

August 4, 2010

CARE ASSIGNS 'CARE BB+' AND 'PR4+' RATINGS TO BANK FACILITIES OF M S MARKETING ENTERPRISES PVT LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	10.00	CARE BB+ (Double B Plus)	Assigned
Short-term Bank Facilities	2.10	PR4+ (PR Four Plus)	Assigned
Total Facilities	12.10		

Rating Rationale

The ratings are constrained by the small size of operations of M S Marketing Enterprises Ltd (MSME), long operating cycle, high gearing level on account of high working capital utilization, low profitability margins and exposure to a number of small dealers concentrated in Karnataka. The ratings, however, draw strength from experienced promoters and management as well as strong marketing network.

Company Profile

MSME was founded by Mr. Anil K Mehra and Mr. Subhan Sharief (first generation entrepreneurs) in April 2002 as a partnership firm called M S Distributors. In October 2003, the firm was converted to a private company.

Currently, MSME is the distributor of plumbing and sanitary ware products of eight companies for the Karnataka region. Out of the eight companies, MSME is the exclusive distributor for Prince Pipes & Fittings Pvt Ltd, Prince SWR Systems Pvt Ltd and Duravit India Pvt Ltd for the Karnataka region. The products distributed are PVC pipes & fittings, GI pipes & fittings, CP fittings, wooden flooring, valves, electrical goods and sanitary ware products.

In FY09, MSME earned a PAT of Rs.0.3 crore on a total income of Rs.31.6 crore. During FY10 (provisional), MSME registered PAT of Rs.0.4 cr on a total income of Rs.36.1 cr.

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

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

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