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Family Stone Seller Eyes Growth Through Housing Slump

By Jessica C. Lee

Manu Shah is tiny compared to the massive pieces of stone he sells. Sometimes he drives around his company's 20-acre Orange headquarters in a golf cart. Other times he prefers to walk.

"It just depends on whether I'm in a hurry to meet someone," Shah said as he maneuvered his cart past a forklift hoisting 1-ton crates of granite.

For a man born in a rural Indian village without running water or electricity, owning a stone wholesale and distribution business that's targeting \$240 million in sales this year is unbelievable, Shah said.

"Sometimes it doesn't feel real, especially when I look at all of this. I came to this country with nothing you know," he said.

Shah's company, MS International Inc., is one of the nation's largest wholesalers of natural stone for homes and construction.

It counts 250 workers in Orange and 450 people companywide at offices in New Jersey, Georgia, Massachusetts, Illinois, Arizona and Texas. MS International also counts several workers at its stone buying offices in India, Turkey, China and Brazil.

MS International buys stone from all over the world, including Spain and Italy. Granite, marble, slate, travertine and limestone, among other types, are imported

and then sold to big retailers such as Home Depot Inc. and Lowes Cos.

A good chunk of MS International's customers are homebuilders, construction companies, contractors and fabricators.

About 75% of MS International's stone tiles, slabs and slates are sold to homebuilders where they're used to make kitchen and bathroom countertops, floors and other fixtures.

The other quarter is for commercial construction projects, where stone is used to develop or remodel buildings such as Bhindi Jewellers in Artesia's Little India and hotels such as Las Vegas' Mandalay Bay Resort and Casino.

MS International is among a growing number of makers and sellers of products for homes that rode the housing boom of the past few years. Now the company, like others, is facing falling sales as fewer homes are being built and less people are refinancing their homes to pay for improvements.

A struggling housing market will hurt some stone sellers, said Gus Edwards, spokesman for the National Stone, Sand and Gravel Association in Virginia. But ongoing construction should keep the business growing.

"There's always going to be construction of some kind whether it's for commercial buildings or bridges," Edwards said. "Stone is just one of those go-to materials that are always used."

Shah's plan: get through the down market with only a few scratches.

"We're always preparing for slow periods and we try to plan ahead so that we continue to grow when everyone else isn't," he said.

The company keeps a lot of stone on hand in case builders, construction companies and retailers need a lot at a moment's notice, according to Shah.

At any given time, MS International has more than 900 containers and 20,000 slabs of natural stone on hand, Shah said. The selection is critical to getting business, even during slow periods, Shah said.

The business has grown in the past 20 years, as stone is being sourced in larger quantities from developing countries to satisfy demand for cheaper products, Shah said. Shah has watched the trend since he and his wife Rika Shah started MS International in 1975.

Rika Shah earlier worked as a school teacher. Manu Shah worked as an engineer after earning a mechanical engineering degree from the University of Bombay and a master's from Purdue University in Indiana.



Manu, Rika: got break supplying stone for Vietnam memorial

In the early 1970s, Shah's brother bought a quarry in India with a government grant.

At the time, the U.S. and other countries imported black granite for headstones from South Africa. The supply got cut off with anti-apartheid sanctions against South Africa.

India became the next major source, boosting the Shah family's quarry.

Starting MS International was tough, according to the Shahs. They had a hard time attracting customers and learning how to run a profitable business, they said. Their first year saw just \$4,500 in sales.

They started attracting more business by luring customers with a wide selection of affordable stone and speedy shipping, they said.

In 1982, the company won a bid to supply the black granite for the Vietnam War Memorial in Washington D.C.

The memorial helped put MS International on the map. It started supplying stone for more memorials throughout the 1980s.

Sons Raj and Rup Shah now run the business. Manu and Rika Shah are chairs.

The family business did about \$50 million in yearly sales before the brothers came on board in late 2003. They've worked to quadruple the company's revenue by opening more branches and offering more stone, Rup Shah said.

The natural stone industry is fragmented with a handful of competitors such as Georgia's Mohawk Industries Inc.

Within the next two years, MS International plans to open branches in San Francisco, Baltimore and Houston, Rup Shah said.

The company has had interest from companies looking to buy them out or take it public, the Shahs said.

The family doesn't plan to cash out, Rup Shah said.

"This is a family business. We've enjoyed what we've been doing so why change it?" he said.