the Board of Directors includes 4 Executive Directors and 6 Non-Executive Directors.

Board has also formed the Committees as mentioned herein below in terms of Clause 49 of the Listing Agreement. None of the Directors is a member on the Board committees of more than ten companies or acting as Chairman of more than five companies in which he is a Director.

During the year 2012-13, the Board of Directors met 6 times (28.05.2012, 11.07.2012, 23.07.2012, 09.08.2012, 09.11.2012 and 14.02.2013) with clearly defined agenda of the meetings sent in advance with suitable notes to the Directors.

The Board has agreed that Executive Directors of the Company are responsible for the day to day affairs of the Company. The details of the Directors on the Board of your Company for the year 2012-13 are given below:

Name	Category	Board Meetings attended	Last AGM attendance	No. of outside directorship held in public companies	No. of Board Committee# of which he is a member	No. of Board Committee# of which he is a Chairman
Dinesh T. Shah	Promoter Non Executive Chairman	6	No	-	-	-
Arvind T. Shah	Promoter Executive Director	6	Yes	-	-	-
Dharmesh D. Shah	Promoter Executive Director	6	No	-	-	-
Vipul P. Shah	Promoter Executive Director	6	Yes	-	-	-
Priyanshu A. Shah	Promoter Executive Director	6	No	-	-	-
K. Mohanram Pai	Independent Non Executive Director	6	No	1	-	-
Bhupendra K. Shroff	Independent Non Executive Director	6	Yes	2	1	2
Apurva R. Shah	Independent Non Executive Director	5	Yes	5	3	2*
Hasmukh B. Gandhi	Independent Non Executive Director	6	Yes	3	-	-
Milind H. Gandhi	Independent Non Executive Director	6	Yes	-	-	-

Committee includes position of membership/chairmanship in Audit Committee, Remuneration Committee & Shareholders Committee of Companies other than Asian Star Company Limited.

* Apurva R. Shah is Alternative Chairman of Audit Committee of Steel Cast Limited.

(b) Non-Executive Directors are paid sitting fees for attending the Board Meetings or Committee Meetings. Non-Executive Directors are not paid any commission. None of Non-Executive Directors has any material financial interest in the Company.

(c) Code of Conduct: The Company has framed a Code of Conduct for the members and Senior Management Personnel. The same is compiled with.

III Audit Committee

The Board of your Company has constituted a very qualified Audit Committee which promotes relationship of accountability between the Board, Management and Statutory Auditors. The composition of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Category	Committee Meetings Attendance
Bhupendra K. Shroff	Chairman	Non-Executive Independent Director	4
Apurva R. Shah	Member	Non-Executive Independent Director	3
K. Mohanram Pai	Member	Non-Executive Independent Director	4

During the year 2012-13, the Audit Committee met 4 times (28.05.2012, 09.08.2012, 09.11.2012 and 14.02.2013) with clearly defined agenda of the meetings.

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement with the BSE read with Section 292A of the Companies Act, 1956.

The previous Annual General Meeting of the Company was held on September 05, 2012 and Bhupendra K. Shroff, the Chairman of the Audit Committee, attended the said meeting.

IV Remuneration Committee (non-mandatory)

The following are the committee members:

- 1) Hasmukh B. Gandhi (Chairman)
- 2) Bhupendra K. Shroff
- 3) Apurva R. Shah

Payment of remuneration to all the Executive Directors is recommended by the Remuneration Committee reviewing the abilities and contribution of the individual Directors. The remuneration was revised with the approval of the shareholders in the Annual General Meeting held on September 29, 2011. Non-Executive Directors were paid sitting fees within the limits prescribed under the Act. The details of actual payments made during the financial year 2012-13 to the Executive Directors of the Company are given below:

(Rs. In lacs)

Name	Designation	Gross Salary
Vipul P. Shah	CEO & Managing Director	50.00
Dharmesh D. Shah	CFO & Jt. Managing Director	50.00
Arvind T. Shah	Executive Director	50.00
Priyanshu A. Shah	Executive Director	36.00

V Shareholders Committee

The following are the committee members:

- 1) Bhupendra K. Shroff (Chairman)
- 2) Apurva R. Shah
- 3) K. Mohanram Pai
- 4) Arvind T. Shah

The committee reviews redressing of shareholders complaints like non-receipt of Balance Sheet, non-receipt of declared dividend, etc. The committee also reviews the functioning & activities of Registrar & Transfer Agent & related investor grievances. The Company obtained & filed with BSE, Reconciliation of Share Capital Audit Report from a Practicing Company Secretary as required under SEBI for each quarter as to reconciliation of total shares held in depository & physical form.

No. of Queries / Complaints	Received	Redressed	Unresolved
Letters from shareholders	Nil	Nil	Nil

Company Secretary and Address for Correspondence

Name and Designation	Telephone No.	Email ID	Fax No.
Sangeetha Nilesh, Company Secretary	+ 9122 2282 1886	secretarial@asianstargroup.com	+ 9122 2204 3747

VI Corporate Governance Committee

The following are the committee members:

- 1) Bhupendra K. Shroff (Chairman)
- 2) Hasmukh B. Gandhi
- 3) K. Mohanram Pai
- 4) Arvind T. Shah

The Committee looks after the due compliance with the Corporate Governance norms. All Board members and the members of Senior Management Personnel have complied with the Code of Conduct for Board of Directors and Prevention of Insider Trading Code.

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated in clause 49 of the Listing Agreement of the BSE and the same has been annexed to Directors' Report.

VII Finance Committee

The members of Finance Committee met 9 times (23.04.2012, 07.07.2012, 11.07.2012, 23.08.2012, 29.09.2012, 03.12.2012, 04.12.2012, 07.01.2013 and 05.03.2013). This committee meets regularly to decide on matters pertaining to banking, finance and working capital requirements. The following are the committee members:

- 1) Dinesh T. Shah (Chairman)
- 2) Arvind T. Shah
- 3) Vipul P. Shah
- 4) Dharmesh D. Shah
- 5) Priyanshu A. Shah

VIII General Body Meetings

- 1) Annual General Meeting to be held on
Date: September 19, 2013
Time: 4.00 p.m.
Venue: Sangam Hall, Agarwal Bhavan, 100-C Marine Drive, Next to Indian Oil Petrol Pump, Mumbai - 400 002
Book Closure Date: September 13, 2013 to September 19, 2013 (Both the days inclusive)
Dividend Date: If approved at Annual General Meeting will be paid on or after September 19, 2013

- 2) Details on Annual General Meetings (AGM) :Location and time, where last three AGMs were held:

Year	Venue	Date	Time
2009-10	Sangam Hall, Mumbai	September 21, 2010	4.00 pm
2010-11	Sangam Hall, Mumbai	September 29, 2011	4.00 pm
2011-12	Sangam Hall, Mumbai	September 05, 2012	4.00 pm

- 3) Whether any special resolutions passed in the previous 3 AGMs? Yes
- 4) Whether special resolutions were put through postal ballot last year? Yes

IX Disclosures

- 1) All materially significant related party transactions are detailed out in note no. 32 attached to the Balance Sheet.
- 2) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - None.
- 3) The Company has formulated a mechanism for employees to report about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company Secretary and Audit Committee acts upon any reporting under Whistle Blower Policy.

X Means of Communication

Quarterly results are taken on record by the Board of Directors and submitted to the Bombay Stock Exchange Limited in terms of the requirements of Clause 41 of the Listing Agreement. Quarterly results are published in The Financial Express and Dainik Mumbai Lakshadeep. The results of the Company are also posted on the Company's website at www.asianstargroup.com and SEBI website.

XI Green Initiative in Corporate Governance

Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notice, documents and other communications from the Company through electronic mode, can register their e-mail addresses with the Company.

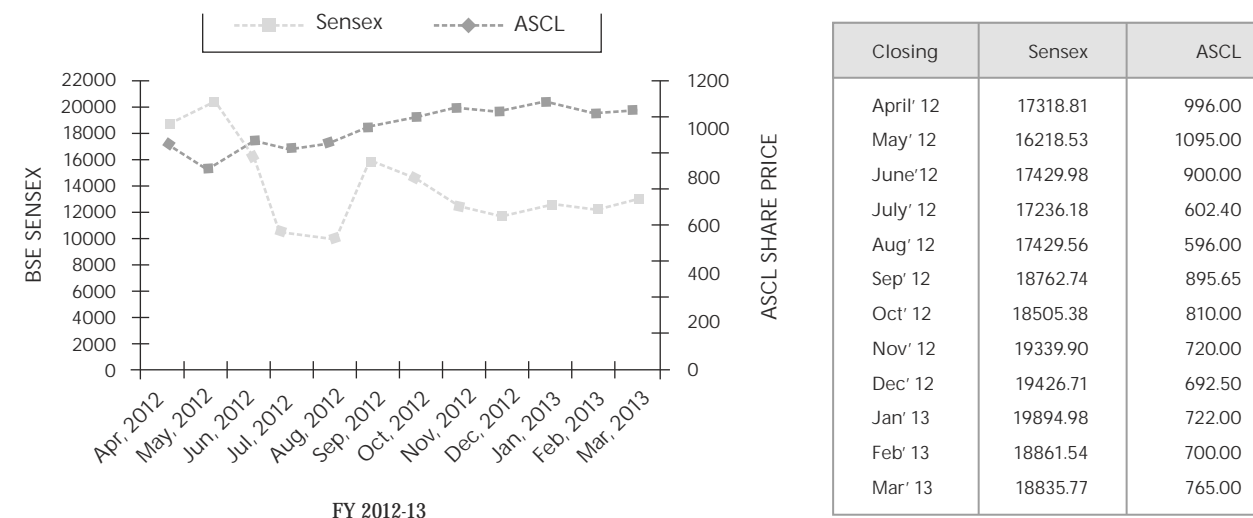
The Company requests its shareholders to join the green initiative and register their e-mail address with the Company or its Registrar and Transfer agents by sending a letter signed by them and intimate changes in the e-mail ids from time to time.

XII General Shareholder Information

Sr. No.	Information	
1.	Annual General Meeting - Date and Time: - Venue:	September 19, 2013 at 4.00 p.m. Sangam Hall, Agarwal Bhavan, 100-C Marine Drive, Next to Indian Oil Petrol Pump, Mumbai - 400 002.
2.	Financial Calendar - First quarter - Second quarter/Half year - Third quarter - Audited Annual Results	(Tentative Schedule) Second week of July, 2013 Second week of October, 2013 Second week of January, 2014 Second week of May, 2014
3.	Book Closure Date (Both days inclusive)	September 13, 2013 to September 19, 2013 (Both days inclusive)
4.	Dividend Payment Date	Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within prescribed time, subject to deduction of tax, if any.
5.	Listing on Stock Exchange at :	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023
6.	Stock Code	ASAN.BO/531847 Bombay Stock Exchange Limited

7. Month wise Stock Market Data relating to equity shares of the Company

Performance of equity shares of the Company on BSE in comparison to BSE SENSEX



Month-wise data for Equity Shares of the Company at BSE:

Month	Price during each month		Month	Price during each month	
	High	Low		High	Low
April' 12	1245.00	1045.05	Oct' 12	944.95	792.00
May' 12	1120.00	779.10	Nov' 12	771.95	700.20
June'12	1100.00	880.00	Dec' 12	718.70	670.00
July' 12	1040.00	602.40	Jan' 13	733.95	622.30
Aug' 12	654.00	574.30	Feb' 13	700.00	700.00
Sep' 12	906.70	571.00	Mar' 13	768.00	700.00

8. Registrar & Share Transfer Agents:
Bigshare Services Pvt. Ltd.
E-2/3 Ansa Indl. Estate, Saki Vihar Road,
Saki Naka, Andheri (East), Mumbai 400 072.
Tel : +91 22 4043 0200 Fax : +91 22 2847 5207
E-mail: info@bigshareonline.com

9. Share Transfer System:
For transfer of shares in physical form, the transfer documents can be lodged with Registrars & Share Transfer Agents of the Company, Bigshare Services Pvt. Ltd. at the address mentioned above. Transfer of shares in physical form is normally processed within 15 days from the date of receipt, if the documents are complete in all respect.

