

April 09, 2025

## 20 Microns Limited: Ratings reaffirmed; Outlook revised to Positive from Stable

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Working capital	69.96	69.96	[ICRA]A- reaffirmed; Outlook revised to Positive from Stable
Long term – Term loan	16.63	16.63	[ICRA]A- reaffirmed; Outlook revised to Positive from Stable
Short term- Non-fund based – Others	24.08	24.08	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>110.67</b>	<b>110.67</b>	

\*Instrument details are provided in Annexure I

### Rationale

While arriving at the ratings, ICRA has taken a consolidated view of 20 Microns Limited (20ML) and its subsidiaries, including 20 Microns Nano Minerals Limited {20ML Nano, rated [ICRA]A-(Positive)/[ICRA]A2+}, collectively referred to as the 20ML Group/the Group/the consolidated entity due to their common management and operational linkages, being in the same line of business.

The revision in the outlook of the long-term rating to Positive from Stable factors in the expected growth in the scale of operations and the operating profitability of 20 ML driven by healthy demand for the company's products and stable realisations. The demand for the company's products finds application in the paints and plastics industry and the company has been witnessing healthy growth in sales volume with volume growth of ~ 17% in FY2024 and 9M FY2025.

The rating continues to factor in the Group's established market position in the micronized mineral segment, along with its experienced management, healthy operating profitability and growing scale of operations. This is supported by the sustained growth in the company's research & development spend for value-added products and process improvement. On a consolidated basis, 20ML's revenue rose at a CAGR of ~8% over the last five years ended FY2024 owing to healthy demand from various client segments such as paints, plastic, rubber, etc and development of specialty chemicals with higher contribution margin. Going forward, ICRA expects the company to benefit from the rising share of value added products and healthy growth in the export revenues. ICRA also takes note of the access to raw materials from diverse domestic and overseas sources and the presence of captive mines, which mitigates any availability risks. The recent acquisition of a limestone mine in Malaysia provides backward integration benefits to 20 ML's operations.

The ratings also take note of the improvement in the capital structure and coverage indicators in the last few years with gradual deleveraging and moderation in interest rates and the exit from corporate debt restructuring (CDR) by paying the last instalment of CDR debt in September 2020 and recompense expense in FY2022 and healthy cash generation from operations. With no major debt-funded capex plans in the near to medium term, the deleveraging trend is expected to continue, resulting in an improvement in the leverage and coverage indicators.

The ratings, however, remain constrained by capital-intensive operations that require high recurring maintenance capex, along with the moderately high working capital intensity and sectoral concentration towards the paint and plastic industries. The Group is also susceptible to regulatory risks pertaining to the mining industry, which may increase environmental compliance or restrict raw material access. The company's performance is also susceptible to forex risk, although the same is mitigated by the natural hedge from a balance between the export and imports for the company, although timing differences between the exports and imports can lead to forex volatility in operations.

## Key rating drivers and their description

### Credit strengths

**Established market position in micronized minerals segment** – The Group has an established presence in micronized minerals. Over the years, the company has grown to be a dominant player in the segment and has also expanded its product portfolio to include value-added/specialty products (including under subsidiaries). The Group also has strong access to raw material from diversified domestic and overseas suppliers and access to captive mines. 20ML caters to reputed players in the paint, construction chemicals, rubber, paper and a host of other industries.

**Healthy operating profitability and improved credit metrics** – 20ML's consolidated financial performance has witnessed a healthy revenue growth at a CAGR of ~8.0% during the last five years (till FY2024), while the operating margin has been strong in the range of 12-14% during this period. The sustained healthy margins have been on account of the continued focus on operational efficiencies, favourable changes in product mix towards more value-added products and ability to procure raw materials from diversified sources. While nearly ~50% of the products under 20ML are commoditised in nature, the remaining products are more specialised, depending on value addition. The products under the subsidiary – 20ML Nano - are more specialised in nature and have higher value addition. The consolidated entity's capital structure and coverage indicators have also improved in the last few years with the gradual deleveraging and moderation in interest rates. During FY2024, the gearing remains consistent at 0.34x vis-à-vis 0.36x in FY2023 and the TD/OPBDITA improved to 1.14x from 1.25x; the interest coverage has improved to 6.48x in FY2024 from 4.84x as compared to the FY2023 levels. In the current fiscal i.e. 9M FY2025, the interest coverage stood at 6.8x. With no major debt-funded capex plans and expected healthy cash generation in the near to medium term, the deleveraging trend is expected to continue in the near term.

**Strong in-house research and development** – The 20ML Group has a robust R&D with team of 40+ personnel, the set-up is approved by the Department of Scientific and Industrial Research, Government of India. It develops both in-house products as well as customised products. In the last few years, the company has developed and introduced various varieties of existing products and also tailor made few variations as per customer demands.

### Credit challenges

**Capital intensive operations** – The operations are fixed and working capital-intensive. Moreover, the inherent nature of the work, involving micronization of minerals, results in high wear and tear of the plant. Consequently, the Group needs to incur significant annual maintenance capex to sustain its production capacity. However, the maintenance capex is expected to be largely funded through internal accruals. Further, the working capital intensity has remained moderate with NWC/OI of 24.1% as on March 31, 2024, compared to 21.3% as on March 31, 2023, mainly due to moderation in creditor days in FY2024.

