



## 20 Microns Limited

Instrument	Amount	Rating Action
Cash Credit	Rs. 61.00 Cr.	Revised to [ICRA]D from [ICRA]BB+ (Negative)
Export Packing Credit*	Rs. 10.00 Cr.	Revised to [ICRA]D from [ICRA]BB+ (Negative)
Corporate Loan	Rs. 14.13 Cr. (Reduced from Rs. 15 Cr.)	Revised to [ICRA]D from [ICRA]BB+ (Negative)
Term Loans	Rs. 66.86 Cr. (Revised from Rs. 67.97 Cr.)	Revised to [ICRA]D from [ICRA]BB+ (Negative)
Letter of Credit	Rs. 27.00 Cr.	Revised to [ICRA]D from [ICRA]A4+
Bank Guarantee	Rs. 2.00 Cr.	Revised to [ICRA]D from [ICRA]A4+
Credit Exposure Limit	Rs. 2.08 Cr. (Revised from Rs. 1.44 Cr.)	Revised to [ICRA]D from [ICRA]A4+

\*Sub-Limit of Cash Credit

ICRA has revised the long term rating assigned to the Rs. 66.86 Cr.<sup>†</sup> term loans (reduced from Rs. 67.97 Cr.), Rs. 14.13 Cr. corporate loan (reduced from Rs. 15 Cr.) and Rs. 61.00 Cr. fund-based cash-credit facility of 20 Microns Limited (TML)<sup>†</sup> from [ICRA]BB+ to [ICRA]D. ICRA has also revised the short term rating assigned to the Rs. 31.08 Cr. non-fund based facilities (enhanced from 30.44 Cr.) of TML.

The ratings revision takes into account the delays in the company meeting its repayment obligations on its term loans as well as interest obligations as a result of its strained liquidity position, led by an overall decline in profits from ongoing operations of the company.

ICRA also takes note of the fact that the company has approached its bankers for restructuring of its long term debt and the same has been approved by the consortium. The restructuring scheme which is expected to be implemented by March 31, 2015, would require the promoters to bring in equity support to complement the relaxation provided by the banks in terms of deferment of the installments (24 months) and interest payments (18 months) starting retrospectively from April 2014.

While ICRA believes that the said restructuring exercise as well as the equity infusion will improve the liquidity position of the company in the near term, the improvement in the financial profile of the company would be contingent on the ability of the company to revive its profitability over the medium term so as to generate adequate cash flows to meet the payment obligations to the bank which would recommence in April 2016.

### Company Profile

Incorporated in 1987, 20 Microns Limited (TML) was promoted by Mr. Chandresh Parekh and Mr. Bhanu Patel and is currently engaged in the production of a wide range of micronized, sub-micronized minerals and specialty chemicals which are used as functional fillers and extenders in various industries like textile, paper, plastic, paints, adhesive, rubber, ceramics etc. The company has six captive mines and seven ISO 9001:2008 certified manufacturing locations spread across the country. The company has a centralized in-house R&D centre at Vadadla, Vadodara focused on developing minerals for diverse applications.

\* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



### **Recent Results**

For the year ended March 31, 2014, TML reported an operating income of Rs. 290.45 Cr. and profit after tax of Rs 0.13 Cr. as against an operating income of Rs. 277.10 Cr. and profit after tax of Rs3.24 Cr. for FY13. During 9M FY15 (provisional), TML reported an operating income of Rs. 238.77 Cr. and net loss of Rs. 1.17 Cr.

**March 2015**

*For further details please contact:*

Analyst Contacts:

**Mr. K. Ravichandran**, (Tel. No. +91-44-45964301)  
ravichandran@icraindia.com

Relationship Contacts:

**Mr. L. Shivakumar**, (Tel. No. +91-22-2433 1084)  
shivakumar@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: 989986490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500