10. Distribution of equity shareholding as on March 31, 2013 :

No. of Shares		No. of Share Holders	% of Total Share Holders	No. of Shares		% of Total Shares
1	500	451	93.95	16,770	0.10	
501	1,000	10	2.08	6,677	0.04	
1,001	2,000	3	0.63	3,741	0.02	
2,001	3,000	-	-	-	-	
3,001	4,000	-	-	-	-	
4,001	5,000	-	-	-	-	
5,001	10,000	1	0.21	5,491	0.04	
10,001	10,001 & above	15	3.13	15,974,121	99.80	
Total		480	100.00	16,006,800	100.00	

11. Categories of Equity Shareholding as on March 31, 2013:

Category	No. of Folios	No. of Shares Held	% of Total Shares Held	
Indian Promoters		8	12,000,000	74.97
Body Corporate		34	2,605,319	16.28
Indian Public		430	30,774	0.19
NRI & OCB's		6	655,504	4.09
FII's		-	-	-
Clearing Member		1	150	-
Insurance Companies		1	715,053	4.47
Total		480	16,006,800	100.00

12. Dematerialisation of Shares and Liquidity: 16,003,598 equity shares i.e. 99.98 % of equity shares have been dematerialized upto March 31, 2013.

13. Manufacturing Facilities :

Cut & Polished Diamonds	Diamond	Studded Jewellery	Wind Energy
F.P.no. 138/151, Plot no.1	Plot No.5, F-11/12,	Plot No. 21	Sangli, Maharashtra,
Near Sandesh Paper Press,	WICEL, Opp. SEEPZ,	New SIDCO	Dindugul and
Purushottam Ginning Mill Compound,	MIDC (Marol)	Industrial Estate	Coimbatore, Tamil Nadu
A K Road, Surat, Gujarat –395 008.	Central Road	Srinagar	Pallakad, Kerala
	Andheri (East)	Hosur	
	Mumbai 400 093.	Tamil Nadu 635 109	

14. Members can contact us at our registered office:

Asian Star Company Limited
114-C, Mittal Court,
Nariman Point, Mumbai 400 021.
Email: secretarial@asianstargroup.com
Tel.: +9122 2282 1886
Fax: +9122 2204 3747

Some of the points referred in non-mandatory requirements under Annexure ID of Clause 49 of the Listing Agreement are being pursued by the Company.

DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In accordance with Clause 49 sub clause I (D) of the Listing Agreement with the Bombay Stock Exchange Limited, I confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Company's Code of Conduct, as applicable to them for the Financial Year ended March 31, 2013.

For Asian Star Company Limited

Place : Mumbai
Date : May 30, 2013

Dinesh T. Shah
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members
Asian Star Company Limited

We have examined the compliance of conditions of Corporate Governance by Asian Star Company Limited, for the year ended on 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. A. Parikh & Associates
Chartered Accountants

Place : Mumbai
Date : May 30, 2013

Jinesh J. Shah
Partner
Membership No. 111155

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To,
The Members of Asian Star Company Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of ASIAN STAR COMPANY LIMITED ("The Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2013 ;
- ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date ; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the order '), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of Account.

- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in the sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors, as on 31st March 2013 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of Companies Act, 1956.

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

JINESH J. SHAH
Partner
Membership No. 111155

Place : Mumbai
Date : May 30, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re: Asian Star Company Limited

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, all the assets have been physically verified by the Management at the end of the accounting year and no material discrepancies were noticed on physical verification as compared to the book records.
c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.
2. a) The stocks of finished goods and raw-materials have been physically verified by the management at the end of the accounting year.
b) In our opinion, and according to the information and explanations given to us, the procedures of physical verifications of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) In our opinion the Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification as compared to the book records.
3. a) The Company has granted loans to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 571.41 lacs and the year end balance was Rs. 571.41 lacs.
b) These loans are unsecured, interest free and unconditional.
c) The principal amounts are repayable on demand and there is no repayment schedule.
d) There is no overdue amount. In view of this sub clause (d) of this clause is not applicable.
e) The Company has not taken any loan (secured or unsecured) from companies, firms or other parties covered in the register maintained under Section 301 of the Act excepting unsecured loan from five of its Directors. The maximum amount involved during the year was Rs. 5,317.00 lacs and the year end balance of loans taken was Rs. 4,187.05 lacs.
f) These loans are unsecured, interest free and unconditional.
g) The principal amounts are repayable on demand and there is no repayment schedule.
4. In our opinion and according to the information and explanations given to us, the company has an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and also for sale of goods and services. During the course of our audit, no major weaknesses were noticed in the internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under Section 301 have been properly entered in the said register.
b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and as per the Company's business need and exigencies.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion the Company has internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. a) According to the records of the Company and as per information and explanation given to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it and there were no undisputed dues outstanding as on 31st March, 2013 for a period of more than six months from the date they become payable.
- b) In our opinion and according to the information and explanation given to us, there are no dues in respect of Sales Tax, Custom Duty, Wealth Tax, Excise Duty, and Cess that have not been deposited on account of any dispute.
- c) Details of dues of Income Tax and Service Tax which have not been deposited as at March 31, 2013 on account of disputes are given below:

Nature of Dues	Period to which the amount relates	Forum where the dispute is pending	Amount (in Lacs)
Income Tax	F.Y: 2004-05 to 2010-11	Commissioner of Income Tax (Appeals)	3,638.81
Service Tax	May'06 to September'12	Assistant Commissioner of Service Tax	446.43

10. The Company neither has any accumulated losses at the end of the financial year nor it has incurred any cash loss during the financial year or immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to any Financial Institution or Bank.
12. In our opinion and according to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures or other Securities.
13. The Company is not a chit/nidhi/mutual benefit fund/society and hence clause (xiii) of the Order is not applicable.
14. In our opinion, the Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities and other investments and timely entries have been made therein. All shares and other investments have been held by the Company in its own name except for shares held in accordance with exemption provided under section 49 (3) of the Companies Act, 1956.
15. In our opinion and according to the information and explanations given to us, the guarantee given by the Company in respect of loans taken by others from bank, the terms and conditions thereof is not prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans.
17. In our opinion and according to the information and explanations given to us the short term funds raised by the Company have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the financial year.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us no fraud on or by the Company has been reported during the year.

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

JINESH J. SHAH
Partner
Membership No. 111155

Place : Mumbai
Date : May 30, 2013

ASIAN STAR COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

(Rs. in Lacs)

PARTICULARS	NOTE	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1,600.68		1,067.12	
Reserves and Surplus	2	41,050.99		38,202.29	
			42,651.67		39,269.41
Non-Current Liabilities					
Long Term Borrowings	3	4,187.05		5,317.00	
Deferred Tax Liabilities (Net)	4	2,463.93		2,502.81	
Long Term Provisions	5	4,806.46		3,522.82	
			11,457.44		11,342.63
Current Liabilities					
Short Term Borrowings	6	74,709.83		56,835.40	
Trade Payables	7	18,180.14		15,124.55	
Other Current Liabilities	8	2,717.07		440.10	
Short Term Provisions	9	1,785.84		1,469.07	
			97,392.88		73,869.12
TOTAL			151,501.99		124,481.16
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	10	14,921.54		14,834.13	
Capital Work-in-Progress		1,728.13		230.86	
		16,649.67		15,064.99	
Non-Current Investments	11	348.16		348.16	
Long Term Loans and Advances	12	1,399.93		984.40	
Other Non Current Assets	13	3,443.98		3,438.64	
			21,841.74		19,836.19
Current Assets					
Current Investments	14	390.40		89.11	
Inventories	15	51,488.92		41,536.89	
Trade Receivables	16	60,910.00		46,603.15	
Cash and Bank Balances	17	11,296.25		8,907.98	
Short Term Loans and Advances	18	2,990.25		6,302.33	
Other Current Assets	19	2,584.43		1,205.51	
			129,660.25		104,644.97
TOTAL			151,501.99		124,481.16
Significant Accounting Policies					
Notes on Financial Statements	1 to 44				

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155
Place : Mumbai
Dated : May 30, 2013

SANGEETHA NILESH
Company Secretary
Place : Mumbai
Dated : May 30, 2013

DINESH T. SHAH
Chairman
Place : Mumbai
Dated : May 30, 2013

ARVIND T. SHAH
Executive Director
Place : Mumbai
Dated : May 30, 2013

VIPUL P. SHAH
CEO & Managing Director
Place : Mumbai
Dated : June 6, 2013

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Rs. in Lacs)

PARTICULARS	NOTE	2012-2013		2011-2012	
Revenue From Operations	20	212,038.30		152,908.86	
Other Income	21	109.03		(2.31)	
Total Revenue			212,147.33		152,906.55
EXPENSES					
Cost of Materials Consumed	22	185,797.03		136,104.93	
Purchases of Stock-in-Trade		8,442.27		3,083.86	
Changes In Inventories Of Work-in-Progress					
Finished Goods & Stock-in-Trade	23	(9,357.42)		(5,247.04)	
Employee Benefits Expense	24	2,438.85		2,119.44	
Finance Costs	25	2,035.12		1,372.71	
Depreciation and Amortization Expense		851.10		801.44	
Other Expenses	26	16,874.57		10,826.81	
Total Expenses			207,081.52		149,062.15
Profit Before Exceptional Items & Tax			5,065.81		3,844.40
Exceptional Items Income/(Loss)	27		151.69		(1.83)
Profit Before Tax			5,217.50		3,842.57
Tax Expense					
Current Tax			1,500.20		1,227.10
Deferred Tax			(38.88)		(48.11)
Profit After Tax			3,756.18		2,663.58
Earnings Per Equity Share:					
Basic and Diluted (In Rs.)			23.47		16.64
Significant Accounting Policies					
Notes on Financial Statements	1 to 44				

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155
Place : Mumbai
Dated : May 30, 2013SANGEETHA NILESH
Company Secretary
Place : Mumbai
Dated : May 30, 2013DINESH T. SHAH
Chairman
Place : Mumbai
Dated : May 30, 2013ARVIND T. SHAH
Executive Director
Place : Mumbai
Dated : May 30, 2013VIPUL P. SHAH
CEO & Managing Director
Place : Mumbai
Dated : June 6, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	5,217.50	3,842.56
Adjustment for		
Depreciation	851.10	801.43
Finance Costs	2,035.12	1,372.71
Unrealised Foreign Exchange (Gain) / Loss	341.00	822.20
Dividend Received	(2.13)	(3.00)
(Profit)/Loss on Sale of Fixed Assets	(151.69)	1.83
(Profit)/Loss on Sale of Investments	(49.90)	18.79
Diminution in value of Investments Written Off / (Written Back)	(54.52)	(11.96)
Provision for Doubtful Debts Written back	-	(18.81)
Wealth Tax	1.41	1.40
Operating Profit Before Working Capital Changes	8,187.89	6,827.15
Adjustment for		
Receivables	(14,186.30)	(1,982.69)
Inventories	(9,952.03)	(8,962.40)
Loans & Advances	4,096.75	(740.13)
Current Liabilities	5,279.06	10,739.57
Cash generated from / (used in) operations	(6,574.63)	5,881.50
Taxation	(2,585.87)	(1,412.84)
Prior year Adjustments	-	-
Cash Flow Before Extraordinary Items	(9,160.50)	4,468.66
Net cash from / (used in) Operating Activities	(9,160.50)	4,468.66
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets (Includes Capital Work in Progress)	(2,471.12)	(826.25)
Sale of fixed assets	187.05	0.89
Purchase / Increase of Investments	(296.77)	(63.60)
Dividend Received	2.13	3.00
Sale/Decrease of Investments	99.90	6.20
Net Cash from / (used in) Investing Activities	(2,478.81)	(879.76)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	(1,129.95)	(1,579.57)
Short Term Borrowings	17,471.70	(622.37)
Finance Cost	(2,035.12)	(1,372.71)
Dividend Paid	(240.10)	(213.42)
Tax on Dividend	(38.95)	(34.62)
Net cash from / (used in) Financing Activities	14,027.58	(3,822.69)
Net increase / (decrease) in Cash & Cash Equivalents	2,388.27	(233.79)
Cash & Cash Equivalents as at 1st April (Opening)	8,907.98	9,141.77
Cash & Cash Equivalents as at 31st March (Closing)	11,296.25	8,907.98

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155
Place : Mumbai
Dated : May 30, 2013SANGEETHA NILESH
Company Secretary
Place : Mumbai
Dated : May 30, 2013DINESH T. SHAH
Chairman
Place : Mumbai
Dated : May 30, 2013ARVIND T. SHAH
Executive Director
Place : Mumbai
Dated : May 30, 2013VIPUL P. SHAH
CEO & Managing Director
Place : Mumbai
Dated : June 6, 2013

SIGNIFICANT ACCOUNTING POLICIES

A. Basis for Preparation of Financial Statements

The financial statements have been prepared using mercantile system of accounting under the historical cost convention. It recognises significant items of income and expenditure on accrual basis. The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the provisions of the Companies Act, 1956.

