

29/09/2011

Bombay Stock Exchange Limited,  
Corporate Relations Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.

Dear Sir/ Madam,

**Sub: Chairman Speech for 17<sup>th</sup> Annual General Meeting of Asian Star Company Limited**

Please find enclosed herewith the copy of CEO & Managing Director's Message delivered by CEO & MD on behalf of the Chairman.

You are requested to take the same on records.

Thanking you,

Yours faithfully,

For **ASIAN STAR COMPANY LIMITED**

  
**COMPANY SECRETARY**

## CEO and Managing Director's Message

"As we complete 40 years, we look back with satisfaction on our achievements and our transition from a single-dimensional player in diamond cutting and polishing to a global integrated, multi-dimensional business. We feel that this is just the beginning and the best is yet to come."

Dear Shareholders,

This year, the company celebrates 40 sparkling years of a wonderful journey. It is a good time to pause and reflect on the road that we have travelled so far, on the many obstacles we have had to overcome, and the memorable milestones that we have created along this journey. It fills us with confidence, courage and determination. As we face an exciting and promising future, it inspires us to dream bigger, challenges us to dare further, and motivates us to drive faster.

**"To accomplish great things, we must dream as well as act"**

**~ Anatole France**

In 2010-11, the company continued to build on the momentum of the previous year with consistent performance in all its businesses. During the difficult phase that the entire industry had gone through in 2008, we had focused internally by streamlining our internal processes, strengthening our capabilities and competencies. We had invested ahead of the curve by further building our jewellery business. This foresight and resilience paid off in 2010-11. As economic conditions improved and consumer confidence returned, there was a remarkable improvement in demand. We were well-positioned to leverage our integrated value chain and our global presence to reap rich rewards.

During the year, the company's turnover increased to Rs. 1667cr from Rs. 1467cr in the previous year, registering a rise of 14%. Sustained efforts taken by the company to improve operational efficiencies like better inventory control, shorter time to market, better resource management, economies of scale and size impacted margins positively. For the year, profit after tax has gone up to Rs. 38cr from Rs. 30cr during the previous year, equating to a 27% improvement.

We continue to build our strengths at all points of the value-chain as we strive to move ahead to achieving higher margins. We are one of the few entities in the gems and jewellery space to have successfully scaled the entire value chain – from rough to retail.

We have expanded our jewellery manufacturing operations by 50% in Mumbai. We have also started a new jewellery manufacturing unit at Hosur in Tamil Nadu that specialises in high-end, hand-crafted jewellery. Jewellery manufacturing remains a special focus area for the company. During the year, jewellery business registered an impressive growth of 48%, increasing to Rs. 194cr from Rs. 131cr in the previous year. We are determined to drive the jewellery business aggressively and grow it substantially over the next few years. Accordingly, the company is investing in the latest manufacturing technologies and enhancing the skills of its designing and product development team to drive innovation at a faster pace. These initiatives are aimed at giving us a competitive edge in a dynamic, fashion-led, diverse industry, which caters to a highly critical, well-informed consumer who has many options available for luxury consumption.

In line with enhancing our global marketing footprint, we are continuously exploring newer, emerging markets. Traditional markets are getting mature whereas newer markets like the countries of the CIS and South-east Asia have a rapidly growing middle-class with increasing spending power and high aspiration levels. These markets present exciting opportunities in growth. The company continues to enhance its marketing network in terms of location and manpower strength to service its widespread customer base.

We have always maintained a levelled approach to growth. The company has delivered consistent growth based on stability and resilience to market conditions. The growth has been steady and gradual based on a strong and firm build-up of its core competencies, strengths and capabilities. The company continues its strategy of pursuing long-term growth and steady strides.

As we complete 40 years, we look back with satisfaction on our achievements and our transition from a single-dimensional player in diamond cutting and polishing to a global integrated, multi-dimensional business. We feel that this is just the beginning and the best is yet to come. These are exciting times and the future holds many promises and possibilities. We are eager to continue our fascinating journey into these exiting, promising times.

As the company celebrates 40 sparkling years, I would like to express my sincere gratitude to all our customers, shareholders and employees and say a humble thank you. Thank you for your trust and confidence. We assure you, we will continue to drive our dreams and vision to further greatness with absolute daring and confidence.

Thank You.