Press Release

January 5, 2011

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND ASSIGNS 'PR3+' RATING TO THE PROPOSED COMMERCIAL PAPER PROGRAMME OF 20 MICRONS LTD.

Ratings

Facilities	Amount (Rs. Crore)	Ratings[1]	Remarks
Long-term Bank Facilities	88.51	**'CARE BBB' (Triple B)**	Reaffirmed
Short-term Bank Facilities	18.00	**'PR3+' (PR Three Plus)**	Reaffirmed
Long-term/Short-term Bank Facilities	2.00	**'CARE BBB'/'PR3+' (Triple B/PR Three Plus)**	Reaffirmed
Total Facilities	**108.51**		
Commercial Paper *(carved out of the sanctioned working capital facility)*	10.00	**'PR3+' (PR Three Plus)**	Assigned

Rating Rationale

The ratings continue to take into account TML's long and established track record in the micronized minerals industry, operating captive mines, geographical spread of its manufacturing facilities in a logistics-intensive industry and multiple product range having usage in diverse industries.

However, the ratings continue to be constrained by its moderate financial risk profile, project risk associated with a predominantly debt-funded ongoing capex especially in the backdrop of an already moderate capital structure and competition from players in the organised as well as unorganised sector.

Completion of the ongoing projects within the envisaged time and cost parameters along with rationalisation of debt levels would remain the key rating sensitivities.

Company Profile

Baroda-based TML, incorporated in 1987, is engaged in the manufacturing of micronised minerals which are used as functional fillers and extenders in industries as diverse as paints, plastics, paper, adhesives and ceramics. Its product-mix during FY10 comprised micronised calcium carbonate (40%), kaolin/calcined clay (27%), talc (14%), etc. Further, it has also formed two subsidiaries, namely 20 Microns SDN.BHD in Malaysia (engaged in trading of various white minerals) in FY09 and 20 Microns Nano Minerals Ltd (TNML) in India in end-FY10. TNML which is also engaged in manufacturing of micronized minerals will be mainly concentrating on product/mineral range other than those which are catered by TML. Total investment by TML in equity of TNML was Rs.6 crore. Further, TML has extended corporate guarantee of Rs.12.50 crore towards bank facilities availed by TNML.

[1] *complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

As against a PAT of Rs.1.34 crore on a total income of Rs.138.25 crore in FY09, TML earned a PAT of Rs.7.30 crore on a total income of Rs.177.50 crore in FY10. Further, as per the un-audited results for H1FY11, TML earned a PAT of Rs.4.42 crore on a total operating income of Rs.117.47 crore.

Analyst Contact
Name: Yogesh Shah
Tel # 079-40265603
Mobile # +91 94288 13912
Email: yogesh.shah@careratings.com

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Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra
Managing Director
Cell : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Cell : +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr. P N Sathees Kumar
Exective Vice President – Marketing
Mobile: +91-9820416004
mail:sathees.kumar@careratings.com

Mr.Ankur Sachdeva
Vice President – Marketing (SME)
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

Mr. Vivek Palan
Manager – Banking & Finance
Mobile: +91-98206 06406
E-mail:vivek.palan@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457
Website: www.careratings.com

OFFICES

Mr.Mehul Pandya Regional Manager 32 TITANIUM Prahaladnagar Corporate Road, Satellite, **Ahmedabad - 380 015.** Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com	Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, **Bangalore - 560 025.** Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com
Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, **Chennai 600 002** Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com	Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar **Hyderabad - 500 029** Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com
Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani **Kolkata - 700 071.** Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com	Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, **New Delhi - 110 001.** Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com