B. Sales

Income from the sale of diamonds / jewellery is recognised when the sale has been completed with the passing of the title. Income from sale of wind energy is recognised on its transmission and delivery. Sales includes sales of goods and services and gain / loss on exchange fluctuations.

C. Other Income

Interest

Interest income is recognised on accrual basis.

Income from Investments

Income from investment is accounted in the year in which the unconditional right to receive such income is established.

D. Depreciation

Depreciation on fixed assets has been provided at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 on straight line basis.

E. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which the asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

F. Foreign Currency Transactions

F.1 Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

F.2 Monetary items denominated in foreign currencies at the year-end are translated at year-end exchange rate and resultant exchange differences are recognised in the profit and loss account.

F.3 The company enters into forward / option contracts for hedging purpose. In case of forward contracts, the difference between the year end rate and rate on the date of contract is recognised as exchange difference. The proportionate difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. In case of option contracts, the premium paid and gain / loss are recognised as exchange difference on the date of settlement of the contract. Mark to market loss, if any, is recognised as exchange difference at the year end.

F.4 Non monetary foreign currency items are carried at cost.

F.5 Any income or expense on account of exchange difference either on settlement or on translation is adjusted to the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

G. Fixed Assets

Cost of Fixed Assets comprises of purchase price, duties, levies and any cost directly attributable to bringing the asset to its working condition for the intended use. Fixed Assets are stated at cost less accumulated depreciation.

H. Capital Work in Progress

Capital work in progress comprises of cost of acquisition of assets, duties, levies and any cost directly attributable to bringing the asset to its working condition for the intended use. Expenditure incurred on project under implementation is treated as incidental expenditure incurred during construction and is pending allocation to the assets which will be allocated / apportioned on completion of the project.

I. Borrowing Costs

All borrowing costs, which are of revenue nature, are charged to Profit and Loss Account.

J. Investment

J1. Long term investments are valued at cost. Provision for diminution in value is made only if such diminution is otherwise than temporary in the opinion of the management.

J2. Current Investments - Quoted are valued at cost or market value, whichever is lower.

K. Inventories

K1. Stock of raw materials is stated at weighted average cost or net realisable value whichever is lower. Stock of polished diamonds (for jewellery operations) is valued at technically evaluated cost or net realizable value whichever is lower. Specific items of cost are allocated and assigned to inventory wherever practicable.

K2. Work in Process is valued at technically evaluated cost. Finished goods are valued at technically evaluated cost or estimated net realisable value, whichever is lower. Cost includes cost of material and related conversion cost. In view of the nature of variation in the values of individual diamonds and the differential in their processing costs, it is not practicable to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the numerous grades, it is not practicable to use specific costs. The method of valuation is therefore in compliance with "AS2" issued by the Institute of Chartered Accountants of India to the extent practicable.

K.3 Consumables are valued at cost.

L. Employee Benefits

L1. Short Term Employee Benefit

Short term employee benefits are recognised in the period during which the service has been rendered.

L2. Long Term Employee Benefit

a) Provident Fund Act, Family pension fund & employees State Insurance Scheme.

As per provident fund Act, 1952 all employees of the company are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by the Government of India. In addition some employees of the company are covered under Employees State Insurance Scheme Act, 1948, which are also defined contribution schemes recognised and administered by Government of India.

The company's contributions to these schemes are recognised as expense in Profit and Loss account during the period in which the employee renders the related services. The company has no further obligation under these plan beyond its monthly contributions.

b) The company provides for gratuity obligation through a Defined Benefit Retirement Plan ('The Gratuity Plan') covering its employees. The present value of the obligation under such Defined plan is determined based on actuarial valuation. Actuarial gains and losses are recognised in Profit & Loss Account as and when determined. The company makes annual contribution to LIC for the Gratuity plan in respect of employees.

M. Taxation

Current Tax is determined as the amount of tax payable in respect of taxable income for the year after considering various relief's admissible under provisions of the Income Tax Act, 1961. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax asset arising from timing difference are recognised to the extent that there is virtual certainty that sufficient future taxable income will be available.

N. Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. SHARE CAPITAL

(Rs. in Lacs)

PARTICULARS	AS AT	
	MARCH 31, 2013	MARCH 31, 2012
Authorised 2,50,00,000 (1,50,00,000) Equity Shares of Rs.10 each 4,00,00,000 (5,00,00,000) Redeemable Cumulative Preference Shares of Rs.10 each	2,500.00 4,000.00 6,500.00	1,500.00 5,000.00 6,500.00
Issued, Subscribed and Paid-up 1,60,06,800 (1,06,71,200) Equity Shares of Rs. 10 each (53,35,600 shares of the issued, subscribed and paid up share capital were allotted as bonus shares during the current year by capitalisation of Capital Redemption Reserve)	1,600.68	1,067.12
Total	1,600.68	1,067.12

1.1 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY

NAME OF THE SHAREHOLDERS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
Vipul Prabodh Shah	4,00,050	24.99	2,66,700	24.99
Nirmala Dinesh Shah	1,80,000	11.25	1,20,000	11.25
Arvind Tarachand Shah	1,58,450	9.90	1,05,300	9.90
Priyanshu Arvind Shah	1,21,450	7.58	81,300	7.58
Rasila Arvind Shah	1,20,000	7.50	80,000	7.50
Dharmesh Dinesh Shah	1,20,000	7.50	80,000	7.50
Dinesh Tarachand Shah	1,00,050	6.25	66,700	6.25
Total	12,00,000	74.97	8,00,000	74.97

1.2 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW

PARTICULARS	AS AT	
	MARCH 31, 2013	MARCH 31, 2012
Equity shares at the beginning of the year	10,671,200	10,671,200
Add: Shares issued as bonus shares	5,335,600	-
Equity shares at the end of the year	16,006,800	10,671,200

2. RESERVES & SURPLUS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Capital Reserves As per Last Balance Sheet		298.16		298.16
Capital Redemption Reserve As per Last Balance Sheet	2,520.00		2,520.00	
Less: Utilised for Bonus issue of Equity shares	533.56		-	
		1,986.44		2,520.00
General Reserves As per Last Balance Sheet	15,363.68		15,163.68	
Add : Transfer from Profit and Loss Account	200.00		200.00	
		15,563.68		15,363.68
Profit & Loss Account As per last Balance Sheet	20,020.45		17,742.91	
Add: Profit for the Year	3,756.18		2,663.58	
	23,776.63		20,406.49	
Less: Appropriations				
Transferred to General Reserve	200.00		200.00	
Proposed Dividend on Equity Shares (Dividend per Share Rs. 1.50/-) (Previous Year Dividend per Share Rs. 1.50/-)	240.10		160.07	
Tax on Dividend Proposed	40.81		25.97	
Dividend on Equity Shares (Bonus issue) paid during the year	80.03		-	
Tax on Dividend (Bonus issue) paid during the year	12.98		-	
	573.92		386.04	
		23,202.71		20,020.45
Total		41,050.99		38,202.29

3. LONG TERM BORROWINGS

(Rs. in Lacs)

PARTICULARS	AS AT	
	MARCH 31, 2013	MARCH 31, 2012
Unsecured Loans Loan from Related Party- Directors	4,187.05	5,317.00
Total	4,187.05	5,317.00

4. DEFERRED TAX LIABILITY

(Rs. in Lacs)

PARTICULARS	AS AT		
	MARCH 31, 2013	MARCH 31, 2012	
Deferred Tax Liability on account of: Depreciation	A	2,544.65	2,582.88
Deferred Tax Asset on account of: Provision for Diminution in Market Value of Current Investments Provision for Doubtful Debts Gratuity Liability		0.99 7.77 71.96	18.69 7.77 53.61
	B	80.72	80.07
Deferred Tax Liability - Net	A-B	2,463.93	2,502.81

5. LONG TERM PROVISIONS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Provision for Employee Benefits Provision for Gratuity	218.17	161.63
Others Taxation	4,588.29	3,361.19
Total	4,806.46	3,522.82

6. SHORT TERM BORROWINGS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Secured Loans Working Capital Loan from Banks Secured by a. Fixed Deposit b. Hypothecation of Stock in Trade and Book Debts c. Hypothecation of Premises at Mumbai d. Guaranteed by some of the Directors in their Personal Capacity	74,709.83	56,835.40
Total	74,709.83	56,835.40

7. TRADE PAYABLES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Creditors for Goods Creditors for Processing	16,502.91 1,677.23	14,082.23 1,042.32
Total	18,180.14	15,124.55

8. OTHER CURRENT LIABILITIES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Interest Accrued and Due on Borrowings Other Payables* Unclaimed Dividend	- 2,716.74 0.33	2.04 437.82 0.24
Total	2,717.07	440.10

* Includes statutory dues and payable for expenses /services.

9. SHORT TERM PROVISIONS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Leave Encashment (unfunded) Proposed Dividend Tax On Dividend Provision for Taxation	4.73 240.10 40.81 1,500.20	55.93 160.07 25.97 1,227.10
Total	1,785.84	1,469.07

10. FIXED ASSETS

(Rs. in Lacs)

Description Of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As At April 1, 2012	Additions	Deductions	As At March 31, 2013	As At April 1, 2012	For The Year	Deductions	As At March 31, 2013	As At March 31, 2013	As At March 31, 2012
Tangible Assets										
Land	774.81	-	-	774.81	-	-	-	-	774.81	774.81
Office Premises	3,011.74	-	10.25	3,001.49	297.72	49.03	1.25	345.50	2,655.99	2,714.02
Factory Premises	1,464.38	-	12.06	1,452.32	195.27	41.92	1.67	235.52	1,216.80	1,269.11
Plant & Machinery	10,606.00	751.53	0.30	11,357.23	2,397.93	562.89	-	2,960.82	8,396.41	8,208.07
Vehicles	360.20	111.98	50.65	421.53	157.83	38.40	36.79	159.44	262.09	202.37
Furniture & Fixtures	818.43	11.54	-	829.97	259.32	49.83	-	309.15	520.82	559.11
Office Equipments	1,355.79	65.06	2.81	1,418.04	353.02	67.43	1.01	419.44	998.60	1,002.77
Computer	382.64	33.75	-	416.39	278.77	41.60	-	320.37	96.02	103.87
CURRENT YEAR	18,773.99	973.86	76.07	19,671.78	3,939.86	851.10	40.72	4,750.24	14,921.54	14,834.13
PREVIOUS YEAR	18,122.75	655.44	4.20	18,773.99	3,139.89	801.44	1.47	3,939.86	14,834.13	14,982.86

11. NON-CURRENT INVESTMENTS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
A. Trade Investments	-	-
B. Other Investments - Long Term Unquoted, fully paid up In Equity Shares of Subsidiary Companies		
Wholly owned subsidiary - Asian Star Co.Ltd., USA 5 (5) Shares of US\$ 1,00,000 each.	178.75	178.75
Wholly owned subsidiary - Asian Star DMCC 200 (200) Shares of AED 1,000 each	12.01	12.01
Wholly owned subsidiary - Asian Star Jewels Pvt Ltd 10,00,000 (10,00,000) Shares of Rs. 10 each.	100.00	100.00
Wholly owned subsidiary - Asian Star Trading (Hong Kong) Ltd 10,000 (10,000) Shares of HK\$ 100 each.	57.40	57.40
Total	348.16	348.16

12. LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Capital Advances	597.38	382.41
Security Deposits	231.14	220.58
Loans and advances to Related Parties (Loan to Subsidiary Company)	571.41	381.41
Total	1,399.93	984.40

13. OTHER NON CURRENT ASSETS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Advance Tax	3,399.69	3,399.66
Deposits With Others	44.29	38.98
Total	3,443.98	3,438.64

14. CURRENT INVESTMENTS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Investments in Equity				
Quoted, fully paid up				
Classic Diamonds (India) Ltd. 5,000 (5,000) Shares of Rs. 2 each	4.69		4.69	
Flawless Diamond (India) Ltd. 100 (100) Shares of Rs. 1 each	0.01		0.01	
Gitanjali Gems Ltd. 1,000 (1,000) Shares of Rs. 10 each	2.20		2.20	
Golddium International Ltd. 1,000 (1,000) Shares of Rs. 10 each	0.97		0.97	
Golkunda Diamond & Jewellery Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Parekh Platinum Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Rajesh Exports Ltd. 600 (600) Shares of Rs. 1 each	0.52		0.52	
S.B. & T International Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Shantivijay Jewels Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Shrenuj & Co. Ltd. 1,000 (1,000) Shares of Rs. 2 each	0.45		0.45	
Windsome Diamonds & Jewellery Ltd. 1,000 (1,000) Shares of Rs. 10 each	0.56		0.56	
Vaibhav Global Ltd. 10 (10) Shares of Rs. 10 each	0.03		0.03	
Zodia JRD MKJ Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Va-Tech Wabag Ltd. 565 (565) Shares of Rs. 2 each	2.95		2.95	
P.C.Jewellers Ltd. 1,104 (Nil) Shares of Rs. 10 each	1.49		-	
Tribhovandas Bhimji Zaveri Ltd. 2,46,064 (Nil) Shares of Rs. 10 each	295.28		-	
A		309.20		12.43
Investments in Mutual Fund				
Quoted, fully paid up				
JM Basic Fund - Growth Option 44,992 (44,992) units of Rs. 10 each	6.20		6.20	
JM Basic Fund - Dividend Option 84,555 (84,555) units of Rs. 10 each	25.00		25.00	
JP Morgan India Equity Fund Nil (1,76,267) units of Rs. 10 each	-		25.00	
Reliance Diversified Power Sector Fund 47,975 (47,975) units of Rs. 10 each	25.00		25.00	
Reliance Media & Entertainment Fund Nil (63,081) units of Rs. 10 each	-		25.00	
Reliance Vision Fund 39,708 (39,708) units of Rs. 10 each	25.00		25.00	
B		81.20		131.20
Total A+B		390.40		143.63
Less:- Adjustment to carrying amount of Investments		-		(54.52)
Total		390.40		89.11
Aggregate amount of quoted investments		390.40		143.63
Market Value of quoted investments		610.67		89.11
Basis of Valuation - at cost or market value whichever is lower				

15. INVENTORIES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31,2013	AS AT MARCH 31,2012
Raw Materials	24,039.66	23,444.53
Work-in-Progress	1,843.08	1,633.18
Finished Goods & Stock-in-Trade	25,592.47	16,444.95
Consumables	13.71	14.23
(As verified, valued and certified by a Director)		
Total	51,488.92	41,536.89

16. TRADE RECEIVABLES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Unsecured				
Over six months from due date				
Considered Good	345.27		326.56	
Considered Doubtful	-		-	
	345.27		326.56	
Less: Provision for doubtful debts	-		-	
		345.27		326.56
Others				
Considered Good		60,564.73		46,276.59
Total		60,910.00		46,603.15

17. CASH AND BANK BALANCES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31,2013	AS AT MARCH 31,2012
Balances with Banks	3,008.33	1,414.67
Fixed Deposits with Banks	8,265.06	7,475.48
Cash on hand	22.86	17.83
Total	11,296.25	8,907.98

Balance with banks include unclaimed dividend of Rs. 0.33 lacs (Previous Year Rs. 0.25 lacs).

Fixed Deposits with banks include deposits of Rs. 345.33 lacs (Previous Year Rs. 1,057.78 lacs) with maturity of more than 12 months.

Fixed Deposits with banks includes deposits of Rs. 488.88 lacs (Previous Year Rs. 450.00 lacs) kept under lien with the bank as security for bank facilities obtained by a subsidiary company.

18. SHORT TERM LOANS AND ADVANCES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31,2013	AS AT MARCH 31,2012
Loans & Advances		
Unsecured, considered good	2,990.25	6,302.33
Total	2,990.25	6,302.33

19. OTHER CURRENT ASSETS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31,2013	AS AT MARCH 31,2012
Advance Tax	2,584.43	1,205.51
Total	2,584.43	1,205.51

20. REVENUE FROM OPERATIONS

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Sale of Products	211,934.58	152,858.29
Sale of Services	103.72	50.57
Total	212,038.30	152,908.86

20.1 PARTICULARS OF THE SALE OF PRODUCTS

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Diamond	177,874.59	127,287.64
Jewellery	33,257.85	24,872.33
Power - Windmill	802.14	698.32
Total	211,934.58	152,858.29

21. OTHER INCOME

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Dividend Income	2.13	3.00
Net gain/(loss) on sale of Investments	49.90	(18.79)
Provision for Diminution in value of Investments Written Back	54.52	11.97
Miscellaneous Receipts	2.48	1.51
Total	109.03	(2.31)

22. COST OF MATERIALS CONSUMED

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Stock at the Commencement	23,444.53	19,732.69
Purchases during the year	186,392.16	139,816.77
	209,836.69	159,549.46
Less : Stock at the Close	24,039.66	23,444.53
Total	185,797.03	136,104.93

22.1 COST OF MATERIALS CONSUMED

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Rough Diamonds	169,339.71	126,389.38
Others	16,457.32	9,715.54
Total	185,797.03	136,104.92

23. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, FINISHED GOODS & STOCK-IN-TRADE

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Variation in Stock of Work-in-Progress		
Stock at the Commencement	1,633.18	2,184.94
Less: Stock at the Close	1,843.08	1,633.18
A	(209.90)	551.76
Variation in Stock of Finished Goods		
Stock at the Commencement	16,320.45	10,603.33
Less: Stock at the Close	25,592.47	16,320.45
B	(9,272.02)	(5,717.12)
Variation in Stock of Stock-in-Trade		
Stock at the Commencement	124.50	42.82
Less: Stock at the Close	-	124.50
C	124.50	(81.68)
Total	(9,357.42)	(5,247.04)

24. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Salary & Bonus	1,620.70	1,323.31
Director's Remuneration	186.00	136.50
Wages	297.55	299.54
Gratuity	103.70	89.78
Ex Gratia & Leave Encashment	51.06	99.66
Labour Welfare Fund Expenses	0.52	0.53
Contribution to Provident Fund	86.17	79.56
Group Insurance	55.89	53.97
Contribution to E.S.I.C.	27.61	29.37
Staff Welfare Expenses	9.65	7.22
Total	2,438.85	2,119.44

25. FINANCE COSTS

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Interest Expense	1,810.11	1,040.49
Other Borrowing Costs	225.01	332.22
Total	2,035.12	1,372.71

26. OTHER EXPENSES

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Manufacturing Expenses		
Processing Expenses	13,605.09	7,846.72
Electricity, Power & Fuel	371.66	288.50
Consumables	300.91	206.71
Factory Expenses	35.28	33.30
	14,312.94	8,375.23
Administrative / Selling & Distribution Expenses		
Bank Comission & Charges	151.74	165.40
Electrical Charges	146.19	90.43
Telephone, Internet and Fax Charges	64.87	61.41
Local Travelling and Conveyance	53.91	42.85
Legal & Professional fees	93.96	82.62
Audit Fees	5.04	5.04
Printing & Stationery	37.65	33.26
Repairs & Maintenance (Other)	82.10	78.50
Repairs & Maintenance (Building)	1.17	4.24
Repairs & Maintenance (Plant & Machinery)	75.17	66.09
Repairs & Maintenance (Windmill)	171.82	159.21
Postage and Courier	41.25	33.33
Provision for Doubtful Debt Written back	-	(18.81)
Motor Car Expenses	35.96	35.89
Insurance Premium	176.87	144.82
Rent & Compensation	119.39	118.60
Donation	48.15	105.41
Stamp duty on Bonus shares	22.03	-
Office Canteen Expenses	91.93	83.00
Office Expenses	14.60	19.13
Director's Sitting Fees	1.67	1.12
Sundry Expenses	62.75	42.57
Security Charges	63.64	47.69
Registration & Filing Charges	3.15	0.73
Wealth Tax	1.41	1.40
Membership and Subscription	12.85	88.95
Advertisement	62.27	67.11
Sales Expenses	61.45	63.31
Entertainment Expenses	33.15	20.65
Foreign Travelling	100.78	101.26
Commission on Sales	210.03	202.48
Re-Assortment Charges	26.25	49.41
Freight & Clearing Charges	142.30	120.06
Agency Charges	15.63	12.19
E.C.G.C. Premium	120.19	81.33
Diamond Grading Charges	188.44	219.91
Packing Expenses	21.87	20.99
	2,561.63	2,451.58
Total	16,874.57	10,826.81

27. EXCEPTIONAL ITEMS INCOME / (LOSS)

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Net gain/(loss) on sale of Fixed Assets	151.69	(1.83)
Total	151.69	(1.83)

28. Surplus / (Deficit) on account of exchange difference on outstanding forward exchange contracts to be recognised in profit and loss account of subsequent accounting period aggregate to Rs. 4.83 crore (For F.Y. 2011-12 it was Rs 7.74 crore).

29. Derivatives Instrument:

- a) Derivative contracts entered into by the Company and outstanding as on 31st March, 2013.
- i) For hedging currency related risk:
Forward / option contracts (net) for purchase entered into by the company and outstanding as on 31st March, 2013 amount to Rs. 1,154.41 crore (for F.Y.2011-12 forward / option contracts (net) for Sales was Rs. 2,321.73 crore).
- ii) For Hedging commodity related risk:
Forward contracts for Gold entered into by the company and outstanding as on 31st March, 2013 covers 82 Kgs. (For F.Y.2011-2012 it was 82 Kgs.).
- b) Foreign currency exposure that is not hedged by the derivative instruments as on 31st March, 2013, amount to Rs. Nil. (For F.Y.2011-12 it was Rs. NIL).

30. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the information available with the Company are as under:

(Rs. in Lacs)

SR. NO.	PARTICULARS	AS AT	AS AT
		31ST MARCH, 2013	31ST MARCH, 2012
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

31. The Company has given guarantee of Rs. 138.78 crore (previous year Rs. 132.31 crore) to Banks for facilities availed by its subsidiary companies. The company has disputed income tax liability of Rs. 36.39 crore (previous year Nil) and disputed service tax liability of Rs. 4.46 crore (previous year Nil).