**Susceptibility to adverse changes in Government regulations** – The mineral and mining industry is vulnerable to operating as well as regulatory risks arising from any changes in Government policies with respect to the ban on mining, stringent environment norms or changes in royalties. Additionally, the operations for 20 ML involve grinding of minerals which can produce a large amount of dust (which company has adequately handled as per government norms). Any regulatory changes resulting in adverse outcomes for 20 ML may impact the credit profile of the company.

### Environmental and social risks

**Environmental considerations:** 20ML, being present in the mining and chemical industry, is exposed to the risk of tightening regulations on environment and safety and potential penalties in case of any non-compliance. However, as per the disclosures in the audit report, the company is environmentally compliant and adheres to various industry standards. Further, it works in a controlled environment and therefore there is no external or air pollution.

**Social considerations:** The company's exposure to social risks mainly pertain to safe operations and remaining compliant to all environmental regulations to ensure the safety of employees. As per the disclosures, the company has best mining practices,

high safety standards and a trained workforce coupled with strong technological advancement. The company is actively involved in economic development of villages near their manufacturing plant .

### Liquidity position: Adequate

20 ML's liquidity position remains adequate with healthy cash flows from operations in the last few years and is expected to grow further in the medium term, against a moderate annual repayment obligation of Rs. 16.71 crore (Rs 13.93 crore in FDs and Rs 2.78 crore in term loan) and Rs. 7.5 crore (Rs 4.64 crore in FDs and Rs 2.51 cr in term loan) for FY2025 and FY2026 respectively, and maintenance capex of Rs. 20-25 crore per annum. The liquidity is further supported by unencumbered cash and bank balance of ~Rs. 22.4 crore as on March 31, 2025 while the fund based limits are utilised to the extent of 98% of the sanctioned limits as on March 31, 2025.

### Rating sensitivities

**Positive factors** – The rating could be upgraded in case of a significant scale up in the company's revenues and profitability on a sustained basis while maintaining a healthy leverage and coverage metrics along with improvement in the liquidity profile.

**Negative factors** – The outlook on the rating and/or the rating could witness a downward revision in case of a sustained decline in revenue and profitability, leading to a moderation in the credit metrics. Further, any large debt-funded capex or a stretch in the working capital cycle, weakening the liquidity profile, could also lead to a downward revision in rating. A specific credit metric that could trigger a downgrade is interest coverage of less than 4 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Chemical</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of 20 Microns Limited along with its subsidiaries - 20 Microns Nano Minerals Limited, 20 Microns FZE, 20 MCC Private Limited, 20 Microns Vietnam Company Limited and 20 Microns SDN BHD

### About the company

20 Microns Limited, the flagship company of the 20 Microns Group, was incorporated in 1987 by Mr. Chandresh Parikh to manufacture micronized minerals. Over the years, the company has grown to become one of the largest and most prominent players in this industry with access to captive mines. 20 ML supplies to large and organised players in the paint, construction chemicals, rubber, paper and a host of other industries.

20 Microns Nano Minerals Limited was incorporated in 1993. It manufactures specialty micronized mineral based chemicals and serves similar set of customers as 20ML. 20 Microns Nano Minerals Limited is a subsidiary company 20 Microns Limited.

### Key financial indicators (audited)

20 Microns Limited (consolidated)	FY2023	FY2024	9MFY2025*
Operating income	701.7	778.4	685.4
PAT	41.9	56.0	47.1
OPBDIT/OI	12.3%	13.7%	12.8%
PAT/OI	6.0%	7.2%	6.9%
Total outside liabilities/Tangible net worth (times)	0.77	0.66	

<b>Total debt/OPBDIT (times)</b>	1.25	1.14	
<b>Interest coverage (times)</b>	4.84	6.48	6.8

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

<b>20 Microns Limited (Standalone)</b>	<b>FY2023</b>	<b>FY2024</b>	<b>9MFY2025*</b>
<b>Operating income</b>	597.8	672.5	596.5
<b>PAT</b>	36.2	50.2	41.6
<b>OPBDIT/OI</b>	11.5%	12.8%	12.2%
<b>PAT/OI</b>	6.0%	7.5%	7.0%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.7	0.6	
<b>Total debt/OPBDIT (times)</b>	1.2	1.1	
<b>Interest coverage (times)</b>	4.6	6.9	6.4

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

**Rating history for past three years**

<b>Current (FY2026)</b>			<b>Chronology of rating history for the past 3 years</b>						
<b>FY2026</b>			<b>FY2025</b>		<b>FY2024</b>		<b>FY2023</b>		
<b>Instrument</b>	<b>Type</b>	<b>Amount rated (Rs. crore)</b>	<b>9-Apr-25</b>	<b>Date</b>	<b>Rating</b>	<b>Date</b>	<b>Rating</b>	<b>Date</b>	<b>Rating</b>
<b>Cash Credit</b>	Long Term	69.96	[ICRA]A-(Positive)	3-Apr-24	[ICRA]A-(Stable)	-	-	09-Mar-23	[ICRA]A-(Stable)
				-	-	-	-	27-Feb-23	[ICRA]A-(Stable)
<b>Term loan</b>	Long Term	16.63	[ICRA]A-(Positive)	3-Apr-24	[ICRA]A-(Stable)	-	-	09-Mar-23	[ICRA]A-(Stable)
<b>Non-fund based</b>	Short Term	16.63	[ICRA]A2+	03-Apr-24	[ICRA]A2+	-	-	09-Mar-23	[ICRA]A2+

