

July 13, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF  
THE MOBILESTORE LTD. (FOR ENHANCED AMOUNT)****Ratings Assigned**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	346.33 (enhanced from Rs.100 crore)	<b>CARE BBB- (SO) Triple B Minus (Structured Obligation)</b>	Reaffirmed

**Rating Rationale**

The rating derives strength from the unconditional and irrevocable corporate guarantee issued by TMSL's ultimate parent company, Essar Investments Ltd. (EIL) for TMSL's long-term bank facilities.

The credit risk profile of EIL is supported by its status as a holding company of Essar Group which has a total asset base of Rs.5,897 crore (as on March 31, 2009) and has a diversified presence across various sectors. The credit risk profile is however weakened by the illiquid nature of investments and substantial corporate guarantees extended towards loans raised by its subsidiaries and group companies.

**Company Profile**

TMSL is a 100% subsidiary company of Essar Retail Holding Ltd (ERHL) which is in turn a 100% subsidiary of EIL. TMSL is engaged in the retailing of mobile phones through its chain of retail outlets called "The MobileStore" across the country and as on March 31, 2009 TMSL had 1,500 retail stores. During FY09, TMSL reported net sales of Rs.1,100.59 crore and a loss of Rs.186.50 crore.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other publications of CARE.

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## About Guarantor

EIL is a holding company for various Essar group companies. EIL posted net sales of Rs.166 crore and net loss of Rs.90 crore in FY09.

EIL had a total investment of Rs.5,897 crore as on March 31, 2009 in group companies most of which are illiquid in nature and further EIL had given corporate guarantee worth Rs.16,391 crore on behalf of the group companies. However EIL had investments in quoted shares whose market value was Rs.629 crore as on March 30, 2009.

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

### Disclaimer

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