32. Related Party Disclosure for the year ended 31st March, 2013

(Rs. in Lacs)

(A) Particulars of Enterprises controlled by the Company Name of Related Party Asian Star Co. Ltd. (U.S.A.) Asian Star DMCC Asian Star Jewels Pvt. Ltd. Asian Star Trading (Hong kong) Ltd	Relationship Subsidiary Subsidiary Subsidiary Subsidiary
(B) Particulars of Key Management Personnel Name of Related Party Dinesh T. Shah Vipul P. Shah Dharmesh D. Shah Arvind T. Shah Priyanshu A. Shah	Relationship Chairman CEO & Managing Director CFO & Jt. Managing Director Executive Director Executive Director
(C) Particulars of Enterprises Under Common control of the Key Management Personnel Jewel Art Asian Star Diamonds International Pvt. Ltd. Shah Manufacturers Rahil Agencies A*Star Exports Shah Enterprises	
(D) Particulars of Transactions with Parties Referred to in (A) above Sale of Polished Diamonds Amount Outstanding Shown under Sundry Debtors Investment in Subsidiary Loan Given to Subsidiary (Net) Amount of loan outstanding from subsidiary Sale of Rubber Mould Sale of Colour Stone, Diamond	14,174.23 7,218.99 348.16 190.00 571.41 3.36 3.79
(E) Particulars of Transactions with Parties Referred to in (B) above Directors' Remuneration Rent Paid Amount Outstanding shown under Deposits for Office Premises Unsecured Loan Repaid - (net) Amount Outstanding shown under Unsecured loans from Directors	186.00 3.60 110.00 1,129.95 4,187.05
(F) Particulars of Transactions with Parties Referred to in (C) above Rent Payment Contract for Processing of Diamonds to Shah Manufacturers Amount Outstanding shown under Creditors for Processing Sale of Polished Diamonds Sale of Alloy	2.40 4,415.52 13.71 4.15 0.87

33. During the year, Company has recognised the following amounts in the financial statements:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expenses for the year are as under:

(Rs. in Lacs)

PARTICULARS	Amount
Employers Contribution to Provident Fund & Family Pension Fund	86.17
Employers Contribution to Employees State Insurance Scheme	27.61
Employers Contribution to Labour Welfare Fund	0.52

b) Defined Benefit Plan:

Defined benefits plan as per actuarial valuation as on 31st March, 2013 and recognised in the financial statement in respect of Employee Benefits Scheme:

(Rs. in Lacs)	
Disclosure under AS 15 (Revised) Employee Benefits	Gratuity (Funded)
I) Change in defined benefits obligation as at 31st March, 2013	
a) Present value of the obligation as at the beginning of the year	386.65
b) Current Service Cost	40.83
c) Interest Cost	32.87
d) Benefit Paid	(28.35)
e) Actuarial (gain)/Loss on obligation	51.39
f) Present value of obligation as at the end of the year	483.39
II) Change in fair value of plan assets	
a) Present value of the plan assets at the beginning of the year	225.02
b) Expected return on plan Assets	19.35
c) Contribution	47.16
d) Benefit Paid	(28.35)
e) Actuarial gain/(loss) on plan assets	2.03
f) Present value of plan asset at the end of the year	265.22
g) Actual return on plan assets	21.39
III) Component of Employee Cost recognised in Profit & Loss Account	
a) Interest Cost	32.87
b) Current Service Cost	40.83
c) Expected return on plan Assets	(19.35)
d) Actuarial (gain)/loss	49.35
e) Expenses recognised in Profit and Loss A/c	103.70
IV) Reconciliation of Present value of obligation and fair value of Plan Assets	
a) Present value of obligation at the end of the year	483.39
b) Fair Value of Plan Assets at the end of the year	265.22
c) Difference	(218.17)
d) Amount recognised in the Balance Sheet	(218.17)
V) Actuarial Assumptions	
a) Discount Rate	8.25%
b) Expected rate of return on assets	8.70%
c) Future salary escalation	5.00%
d) Attrition rate	2.00%

34. SEGMENT WISE REPORTING REVENUE, RESULT AND CAPITAL EMPLOYED

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
1. Segment – Revenue		
Diamond	193,578.02	138,061.99
Jewellery	33,361.57	24,922.89
Others	911.17	714.80
Total	227,850.76	163,699.68
Less: Inter Segment Revenue / Transfer	15,703.43	10,793.13
Net Sales / Revenue	212,147.33	152,906.55
2. Segment Results		
Profit/(Loss) before Tax and Interest from each segment		
Diamond	5,278.97	4,166.40
Jewellery	1,459.36	884.63
Others	362.60	166.08
Total	7,100.93	5,217.11
Less:		
i) Interest	2,035.12	1,372.71
ii) Exceptional Item (Gain) / Loss	(151.69)	1.83
iii) Other un – allocable expenses	-	-
Total Profit Before Tax	5,217.50	3,842.57
3. Capital Employed		
Diamond	31,786.74	29,753.60
Jewellery	4,645.25	3,309.86
Other	6,219.68	6,205.95
Unallocated net assets	-	-
Total Capital Employed	42,651.67	39,269.41

The Company now recognises two reportable business segments viz. cut and polished diamonds and jewellery. The business which is not reportable during the year has been grouped under 'Others' Segment, this comprises wind energy generation.

SECONDARY SEGMENT

Details as per Geographic Region

(Rs. in Lacs)

Region	Region wise Sales & Services	Direct Segment Assets (Debtors)
1. Exports		
Asia	94,737.58	26,810.34
USA	22,227.72	10,204.52
Europe	26,096.95	6,106.71
Others	3,590.22	325.98
2. Local	65,385.83	17,462.45
Total	212,038.30	60,910.00

Segment Reporting and Related Information requires that an enterprise report a measure of total assets for each reportable segment. The fixed assets and inventories used in the company's business are not identifiable to any particular reportable segment and can be used interchangeably among geographical segments. Consequently, management believes that it is not practical to provide segment disclosures relating to total assets since a realistic analysis among the various geographic segments is not possible. Therefore, information has been restricted to direct debtors of each geographical segment.

35. EARNING PER SHARE:

PARTICULARS	2012-2013	2011-2012
Profit After Tax (Rs. in Lacs)	3,756.18	2,663.58
Number Of Equity Shares	1,60,06,800	1,60,06,800
Nominal Value Per Equity Share (Rs.)	10	10
Earning Per Share(Basic) (Rs.)	23.47	16.64

The Company have issued 53,35,600 new fully paid up equity shares of Rs. 10/- each as bonus shares on 23.07.2012 by capitalising sum of Rs. 533.56 lacs out of 'Capital Redemption Reserve Account' in the proportion of 1 equity bonus share of the Company for every 2 equity fully paid up shares of Rs. 10/- each. Accordingly, Basic and Diluted Earnings Per share (EPS) have been re-stated for corresponding period to give effect to the said issue of Bonus shares in accordance with Accounting Standards (AS) 20 - "Earnings Per share" notified under under Section 211 (3C) of the Companies Act, 1956.

(Rs. in Lacs)

SR. NO.	PARTICULARS	2012-2013	2011-2012
36	Value of imported and indigenous consumption - Raw Material		
	• Imported Raw material	90,963.48 48.96%	80,488.77 59.14%
	• Indigenous Raw material	94,833.55 51.04%	55,616.16 40.86%
	Total	185,797.03	136,104.93
37	Interest Charged to Profit & Loss account is net of Interest received	774.58	680.32
38	Value of Import on CIF Basis - Raw Materials	89,764.99	87,984.38
39	Expenditure in Foreign Currency		
	Foreign Traveling	12.42	16.22
	Consumables	143.25	60.85
	Repairs & Maintenance	1.69	-
	Donation	-	12.32
40	Earning in Foreign exchanges FOB value of Exports	139,269.30	116,553.69
41	Gain / Loss on Exchange Fluctuation as recognised in statement of profit and loss (net)	11,318.65	4,468.37
42	Breakup of remuneration paid to Managing/ Wholtime Directors		
	a. Salary	186.00	136.50
	b. Contribution to Provident & other Fund	0.19	0.19
	The Company has been advised that the computation of net profit pursuant to section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to directors.		
43	Auditors Remuneration		
	Statutory Audit	5.04	5.04
	Certification Fees	0.56	1.11
	Others	0.55	-
	Total	6.15	6.15

44. The figures of previous year have been regrouped / reclassified wherever necessary and possible so as to confirm with the figures of the current year.

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155

Place : Mumbai
Dated : May 30, 2013

SANGEETHA NILESH
Company Secretary

Place : Mumbai
Dated : May 30, 2013

DINESH T. SHAH
Chairman

Place : Mumbai
Dated : May 30, 2013

ARVIND T. SHAH
Executive Director

Place : Mumbai
Dated : May 30, 2013

VIPUL P. SHAH
CEO & Managing Director

Place : Mumbai
Dated : June 6, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY

A.	Name of the Subsidiary Company	Asian Star Company Limited (New York)	Asian Star DMCC. (Dubai) (Formerly known as Inter Gems DMCC)	Asian Star Jewels Private Limited	Asian Star Trading (Hong Kong) Limited
B.	Date from which it became subsidiary	September 27, 1996	February 20, 2008	December 16, 2008	May 02, 2011
C.	Number of Shares held by Asian Star Company Limited with its nominee in the subsidiary as at 31/3/2013	5 Equity Shares of US \$100,000 each fully paid	200 Equity Shares of AED 1,000 each fully paid	10,00,000 Equity Shares of Rs.10 each fully paid	10,000 Equity Shares of HK \$100 each fully paid
D.	Extent of interest of Holding Company in the subsidiary as at 31/03/2013	100%	100%	100%	100%
E.	Net aggregate amount of profits/ (losses) of the Subsidiary Company as far as it concerns the members of the Company				
	a. Dealt with in the Company's account				
	I. for the financial year of the subsidiary	Nil	Nil	Nil	Nil
	II. for the previous year of the subsidiary since it become the subsidiary of the Company	US \$ 100,000 (Rs. 54.39 lacs)	Nil	Nil	Nil
	b. Not dealt with in the Company's account				
	I. for the financial year of the subsidiary	US \$ 40,017 (Rs. 21.76 lacs)	US \$ 10,81,038 (Rs. 587.97 lacs)	Rs. 380.17 lacs	US \$ 57,787 (Rs. 31.43 lacs)
	II. for the previous years of the subsidiary since it became the subsidiary of the Company	US \$ 1,16,021 (Rs. 63.10 lacs)	US \$ 57,99,624 (Rs. 3,141.37 lacs)	Rs. 316.50 lacs	US \$ 25,960 (Rs. 13.28 lacs)

Note: Converted at the rate of exchange US\$ 1= Rs. 54.3893 prevailing on 31/03/2013.

For and on behalf of the Board

DINESH T. SHAH
Chairman
Place : Mumbai
Dated: May 30, 2013

ARVIND T. SHAH
Executive Director
Place : Mumbai
Dated: May 30, 2013

VIPUL P. SHAH
CEO & Managing Director
Place : Mumbai
Dated: June 6, 2013

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of
Asian Star Company Limited

We have examined the accompanying consolidated financial statements of ASIAN STAR COMPANY LIMITED, (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the Financial Statements of the subsidiaries as noted below, the consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2013,
- ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date, and
- iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the Financial Statements of certain subsidiaries whose financial statements reflect total assets (net) of Rs. 14,513.91 lacs as at March 31, 2013, total revenues of Rs. 38,480.28 lacs and net cash flows of Rs. 2,762.85 lacs for the year ended on that date. These Financial Statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

We report that the consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Our opinion is not qualified in respect of other matter.