**Complexity level of the rated instruments**

<b>Instrument</b>	<b>Complexity indicator</b>
<b>Long term – Fund based - Working capital</b>	Simple
<b>Long term - Fund Based - Term loan</b>	Simple
<b>Short term - Non-fund based - Others</b>	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	-	-	-	69.96	[ICRA]A- (Positive)
NA	Term loan	Feb 2021	8.55%	Jan 2026	16.63	[ICRA]A- (positive)
NA	Non-fund based – Others	-	-	-	24.08	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	20 ML ownership	Consolidation approach
20 Microns Ltd	100.00% (rated entity)	Full Consolidation
20 Microns Nano Minerals Ltd	97.21%	Full Consolidation
20 Microns FZE	100.00%	Full Consolidation
20 MCC Private Limited	100.00%	Full Consolidation
20 Microns Vietnam Company Limited	100.00%	Full Consolidation
20 Microns SDN BHD	100.00%	Full Consolidation

Source: 20ML annual report FY2023

Note: ICRA has consolidated the financials of the parent (20 ML), its subsidiaries and associates while assigning the ratings.

## ANALYST CONTACTS

**Girishkumar Kadam**

+91 22 6114 3441

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Prashant Vasisht**

+91 124 4545 322

[Prashant.vasisht@icraindia.com](mailto:Prashant.vasisht@icraindia.com)

**Varun Gogia**

+91 124 4545 319

[varun.gogia1@icraindia.com](mailto:varun.gogia1@icraindia.com)

**Aman Kumar**

+91 9266896622

[aman.kumar@icraindia.com](mailto:aman.kumar@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

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

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



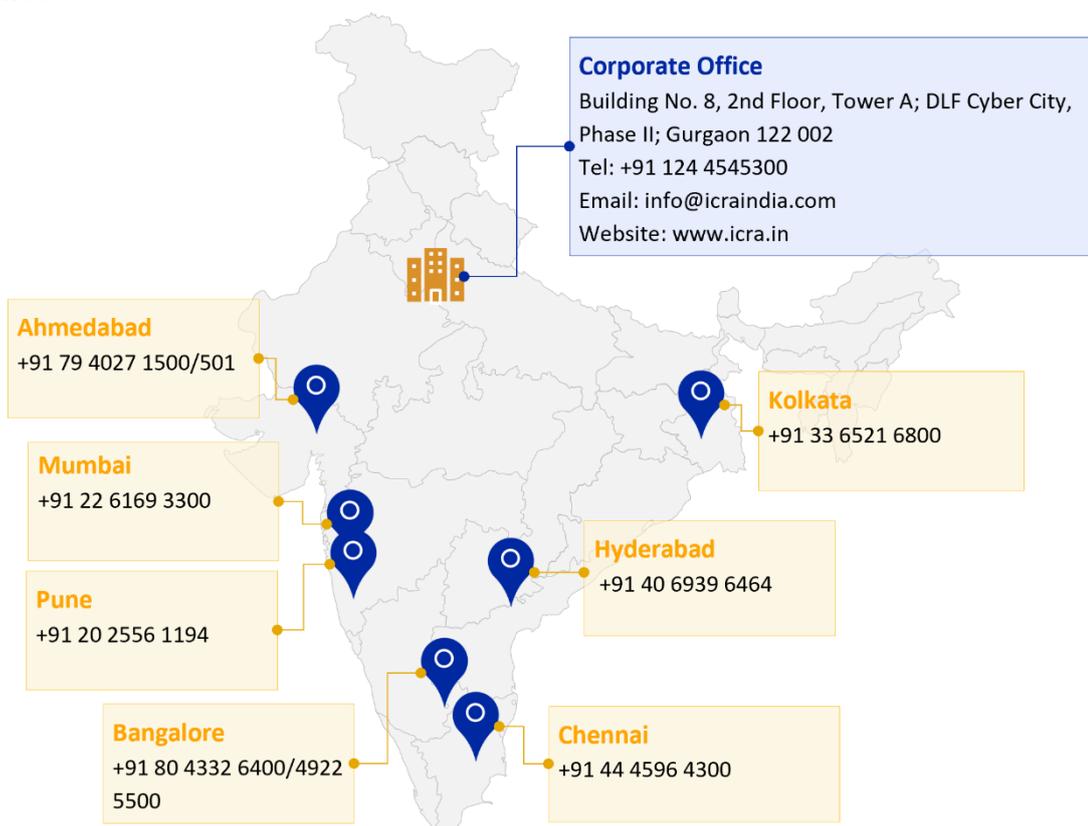
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.