

October 15, 2025

20 Microns Limited: Long-term rating upgraded to [ICRA]A (Stable); outlook revised to stable and short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	69.96	69.96	[ICRA]A; upgraded from [ICRA]A- and outlook revised to Stable from Positive
Short term – Non-fund based- Others	24.08	24.08	[ICRA]A2+; reaffirmed
Long term - Fund based - Term loan	16.63	16.63	[ICRA]A; upgraded from [ICRA]A- and outlook revised to Stable from Positive
Total	110.67	110.67	

*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(Stable)/[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 upgrade in the long-term rating factors in expectation of a continued growth in the company's scale of operations amid a healthy demand for its products. The company mainly supplies additive minerals to the paints, polymer/plastic and rubber industries, which are expected to witness healthy growth, going forward. The company caters to all the major manufacturers in the aforementioned industries and has an established track record in the industry. The revenue growth along with stable operating margins should enable the company to further improve its credit profile.

There has been a consistent growth in the Group's revenues during the FY2020-2025 period, driven by healthy demand for the company's products and stable realisations. The company's products find application primarily in the paints and plastics industries. The steady rise in revenue since FY2020 has been supported by healthy expansion in the end users and a robust supply chain with 12 warehouses across India and huge inventories on demand.

The ratings continue 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 has been supported by a sustained growth in the company's research & development spend for value-added products and process improvement. Going forward, ICRA expects the company to benefit from the rising share of value-added products and a healthy growth in 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 mitigate 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, moderation in interest rates, 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 the 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, though this is mitigated by the natural hedge from a balance between the company's exports and imports. However, the timing differences between the exports and imports can lead to forex volatility in operations.

The Stable outlook on the rating reflect ICRA's expectation that the company will continue to benefit from the healthy demand from its products and the expected growth in the end-user industries, which in turn will help maintain a steady cash flow generation.

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 (FY2021 to FY2025), 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 the 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 remains healthy with continued repayments of long-term borrowings i.e. term loans from banks and deposits from shareholders although the working capital borrowings increased in FY2025. The overall credit metrics have remained range-bound with gearing at around 0.38x as on March 31, 2025 against 0.34x as on March 31, 2024, The total debt/OPBDITA was around 1.39x in FY2025 over 1.13x in FY2024. The interest coverage ratio improved to 6.54x in FY2025 from 6.34x in FY2024. In Q1 FY2026, the interest coverage stood at 6.76x. With no major debt-funded capex plans going forward 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 a team of more than 40 personnel. The set-up has been approved by the Department of Scientific and Industrial Research, Government of India. It develops both in-house 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 a few variations as per customer demand.

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 was higher at 27.2% as on March 31, 2025 compared with 24.1% as on March 31, 2024, as the inventory days rose because of increased inventory stock at its warehouses across India.

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 the 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.

Environment 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 with 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 the economic development of the villages near its manufacturing plant.

Liquidity position: Adequate

20 ML's liquidity position remains adequate with healthy cash flow from operations in the last few years, which is expected to grow further in the medium term, against a moderate annual repayment obligation of Rs. 11.11 crore (Rs. 6.59 crore in FDs and Rs. 4.49 crore in term loan) in FY2026 and Rs. 10.45 crore (Rs. 6.49 crore in FDs and Rs. 3.93 crore in term loan) in FY2027, and a maintenance capex of Rs. 20-25 crore per annum. The liquidity is further supported by unencumbered bank balance of ~Rs. 26.17 crore as on June 30, 2025 while the fund based limits have been utilised to the extent of 95% of the sanctioned limits as on June 30, 2025.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a significant scale-up in its revenues and earnings on a sustained basis while maintaining healthy leverage and coverage metrics along with an improvement in the liquidity profile.

Negative factors – The ratings could be revised downwards in case of a sustained decline in revenue and profitability, resulting in a moderation of the credit metrics. Any large debt-funded capex or a stretch in the working capital cycle, weakening the liquidity profile, could also weigh on the ratings. A specific credit metric for downgrade would be interest coverage of less than 5.0x on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
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 a similar set of customers as 20ML. 20 Microns Nano Minerals Limited is a subsidiary company of 20 Microns Limited.