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo: 112787W

JINESH J. SHAH
Partner
Membership No: 111155

Place : Mumbai
Date : May 30, 2013

ASIAN STAR COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(Rs. in Lacs)

PARTICULARS	NOTE	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1,600.68		1,067.12	
Reserves and Surplus	2	45,594.52		41,543.79	
			47,195.20		42,610.91
Non-Current Liabilities					
Long Term Borrowings	3	4,391.30		5,484.53	
Deferred Tax Liabilities (Net)	4	2,463.93		2,502.80	
Long Term Provisions	5	4,806.46		3,522.82	
			11,661.69		11,510.15
Current Liabilities					
Short Term Borrowings	6	77,822.77		60,196.72	
Trade Payables	7	20,657.23		27,173.73	
Other Current Liabilities	8	6,486.82		594.41	
Short Term Provisions	9	1,793.68		1,478.03	
			1,06,760.50		89,442.89
TOTAL			1,65,617.39		1,43,563.95
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	10	15,500.48		15,451.14	
Capital Work-in-Progress		1,728.11		230.83	
			17,228.59		15,681.97
Long-Term Loans and Advances	11	836.77		613.45	
Other Non-Current Assets	12	3,456.68		3,464.23	
			21,522.04		19,759.65
Current Assets					
Current Investments	13	390.40		89.11	
Inventories	14	55,819.36		45,264.00	
Trade Receivables	15	65,149.12		59,814.82	
Cash and Cash Equivalents	16	15,402.93		10,412.85	
Short-Term Loans and Advances	17	4,485.63		6,893.11	
Other Current Assets	18	2,847.91		1,330.41	
			1,44,095.35		1,23,804.30
TOTAL			1,65,617.39		1,43,563.95
Significant Accounting Policies					
Notes on Financial Statements	1 to 34				

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155

Place : Mumbai
Dated : May 30, 2013

SANGEETHA NILESH
Company Secretary

Place : Mumbai
Dated : May 30, 2013

DINESH T. SHAH
Chairman

Place : Mumbai
Dated : May 30, 2013

ARVIND T. SHAH
Executive Director

Place : Mumbai
Dated : May 30, 2013

VIPUL P. SHAH
CEO & Managing Director

Place : Mumbai
Dated : June 6, 2013

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Rs. in Lacs)

PARTICULARS	NOTE	2012-2013		2011-2012	
Revenue From Operations	19	2,46,221.41		1,83,540.12	
Other Income	20	154.77		(1.18)	
Total Revenue			2,46,376.18		1,83,538.94
EXPENSES					
Cost of Materials Consumed	21	1,90,089.64		1,38,786.95	
Purchases of Stock-in-Trade		36,241.88		29,621.27	
Changes In Inventories Of Work-in-Progress, Finished Goods & Stock-in-Trade	22	(9,737.45)		(6,661.58)	
Employee Benefits Expense	23	2,938.56		2,572.15	
Finance Costs	24	2,209.78		1,501.06	
Depreciation and Amortization Expense		905.51		849.57	
Other Expenses	25	17,632.91		11,542.72	
Total Expenses			2,40,280.83		1,78,212.14
Profit Before Exceptional Items & Tax			6,095.35		5,326.80
Exceptional Items Income/(Loss)	26		151.69		(1.83)
Profit Before Tax			6,247.04		5,324.97
Tax Expense					
Current Tax			1,509.34		1,233.58
Deferred Tax			(38.89)		(48.11)
Profit After Tax			4,776.59		4,139.50
Earnings Per Equity Share:					
Basic and Diluted (In Rs.)			29.84		25.87
Significant Accounting Policies					
Notes on Financial Statements	1 to 34				

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH Partner Membership No. 111155 Place : Mumbai Dated : May 30, 2013	SANGEETHA NILESH Company Secretary Place : Mumbai Dated : May 30, 2013	DINESH T. SHAH Chairman Place : Mumbai Dated : May 30, 2013	ARVIND T. SHAH Executive Director Place : Mumbai Dated : May 30, 2013	VIPUL P. SHAH CEO & Managing Director Place : Mumbai Dated : June 6, 2013
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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extraordinary Items	6,247.04	5,324.97
Adjustment for		
Depreciation	905.51	849.57
Preliminary Expenses	0.24	0.29
Finance Costs	2,209.78	1,501.05
Unrealised Foreign Exchange (Gain) / Loss	358.88	793.80
Dividend Received	(2.13)	(3.00)
(Profit)/Loss on Sale of Fixed Assets	(151.69)	1.83
(Profit)/Loss on Sale of Investments	(49.90)	18.81
Diminution in value of Investment Written off / (Written back)	(54.52)	(11.96)
Provision for Doubtful debts Written back	-	(18.81)
Wealth Tax	1.41	1.40
Operating Profit Before Working Capital Changes	9,464.62	8,457.94
Adjustment for		
Receivables	(5,183.49)	(7,857.65)
Inventories	(10,555.37)	(10,586.81)
Loans & Advances	3,236.18	(892.96)
Current Liabilities	(700.85)	16,424.28
Cash generated from / (used in) Operations	(3,738.91)	5,544.80
Taxation	(2,592.03)	(1,419.31)
Cash flow Before Extraordinary Items	(6,330.94)	4,125.49
Net cash from / (used in) Operating Activities	(6,330.94)	4,125.49
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Includes Capital Work in Progress)	(2,487.48)	(831.59)
Sale of Fixed Assets	187.04	0.88
Purchase / Increase of Investments	(296.77)	(6.20)
Dividend Received	2.13	3.00
Sale/Decrease of Investments	99.90	6.20
Net Cash from / (used in) Investing Activities	(2,495.18)	(827.71)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	(1,093.22)	(1,523.34)
Short Term Borrowings	17,192.13	441.09
Finance Costs	(2,209.78)	(1,501.05)
Dividend Paid	(240.10)	(213.42)
Tax on Dividend	(38.95)	(34.62)
Net cash from / (used in) Financing Activities	13,610.08	(2,831.34)
Increase / (Decrease) in Translation of Consolidation	206.12	149.74
Net increase / (decrease) in Cash & Cash Equivalents	4,990.08	616.18
Cash & Cash Equivalents as at 1st April (Opening)	10,412.85	9,796.67
Cash & Cash Equivalents as at 31st March (Closing)	15,402.93	10,412.85

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH Partner Membership No. 111155 Place : Mumbai Dated : May 30, 2013	SANGEETHA NILESH Company Secretary Place : Mumbai Dated : May 30, 2013	DINESH T. SHAH Chairman Place : Mumbai Dated : May 30, 2013	ARVIND T. SHAH Executive Director Place : Mumbai Dated : May 30, 2013	VIPUL P. SHAH CEO & Managing Director Place : Mumbai Dated : June 6, 2013
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SIGNIFICANT ACCOUNTING POLICIES

A. Basis for Preparation of Financial Statements

The financial statements have been prepared using mercantile system of accounting under the historical cost convention. It recognises significant items of income and expenditure on accrual basis. The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the provisions of the Companies act, 1956.

B. Sales

Income from the sale of diamond / jewellery is recognised when the sale has been completed with the passing of the title. Income from sale of wind energy is recognised on its transmission and delivery. Sales includes sale of goods and services and gain / loss on exchange fluctuations.

C. Other Income

Interest

Interest income is recognised on accrual basis.

Income from Investments

Income from investment is accounted in the year in which the unconditional right to receive such income is established.

D. Depreciation

Depreciation on fixed assets has been provided at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 on straight line basis. Depreciation of Asian Star Co. Ltd., New York and Asian Star DMCC, Dubai has been provided on Straight Line Basis.

E. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which the asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

F. Foreign Currency Transactions

F.1 Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

F.2 Monetary items denominated in foreign currencies at the year-end are translated at year-end exchange rate and resultant exchange differences are recognised in the profit and loss account.

F.3 The company enters into forward / option contracts for hedging purpose. In case of forward contracts, the difference between the year end rate and rate on the date of contract is recognised as exchange difference. The proportionate difference between the forward rate and the exchange rate on the date of transaction is recognised over the life of the contract. In case of option contracts, the premium paid and gain / loss are recognised as exchange difference on the date of settlement of the contract. Mark to market loss, if any, is recognised as exchange difference at the year end.

F.4 Non monetary foreign currency items are carried at cost.

F.5 Any income or expense on account of exchange difference either on settlement or on translation is adjusted to the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

G. Fixed Assets

Cost of Fixed Assets comprises of purchase price, duties, levies and any cost directly attributable to bringing the asset to its working condition for the intended use. Fixed Assets are stated at cost less accumulated depreciation.

H. Capital Work in Progress

Capital work in progress comprises of cost of acquisition of assets, duties, levies and any cost directly attributable to bringing the asset to its working condition for the intended use. Expenditure incurred on project under implementation is treated as incidental expenditure incurred during construction period and is pending allocation to the assets which will be allocated / apportioned on completion of the project.

I. Borrowing Costs

All borrowing costs, which are of revenue nature, are charged to Profit and Loss Account.

J. Investment

J.1 Long term investments are valued at cost. Provision for diminution in value is made only if such diminution is otherwise than temporary in the opinion of the management.

J.2 Current Investments -Quoted are valued at cost or market value, whichever is lower.

K. Inventories

K.1 Stock of raw materials is stated at weighted average cost or net realisable value whichever is lower except for Stock of platinum, colour stones and gold mounting at Asian Star Jewels Pvt. Ltd is valued at average cost. Stock of polished diamonds (for jewellery operations) is valued at technically evaluated cost or net realisable value whichever is lower. Specific items of cost are allocated and assigned to inventory wherever practicable.

K.2 Work in Process and Finished goods are valued at technically evaluated cost or estimated net realisable value, whichever is lower. Cost includes cost of material and related conversion cost. In view of the nature of variation in the values of individual diamonds and the differential in their processing costs, it is not practicable to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the numerous grades, it is not practicable to use specific costs. The method of valuation is therefore in compliance with "AS2" issued by the Institute of Chartered Accountants of India to the extent practicable.

K.3 Consumables are valued at average cost.

L. Employee Benefits

L1. Short term Employee benefit

Short term employee benefits are recognised in the period during which the service has been rendered.

L2. Long Term Employee Benefit

a) Provident Fund Act, Family Pension Fund & Employees State Insurance Scheme.

As per provident fund Act, 1952 all employees of the Asian Star Company Limited and Asian Star Jewels Private Limited are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by the Government of India. In addition some employees of the company are covered under Employees State Insurance Scheme Act, 1948, which are also defined contribution Schemes recognised and administered by Government of India.

The company's contributions to these schemes are recognised as expense in Profit and Loss account during the period in which the employee renders the related services. These companies has no further obligation under these plan beyond its monthly contributions.

b) Asian Star Company Limited provides for gratuity obligation through a Defined Benefit Retirement Plan ('The Gratuity Plan') covering it's employees. The present value of the obligation under such Defined plan is determined based on actuarial valuation. Actuarial gains and losses are recognised in Profit & Loss Account as and when determined. The company makes annual contribution to LIC for the Gratuity plan in respect of employees.

M. Taxation

Current Tax is determined as the amount of tax payable in respect of taxable income for the year after considering various reliefs admissible under provisions of the Income Tax Act, 1961. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax asset arising from timing difference are recognised to the extent that there is virtual certainty that sufficient future taxable income will be available.

N. Preliminary Expenses

Preliminary expenses and expenses incurred on the issue of shares are amortized over a period of five years, from the year in which the company starts its operations.

O. Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

- P. (i) In order to comply with Accounting Standard 21 issued by Institute of Chartered Accountants of India, the Company has prepared the accompanying consolidated financial statements, which include the financial statements of the Company along with its subsidiaries. Details of subsidiaries are as under:

Name of Subsidiary	Country of Incorporation	Percentage of ownership (Previous Year)
1) Asian Star Co. Ltd.	USA	100 (100)
2) Asian Star DMCC (Formerly known as Inter Gems DMCC)	UAE	100 (100)
3) Asian Star Jewels Pvt. Ltd.	India	100 (100)
4) Asian Star Trading (Hong Kong) Ltd.	Hong Kong	100 (100)

- (ii) The consolidated financial statements of the group have been based on a line by line consolidation of Profit & Loss Account and Balance Sheet of the Company and its subsidiaries.
- (iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as goodwill or Capital Reserve as the case may be.
- (iv) The effects of inter-company transactions between consolidated companies are eliminated in consolidation.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. SHARE CAPITAL

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Authorised 2,50,00,000 (1,50,00,000) Equity Shares of Rs. 10 each 4,00,00,000 (5,00,00,000) Redeemable Cumulative Preference Shares of Rs. 10 each	2,500.00 4,000.00	1,500.00 5,000.00
	6,500.00	6,500.00
Issued, Subscribed and Paid-up 1,60,06,800 (1,06,71,200) Equity Shares of Rs. 10 each (53,35,600 shares of the issued, subscribed and paid up share capital were allotted as bonus shares during the current year by capitalization of Capital Redemption Reserve)	1,600.68	1,067.12
Total	1,600.68	1,067.12

1.1 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY

NAME OF THE SHAREHOLDERS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
Vipul Prabodh Shah	40,00,050	24.99	26,66,700	24.99
Nirmala Dinesh Shah	18,00,000	11.25	12,00,000	11.25
Arvind Tarachand Shah	15,84,450	9.90	10,56,300	9.90
Priyanshu Arvind Shah	12,15,450	7.58	8,10,300	7.58
Rasila Arvind Shah	12,00,000	7.50	8,00,000	7.50
Dharmesh Dinesh Shah	12,00,000	7.50	8,00,000	7.50
Dinesh Tarachand Shah	10,00,050	6.25	6,66,700	6.25
Total	1,20,00,000	74.97	80,00,000	74.97

1.2 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Equity shares at the beginning of the year	1,06,71,200	1,06,71,200
Add: Shares issued as bonus shares	53,35,600	-
Equity shares at the end of the year	1,60,06,800	1,06,71,200

2. RESERVES & SURPLUS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Capital Reserves				
As per Last Balance Sheet		294.50		294.50
Capital Redemption Reserve				
As per Last Balance Sheet	2,520.00		2,520.00	
Less: Utilised for Bonus issue of Equity shares	533.56		-	
		1,986.44		2,520.00
General Reserves				
As per Last Balance Sheet	12,813.37		12,613.37	
Add : Transferred from Profit and Loss Account	200.00		200.00	
		13,013.37		12,813.37
Profit & Loss Account				
As per last Balance Sheet	25,828.28		22,074.82	
Add: Profit for the Year	4,776.59		4,139.50	
	30,604.87		26,214.32	
Less: Appropriations				
Transferred to General Reserve	200.00		200.00	
Proposed Dividend on Equity Shares (Dividend per Share Rs. 1.50/-) (Previous Year Dividend per Share Rs. 1.50/-)	240.10		160.07	
Tax on Dividend Proposed	40.81		25.97	
Dividend on Equity Shares (Bonus issue) paid during the year	80.03		-	
Tax on Dividend (bonus issue) paid during the year	12.98		-	
	573.92		386.04	
		30,030.95		25,828.28
Translation Reserve		269.26		87.64
Total		45,594.52		41,543.79

3. LONG TERM BORROWINGS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Unsecured Loans				
Loan from Related Party- Directors		4,391.30		5,484.53
Total		4,391.30		5,484.53

4. DEFERRED TAX LIABILITY

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Deferred tax Liability on account of:				
Depreciation (A)		2,544.65		2,582.88
Deferred tax Asset on account of:				
(i) Provision for diminution in market value of Current Investments		0.99		18.69
(ii) Provision for Doubtful Debts		7.77		7.77
(iii) Gratuity Liability		71.96		53.62
		80.72		80.08
Deferred tax Liability - Net (A-B)		2,463.93		2,502.80

5. LONG TERM PROVISIONS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Provision for Employee Benefits				
Provision for Gratuity (unfunded)		218.17		161.63
Others				
Taxation		4,588.29		3,361.19
Total		4,806.46		3,522.82

6. SHORT TERM BORROWINGS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Secured Loans				
Working Capital Loan from Banks		77,568.06		58,478.31
Secured by				
a. Fixed Deposit				
b. Hypothecation of Stock in Trade and Book Debts				
c. Hypothecation of Premises at Mumbai				
d. Guaranteed by some of the Directors in their personal capacity				
(A)		77,568.06		58,478.31
Unsecured Loans				
Loan from Others		254.71		1,718.41
(B)		254.71		1,718.41
Total (A+B)		77,822.77		60,196.72

7. TRADE PAYABLES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Creditors for Goods		15,977.72		26,131.40
Creditors for Processing		4,679.51		1,042.33
Total		20,657.23		27,173.73

8. OTHER CURRENT LIABILITIES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Interest accrued and due on borrowings		-		2.05
Unclaimed Dividend		0.34		0.25
Other Payables *		6,486.48		592.11
Total		6,486.82		594.41

* Includes statutory dues and payable for expenses / services

9. SHORT TERM PROVISIONS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Leave Encashment (funded)	7.37	64.89
Proposed Dividend	240.10	160.07
Tax On Dividend	40.81	25.97
Provision for Taxation	1,505.40	1,227.10
Total	1,793.68	1,478.03

10. FIXED ASSETS

(Rs. in Lacs)

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	As at April 1, 2012	For the Year	Deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Land	774.81	-	-	774.81	-	-	-	-	774.81	774.81
Office Premises	3,566.03	-	10.25	3,555.78	430.07	83.42	1.25	512.24	3,043.54	3,135.96
Factory Premises	1,464.38	-	12.06	1,452.32	195.27	41.92	1.67	235.52	1,216.80	1,269.11
Plant & Machinery	10,687.48	766.75	0.30	11,453.93	2,404.08	567.25	-	2,971.33	8,482.60	8,283.40
Vehicles	360.20	111.98	50.66	421.52	157.82	38.40	36.79	159.43	262.09	202.38
Furniture & Fixtures	894.84	11.54	-	906.38	270.18	58.34	-	328.52	577.86	624.66
Office Equipments	1,386.78	65.35	2.81	1,449.32	355.41	68.94	1.01	423.34	1,025.98	1,031.37
Computer	416.76	34.59	-	451.35	287.31	47.24	-	334.55	116.80	129.45
CURRENT YEAR	19,551.28	990.21	76.08	20,465.41	4,100.14	905.51	40.72	4,964.93	15,500.48	15,451.14
PREVIOUS YEAR	18,894.70	660.78	4.20	19,551.28	3,252.05	849.57	1.48	4,100.14	15,451.14	15,642.65

11. LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Capital Advances	597.38	379.91
Security Deposits	239.39	233.54
Total	836.77	613.45

12. OTHER NON CURRENT ASSETS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Advance Tax	3,399.69	3,399.66
Deposits With Others	56.05	41.12
Preliminary Expenditure	0.94	1.18
MAT Credit Entitlement	-	22.27
Total	3,456.68	3,464.23

13. CURRENT INVESTMENTS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Investments in Equity Quoted, fully paid up				
Classic Diamonds (India) Ltd. 5,000 (5,000) Shares of Rs. 2 each	4.69		4.69	
Flawless Diamond (India) Ltd. 100 (100) Shares of Rs. 1 each	0.01		0.01	
Gitanjali Gems Ltd. 1,000 (1,000) Shares of Rs. 10 each	2.20		2.20	
Golddiam International Ltd. 1,000 (1,000) Shares of Rs. 10 each	0.97		0.97	
Golkunda Diamond & Jewellery Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Parekh Platinum Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Rajesh Exports Ltd. 600 (600) Shares of Rs. 1 each	0.52		0.52	
S.B. & T International Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Shantivijay Jewels Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Shrenuj & Co. Ltd 1,000 (1,000) Shares of Rs. 2 each	0.45		0.45	
Windsome Diamonds & Jewellery Ltd. 1000 (1000) Shares of Rs. 10 each	0.56		0.56	
Vaibhav Global Ltd. 10 (10) Shares of Rs. 10 each	0.03		0.03	
Zodia JRD MKJ Ltd. 10 (10) Shares of Rs. 10 each	0.01		0.01	
Va-Tech Wabag Ltd. 565 (565) Shares of Rs. 2 each	2.95		2.95	
P.C. Jewellers Ltd. 1,104 (Nil) Shares of Rs. 10 each	1.49		-	
Tribhovandas Bhimji Zaveri Ltd. 2,46,064 (Nil) Shares of Rs. 10 each	295.28		-	
A		309.20		12.43
Investments in Mutual Fund Quoted, fully paid up				
JM Basic Fund - Growth Option 44,992 (44,992) units of Rs. 10 each	6.20		6.20	
JM Basic Fund - Dividend Option 84,555 (84,555) units of Rs. 10 each	25.00		25.00	
JP Morgan India Equity Fund Nil (1,76,267) units of Rs. 10 each	-		25.00	
Reliance Diversified Power Sector Fund 47,975 (47,975) units of Rs. 10 each	25.00		25.00	
Reliance Media & Entertainment Fund Nil (63,081) units of Rs. 10 each	-		25.00	
Reliance Vision Fund 39,708 (39,708) units of Rs. 10 each	25.00		25.00	
B		81.20		131.20
Total	A+B	390.40		143.63
Less: Adjustment to carrying amount of Investments		-		(54.52)
Total		390.40		89.11
Aggregate amount of quoted investments		390.40		143.63
Market Value of quoted investments		610.67		89.11
Basis of Valuation - at cost or market value whichever is lower				

14. INVENTORIES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Raw Materials	24,806.04	23,988.14
Work-in-Progress	2,562.70	2,258.48
Finished Goods & Stock-in-Trade	28,428.53	18,995.30
Consumables	22.09	22.08
(As verified, valued and certified by a Director)		
Total	55,819.36	45,264.00

15. TRADE RECEIVABLES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
Unsecured				
Over six months from due date				
Considered Good	517.66		427.34	
Considered Doubtful	-		-	
	517.66		427.34	
Less: Provision for Doubtful Debts	-		-	
		517.66		427.34
Others				
Considered Good		64,631.46		59,387.48
Total		65,149.12		59,814.82

16. CASH AND BANK BALANCES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Balances with Banks	7,101.40	2,917.29
Fixed Deposits with Banks	8,276.03	7,475.48
Cash on hand	25.50	20.07
Total	15,402.93	10,412.84

Balance with banks include unclaimed Dividend of Rs. 0.33 Lacs (Previous Year Rs. 0.25 Lacs).

Fixed Deposits with banks include deposits of Rs. 345.33 Lacs (Previous Year Rs. 1057.78 Lacs) with maturity of more than 12 months.

Fixed Deposits with banks includes deposits of Rs. 488.88 Lacs (Previous Year Rs. 450.00 Lacs) kept under lien with the bank as security for Bank Facilities obtained by a subsidiary company.

17. SHORT TERM LOANS AND ADVANCES

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Loans and Advances		
Unsecured, considered good	4,485.63	6,893.11
Total	4,485.63	6,893.11

18. OTHER CURRENT ASSETS

(Rs. in Lacs)

PARTICULARS	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
Advance Tax	2,675.76	1,330.41
Others	172.15	-
Total	2,847.91	1,330.41

19. REVENUE FROM OPERATIONS

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Sale of Products	2,46,117.69	1,83,469.34
Sale of Services	103.72	50.57
Other Operating Revenues	-	20.21
Total	2,46,221.41	1,83,540.12

19.1. PARTICULARS OF THE SALE OF PRODUCTS

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Diamond	2,02,189.16	1,52,366.28
Jewellery	43,126.39	30,404.74
Power- Windmill	802.14	698.32
Total	2,46,117.69	1,83,469.34

20. OTHER INCOME

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Interest Income	8.18	0.75
Dividend Income	2.13	3.00
Net gain / (loss) on Sale of Investments	49.90	(18.79)
Provision for Diminution in Value of Investment Written back	54.52	11.96
Miscellaneous Receipts	40.04	1.90
Total	154.77	(1.18)

21. COST OF MATERIALS CONSUMED

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Stock at the Commencement	23,988.14	20,067.99
Purchases during the year	1,90,907.54	1,42,707.10
	2,14,895.68	1,62,775.09
Less: Stock at the Close	24,806.04	23,988.14
Total	1,90,089.64	1,38,786.95

22. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, FINISHED GOODS & STOCK-IN-TRADE (Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Variation in Stock of Work-in-Progress		
Stock at the Commencement	2,258.48	2,569.77
Less: Stock at the Close	2,562.70	2,258.46
(A)	(304.22)	311.31
Variation in Stock of Finished Goods		
Stock at the Commencement	18,870.80	10,919.56
Less: Stock at the Close	28,428.53	18,870.80
(B)	(9,557.73)	(7,951.24)
Variation in Stock-in-Trade		
Stock at the Commencement	124.50	1,102.85
Less: Stock at the Close	-	124.50
(C)	124.50	978.35
Total	(A+B+C)	(6,661.58)

