*Press Release*

August 29, 2008

## CARE ASSIGNS 'BBB' & 'PR3+' RATING TO BANK LOAN FACILITIES OF 20 MICRONS LTD.

CARE assigned 'CARE BBB' (triple B) rating to the long-term bank loans / facilities and 'PR3+' (PR three plus) rating to the short-term bank loans/facilities of TML (20 Microns Ltd.) for an aggregate amount of Rs 52.27 cr, including outstanding term loan of Rs 16.92 cr as on Jun.30, 2008, sanctioned term loan of Rs 10.00 cr, sanctioned fund-based working capital limit of 21.85 cr and non-fund based limit of Rs 3.50 cr.

Facilities with CARE BBB rating are considered to offer moderate safety for timely servicing of debt obligations and carry moderate credit risk. Facilities with PR 3 rating would have moderate capacity for timely payment of short-term debt obligations and carry higher credit risk as compared to facilities rated higher. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

The ratings take into account TML's long and established track record in the micronised minerals industry, operating captive mines and geographical spread of its manufacturing facilities in a logistics intensive industry, diversified clientele and growing end-user industries. The ratings are constrained by unsatisfactory financial performance in the recent past including availing of CDR (Corporate Debt Restructuring) package, competition from players in the organised as well as unorganised sector, increasing cost of fuel, IPO linked project and modest financial profile as reflected by high overall gearing and moderate profit margins, especially in a rising interest rate scenario.

Baroda-based TML, incorporated in 1987, is one of the largest players in the organised sector of the white minerals industry in India. The micronised minerals produced by TML are used as functional fillers and extenders in paints (43% of sales for FY08 for TML), plastics (27%), paper & ceramics (11%) and other products (19%). The top three products viz. GCC (41%), china clay (24%) and talc (15%) contributed approximately 80% of total sales. Its clientele includes Asian Paints, Akzo Nobel Coatings, ICI Paints, Berger Paints, Pidilite, Finolex Cables, etc.

TML incurred losses in three consecutive years from FY03 to FY05 mainly on account of non-functioning of a major equipment at Bhuj due to earthquake in Gujarat in 2001 and high contracted rates of interest. Consequently, it had to avail CDR package. TML made a formal exit from the CDR in early 2008 by paying re-compensation amount.

TML proposes to expand its existing capacities at Vadadla, Bhuj, Tirunelvelli and Udaipur and setup a new unit at Haldwani and manufacture higher value-added products at these facilities with particle size upto 0.7 micron. Total cost of project of approximately Rs 20 cr is proposed to be financed by way of project debt-equity ratio of 1:1. Disbursement of project term loan of Rs 10 cr is linked to successful completion of IPO.

Total income of TML grew by 22.74% in FY08 compared to FY07 on account of a growth in manufacturing sales as well as trading sales by 17.5% and 34.1% respectively in value terms. PBILDT and PAT margin were comfortable at 14.08% and 4.22% respectively in FY08. TML's long-term debt equity ratio as on Mar.31, 2008 decreased and remained moderate at 1.06 times as compared to 1.33 times as Mar.31, 2007. The overall gearing level, despite showing marginal improvement, was high at 1.85 times as on Mar.31, 2008. Interest coverage was at a moderate level of 2.02 times in FY08. As on Mar.31, 2008, current ratio remained modest at 1.18 times.

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