Key financial indicators (audited)

20 Microns Limited (consolidated)	FY2024	FY2025	Q1 FY2026*
Operating income	778.8	914.0	247.2
PAT	56.0	62.5	17.1
OPBDIT/OI	13.7%	13.0%	12.8%
PAT/OI	7.2%	6.8%	6.9%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	-
Total debt/OPBDIT (times)	1.1	1.4	-
Interest coverage (times)	6.3	6.5	6.8

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 15, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	69.96	[ICRA]A (Stable)	Apr 09, 2025	[ICRA]A- (Positive)	Apr 03, 2024	[ICRA]A- (Stable)	-	-	Feb 27, 2023	[ICRA]A- (Stable)
				-	-	-	-	-	-	Mar 09, 2023	[ICRA]A- (Stable)
Fund based - Term loan	Long term	16.63	[ICRA]A (Stable)	Apr 09, 2025	[ICRA]A- (Positive)	Apr 03, 2024	[ICRA]A- (Stable)	-	-	Mar 09, 2023	[ICRA]A- (Stable)
Non-fund based - Others	Short term	24.08	[ICRA]A2+	Apr 09, 2025	[ICRA]A2+	Apr 03, 2024	[ICRA]A2+	-	-	Mar 09, 2023	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Cash credit	Simple
Short term – Non-fund based - Others	Very Simple
Long term - Fund based - Term loan	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	Long term - Fund based - Cash credit	-	-	-	69.96	[ICRA]A (Stable)
NA	Short term – Non-fund based - Others	-	-	-	24.08	[ICRA]A2+
NA	Long term - Fund based - Term loan	Feb 2021	8.55%	Jan 2026	16.63	[ICRA]A (Stable)

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	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: Company

ANALYST CONTACTS

Girishkumar Kashiram Kadam

+9 022 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

prashant.vasisht@icraindia.com

Varun Gogia

+91 124 4545 319

varun.gogia1@icraindia.com

Aman Kumar

+91 9266896622

aman.kumar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

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

info@icraindia.com

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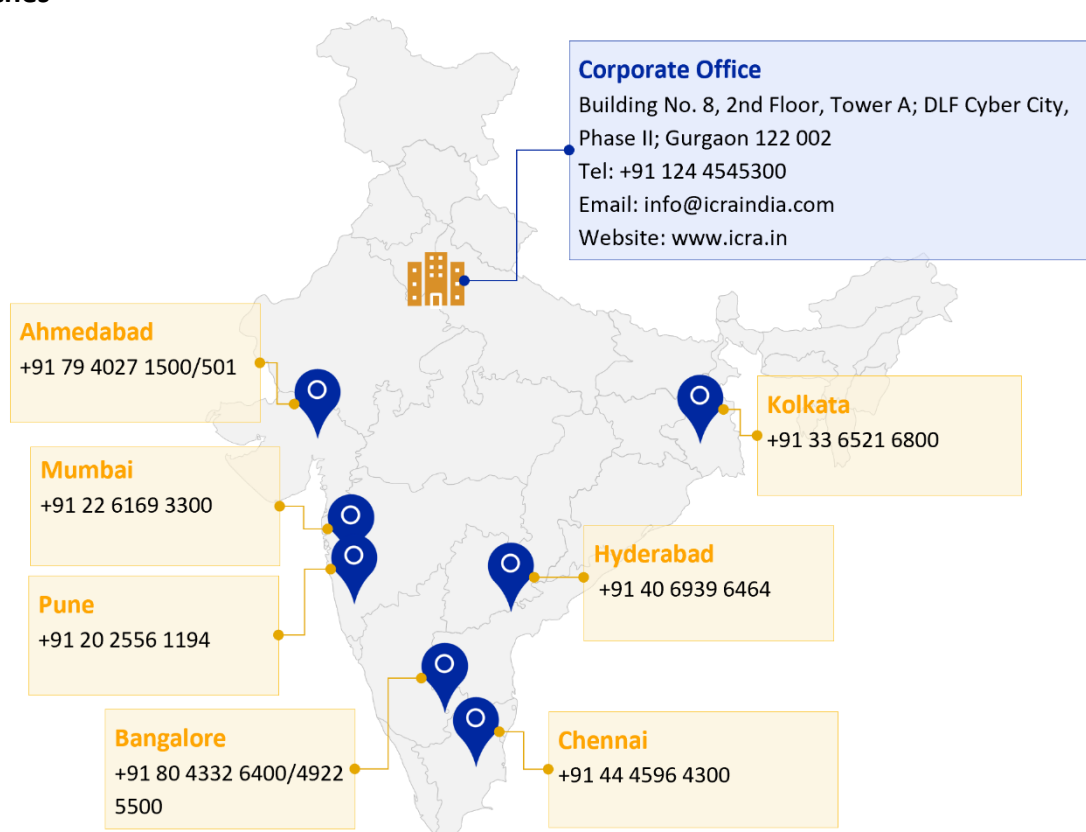
Registered Office

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

Tel: +91 11 23357940-45



Branches



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