23. EMPLOYEE BENEFITS EXPENSE (Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Salary & Bonus	2,084.62	1,744.17
Director's Remuneration	186.00	136.50
Wages	297.54	299.55
Gratuity	103.71	89.79
Ex Gratia & Leave Encashment	51.05	99.66
Labour Welfare Fund Expenses	2.32	2.09
Contribution to Provident Fund	98.88	90.51
Group Insurance	59.71	50.47
Contribution to E.S.I.C.	32.01	33.83
Staff Welfare Expenses	22.72	25.58
Total	2,938.56	2,572.15

24. FINANCE COSTS (Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Interest Expense	1,950.57	1,168.85
Other borrowing costs	259.21	332.21
Total	2,209.78	1,501.06

25. OTHER EXPENSES (Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
Manufacturing Expenses		
Processing Expenses	13,609.92	7,853.08
Electricity, Power & Fuel	412.21	184.90
Consumables	365.16	251.21
Factory Expenses	49.91	185.28
	14,437.20	8,474.47
Administrative / Selling & Distribution Expenses		
Bank Comission & Charges	168.90	208.11
Electrical Charges	146.20	90.58
Telephone, Internet and Fax Charges	75.08	71.87
Local Travelling and Conveyance	72.15	54.35
Legal & Professional fees	177.26	118.24
Audit Fees	6.17	7.77
Printing & Stationery	43.44	45.07
Repairs & Maintenance (Other)	85.03	80.70
Repairs & Maintenance (Building)	1.17	4.24
Repairs & Maintenance (Plant & Machinery)	76.71	61.61
Repairs & Maintenance (Windmill)	171.82	159.21
Postage and Courier	41.89	33.78
Provision for Doubtful Debt Written back	-	(18.81)
Motor Car Expenses	35.96	35.90
Insurance Premium	239.00	185.47
Rent & Compensation	200.39	195.23
Donation	48.15	105.41
Stamp duty on Bonus shares	22.03	-
Office Canteen Expenses	91.93	83.00
Office Expenses	22.74	26.44
Director's Sitting Fees	1.67	1.12
Sundry Expenses	76.12	49.73
Security Charges	70.93	53.04
Registration & Filing Charges	9.45	2.97
Wealth Tax	1.41	1.40
Membership and Subscription	15.62	90.28
Preliminary exp written off	0.24	0.29
Exchange (Gain)/Loss on Translation	152.20	225.02
Advertisement	65.37	70.51
Sales Expenses	125.55	132.88
Entertainment Expenses	35.52	22.66
Foreign Travelling	141.87	122.11
Commission on Sales	210.18	204.93
Re-Assortment Charges	26.25	49.41
Freight & Clearing Charges	173.56	144.65
Agency Charges	17.79	13.70
E.C.G.C. Premium	129.28	90.16
Diamond Grading Charges	188.44	219.91
Packing Expenses	28.24	25.31
	3,195.71	3,068.25
Total	17,632.91	11,542.72

26. EXCEPTIONAL ITEMS INCOME / (LOSS)

(Rs. in lacs)

PARTICULARS	2012-2013	2011-2012
Net gain/(loss) on sale of Assets	151.69	(1.83)
Total	151.69	(1.83)

27. Surplus / (Deficit) on account of exchange difference on outstanding forward exchange contracts to be recognised in profit and loss account of subsequent accounting period aggregate to Rs. 493.85 lacs. (For F.Y. 2011-12 it was Rs. 780.49 lacs).

28. Derivatives Instrument:

- a) Derivative contracts entered into and outstanding as on 31st March, 2013.
- i) For hedging currency related risk:
Forward / option contracts (net) for sales entered into and outstanding as on 31st March, 2013 amount to Rs. 1,160.94 crore (for F.Y.2011-12 forward / option contracts (net) for sales was Rs. 2,343.16 crore)
- ii) For Hedging commodity related risk:
Forward contracts for Gold entered into by the company and outstanding as on 31st March, 2013 covers 82Kgs. (For F.Y.2011-12 it was 82 Kgs.).
- b) Foreign currency exposure (net) for purchases that are not hedged by the derivative instruments as on 31st March, 2013, amount to Rs. 9.91 crore (for F.Y.2011-12 it was Rs. 1.39 crore).

29. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the information available with the Company are as under

(Rs. in Lacs)

SR. NO.	PARTICULARS	AS AT	AS AT
		MARCH 31, 2013	MARCH 31, 2012
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act.	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

30. During the year, Company has recognised the following amounts in the financial statements.

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expenses for the year are as under:

(Rs. in Lacs)

PARTICULARS	Amount
Employers Contribution to Provident Fund & Family Pension Fund	98.88
Employers Contribution to Employees State Insurance Scheme	32.01
Employers Contribution to Labour Welfare Fund	0.61

b) Defined Benefit Plan:

Defined benefits plan as per actuarial valuation as on 31st March, 2013 and recognised in the financial statement in respect of Employee Benefits Scheme (excluding Asian Star Jewels Private Limited):

(Rs. in Lacs)

DISCLOSURE UNDER AS 15 (REVISED) EMPLOYEE BENEFITS:	GRATUITY (FUNDED)
I) Change in defined benefits obligation as at 31st March, 2013	
a) Present value of the obligation as beginning of the year	386.65
b) Current Service Cost	40.83
c) Interest Cost	32.87
d) Benefit Paid	(28.35)
e) Actuarial Loss on obligation	51.39
f) Present value of obligation as at end of the year	483.39
II) Change in fair value of plan assets	
a) Present value of the plan assets at the beginning of the year	225.02
b) Expected return on plan Assets	19.35
c) Contribution	47.16
d) Benefit Paid	(28.35)
e) Actuarial gain/(loss) on plan assets	2.04
f) Present value of plan asset at the end of the year	265.22
g) Actual return on plan assets	21.39
III) Component of Employee Cost recognised in Profit & Loss A/c	
a) Interest Cost	32.87
b) Current Service Cost	40.83
c) Expected return on plan Assets	(19.35)
d) Actuarial (gain) / loss	49.35
e) Expenses recognised in Profit & Loss A/c	103.70
IV) Reconciliation of Present value of obligation and fair value of Plan assets	
a) Present value of obligation at the end of the year	483.39
b) Fair Value of Plan Assets at the end of the year	265.22
c) Difference	(218.17)
d) Amount recognised in the Balance Sheet	(218.17)
V) Actuarial Assumptions	
a) Discount Rate	8.25 %
b) Expected rate of return on assets	8.70 %
c) Future salary escalation	5.00 %
d) Attrition rate	2.00 %

31. Gain / (Loss) on exchange fluctuation as recognised in statement of profit and loss (net) for F. Y. 2012-2013 is Rs. 11,318.65 lacs (For F.Y. 2011-2012 it was Rs. 4,468.37 lacs)

32. SEGMENT REPORTING

(Rs. in Lacs)

PARTICULARS	2012-2013	2011-2012
1. Segment - Revenue		
Diamond	2,17,892.59	1,63,159.41
Jewellery	43,230.11	30,455.31
Others	956.91	717.35
Total	2,62,079.61	1,94,332.07
Less: Inter Segment Revenue/ Transfer	15,703.43	10,793.13
Net Sales / Revenue	2,46,376.18	1,83,538.94
2. Segment Results		
Profit/(Loss) before Tax and Interest from each segment		
Diamond	6,013.38	5,551.91
Jewellery	1,883.41	1,117.39
Others	408.34	158.56
Total	8,305.13	6,827.86
Less:		
i) Finance Cost	2,209.78	1,501.06
ii) Exceptional Item (Gain) / Loss	(151.69)	1.83
iii) Other un – allocable expenses	-	-
Total Profit before Tax	6,247.04	5,324.97
3. Capital Employed		
Diamond	35,881.82	33,026.76
Jewellery	5,441.86	3,726.36
Others	5,871.52	5,857.79
Total Capital Employed	47,195.20	42,610.91

- (a) As per Accounting Standard on Segment Reporting (AS-17), issued by the Institute of Chartered Accountant of India, the company has reported segments information on consolidated basis including business conducted by its subsidiaries.
- (b) The Company now recognises two reportable business segments viz. cut and polished diamonds and jewellery. The business which is not reportable during the year, has been grouped under 'Others' segment, this comprises wind energy generation.

33. FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Reporting Currency	Asian Star Co. Ltd. N.Y.		Asian Star DMCC (Formally known as Inter Gems DMCC)		Asian Star Trading (Hong Kong) Ltd.		Asian Star Jewels Pvt. Ltd.
	USD	USD	USD	USD	USD	USD	Rs.
	USD (in lacs)	Rs. (in lacs)	USD (in lacs)	Rs. (in lacs)	USD (in lacs)	Rs. (in lacs)	Rs. (in lacs)
Capital	5.00	271.95	0.54	29.64	1.28	69.73	100.00
Reserves	1.56	84.54	68.57	3,593.60	0.84	45.55	696.67
Total Assets	110.91	6,032.20	90.17	4,768.50	68.27	3,713.22	7,329.70
Total Liabilities	110.91	6,032.20	90.17	4,768.50	68.27	3,713.22	7,329.70
Investments	-	-	-	-	-	-	-
Turnover/ Operating Revenue	253.98	13,849.48	424.06	23,123.57	26.80	1,461.48	9,868.79
Profit Before Taxation	0.49	26.59	10.81	589.48	0.66	35.88	380.17
Provision for Taxation	0.09	4.77	-	-	0.08	4.37	-
Profit After Taxation	0.40	21.82	10.81	589.48	0.58	31.51	380.17
Proposed Dividend	-	-	-	-	-	-	-
Country	U.S.A		U.A.E		Hong Kong		India

34. The figures of previous year have been regrouped / reclassified wherever necessary and possible so as to confirm with the figures of the current year.

As per our report of even date

FOR V. A. PARIKH & ASSOCIATES
Chartered Accountants
FRNo : 112787W

For and on behalf of the Board

JINESH J. SHAH
Partner
Membership No. 111155

Place : Mumbai
Dated : May 30, 2013

SANGEETHA NILESH
Company Secretary

Place : Mumbai
Dated : May 30, 2013

DINESH T. SHAH
Chairman

Place : Mumbai
Dated : May 30, 2013

ARVIND T. SHAH
Executive Director

Place : Mumbai
Dated : May 30, 2013

VIPUL P. SHAH
CEO & Managing Director

Place : Mumbai
Dated : June 6, 2013

CORPORATE INFORMATION

Board of Directors

Dinesh T. Shah
Chairman

Vipul P. Shah
CEO & Managing Director

Dharmesh D. Shah
CFO & Jt. Managing Director

Arvind T. Shah
Executive Director

Priyanshu A. Shah
Executive Director

Bhupendra K. Shroff
Director

K. Mohanram Pai
Director

Apurva R. Shah
Director

Hasmukh B. Gandhi
Director

Milind H. Gandhi
Director

Company Secretary

Sangeetha Nilesh

Auditors

V.A. Parikh & Associates
Chartered Accountants

Registered Office

114-C, Mittal Court,
Nariman Point,
Mumbai 400 021

Subsidiary Companies

Asian Star Company Limited
New York, U.S.A.

Asian Star DMCC
Dubai, U.A.E.

Asian Star Jewels Private Limited
Mumbai, India.

Asian Star Trading (Hong Kong) Limited
Hong Kong

Bankers

Allahabad Bank

Axis Bank

Andhra Bank

Bank of India

Bank of Baroda

Bank of Maharashtra

Canara Bank

Central Bank of India

Corporation Bank

HDFC Bank

ING Vysya Bank Ltd.

Syndicate Bank

State Bank of Patiala

Standard Chartered Bank

State Bank of Travancore

State Bank of Hyderabad

Registrar & Transfer Agents

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai - 400 072.
Tel: 4043 0200 Fax: 2847 5207.
Email: info@bigshareonline.com

FORM A

[Pursuant to the Clause 31 (a) of the Listing Agreement]

1	Name of the Company	Asian Star Company Limited
2	Annual financial statements for the year ended	31 st March, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	--
5	<u>To be signed by-</u>	
	CEO/Managing Director	<i>V.P. Jh</i>
	CFO	<i>[Signature]</i>
	Auditor of the company	<i>[Signature]</i>
	Audit Committee Chairman	<i>[Signature]</i>

