Comprehensive Investor FAQ

Contents

1. Core Business & Products

Q: What are 20 Microns Limited's main product segments?

A: The company operates across three segments, it's 500+ active products across three core segments: Industrial Minerals, Functional Additives/fillers & Speciality Chemicals and Retail.

1. **Industrial Minerals:** Micronized calcium carbonate, kaolin, talc, dolomite, barytes, quartz, and mica for paints & Coatings, Inks, plastics, paper, rubber, ceramics, cosmetics, adhesives, oil & gas and many more applications. Partly backward-integrated via 5 captive mines in India and acquired quarrying assets in Malaysia. These are produced in customized particle sizes ranging from 0.5 to 20 microns and beyond and are used across various industries mentioned above.

2. **Functional Additives & Speciality Chemicals: :** Higher value engineered and chemically modified products including flame retardants, matting agents, opacifiers, micronized waxes, processing aids, anti-blocking agents and many more. Developed primarily through wholly owned subsidiary 20 Microns Nano Minerals Limited as domestic substitutes for imports. Below are key value chain of the eco-system

   Performance minerals: Processed natural minerals that enhance product properties while reducing cost

   Speciality chemicals: High-value engineered solutions designed for specific functions (e.g., improving mixing and bonding in paints)

   Functional additives: Materials that impart specific properties such as flame retardance, waterproofing, or surface effects

3. **Retail:** While the first two segments are primarily B2B, the company has a smaller B2C presence through its wholly owned subsidiary 20MCC (20 MCC Private Limited)

   a) 20MCC focuses on mineral- and polymer-based waterproofing and construction chemicals, offering solutions for concrete, mortar, plaster, and other building materials to improve durability and structural integrity. Products such as Tigersil and Nanosil cater to the real estate and housing sector.
   b) Since 2017, the company has also expanded into agriculture under the MinFert brand under 20MCC, offering mineral-based plant nutrition products, soil conditioners, organic fertilizer solutions, and insecticides, positioned as more sustainable alternatives to conventional chemical inputs.

Q: What are the major industrial minerals the company specializes or deals in. Where does it find its applications:

Calcium Carbonate:
Calcium carbonate is the largest mineral, contributing approximately 45–50% of company's revenue. Because of its high whiteness, stability, easy mixing, and low cost, it is essential for both paint quality and cost efficiency. For instance, it aids cost optimization by acting as a partial replacement for expensive pigments such as titanium dioxide, thereby reducing overall formulation costs.

The company sources high-quality raw materials from Malaysia and Vietnam, which are processed using advanced grinding and surface treatment technologies. The final product is available in customized particle sizes ranging from 0.5 to 20 microns.

As a trusted supplier of industrial minerals in a wide range of particle sizes, from coarse to fine and ultra-fine, 20ML has established a strong and credible presence in the industry. Today, the Company is a Level 1 supplier of micronized minerals to some of the most respected names in the paints and coatings sector.

Kaolin
Kaolin (also known as China clay) is the second-largest mineral and is available in two forms—hydrous and calcined. Hydrous kaolin contains natural moisture and is softer, while calcined kaolin is heat-treated to remove this moisture, making it harder, brighter, and better at covering surfaces.

Kaolin sourced from Indian mines are known for its very finest quality and considered among the best globally. However, it has a lower yield compared to deposits in the US and China. This segment also has high barriers to entry due to the need for specialized processing and consistent quality.

Talc
Thirdly, for instance, by absorbing moisture and oils, talc finds application in baby and face powders to give a soft, luxurious texture to your skin. It requires high purity and very fine particle size of Talc.

20 Microns has access to some of the finest talc reserves, including those from the Himalayan region. It offers high-quality processing with consistent particle sizes and smooth distribution (PSD), ensuring reliable performance.
The company also works with smaller-scale minerals like Barytes, Quartz, Feldspar, Red Oxides, and Bentonite for specialized uses.

Together, Calcium Carbonate, Talc, and Kaolin make up roughly 75% of total revenue. However, it needs to be emphasized, that these minerals often find application as raw material for further processing to make functional additives and speciality chemicals.

Calcium carbonate is extensively used in the 6+ million tonnes annual Indian Paint & Coatings industry - typically constituting 25–30% of total paint output (or input) by volume. Beyond paints, it finds wide application in plastics and PVC, paper, adhesives, sealants, and other industries.

Kaolin helps reduce the use of expensive titanium dioxide (TiO_2) while still maintaining good coverage, smooth finish, and overall cost efficiency—especially in matt and satin coatings. Kaolin is also widely used in ceramics, tiles and sanitaryware, where it improves whiteness, strength, and resistance to heat.

Talc which has a variety of applications ranging from Paper, Paints, Polyester Putties, Plastics, Adhesives, Cosmetics and Ceramics.

To know more details on our products please visit our website

link: www.20microns.com/products

Q: What is 20 Microns Nano Minerals Limited?

A: 20 Microns Nano Minerals Limited is a subsidiary of 20 Microns Limited, focused on chemically modified minerals and speciality chemicals, with annual revenue of ₹ 115 crore in FY2025–26.

The business plays a key role in import substitution, developing domestic alternatives to industrial minerals and speciality chemicals that are otherwise sourced from countries such as Germany, Japan, Korea, and the United States. Its products cater to industries including paints, plastics, rubber, and construction.

Product portfolio

The company offers a wide range of value-added materials, including:

- Nano calcium carbonate
- Zinc oxide alternatives for rubber
- Flame retardants
- Micronized waxes
- Anti-blocking agents
- Matting agents
- Organoclays and thickeners
- High-aspect-ratio talc
- Synthetic barium sulphate

A notable example is its white pigment opacifier (Lithomer/LC series), which can replace 25–90% of titanium dioxide in certain applications.

Business characteristics and growth

- Capacity utilization currently ranges between 60–90%
- Product approval cycles are long, typically 3.5 to 10 years
- The company has achieved commercial success in ~90% of its product portfolio, with current focus on scaling volumes

Growth outlook

Management aims to scale revenue from ~₹104 crore to ₹200–250 crore over the next 4–5 years, driven by increased adoption of its import-substituting products and capacity ramp-up.

Q: What are the margins for Nano products?

A: 20 Microns Limited currently earns ~12–12.5% EBITDA margins in its nano products business, broadly in line with the core segment due to relatively low volumes. As volumes scale, margins are expected to improve to ~14–15%, at full scale.

Importantly, even at current margin levels, absolute earnings per kg are higher than in commodity mineral products.

2. Market Position & Competition

Q: How does 20 Microns differentiate itself from competitors?

A: The company differentiates through its sub-micron and nano-level technology capabilities (which require higher capital investment), a wide range of over 500 product SKUs customized per customer, backward integration through owned mines in India and Malaysia, and an unmatched infrastructure of 9 integrated production sites and 14 warehousing storage facilities across India.

20ML through its subsidiary operates a DSIR-recognized R&D lab and product application centre in Vadodara. The company has built a strong innovation reputation- new entrants in the paint and polymer space often approach 20 Microns first for mineral solutions. For commodity-grade products, the company uses contract manufacturing partnerships to maintain cost efficiency.

Q: What is 20 Microns competitive advantage?

- **Integrated value chain:** Control from mineral sourcing to value-added products ensures cost efficiency, quality, and supply reliability.
- **Application-led positioning:** Moves beyond commodities into customized, performance-driven solutions with higher switching costs.
- **Diversified end markets:** Exposure to paints, plastics, ceramics, etc. reduces cyclicality and stabilizes growth.
- **Cost advantage:** Strong domestic mineral base supports competitive pricing, especially in exports.
- **Scale + specialization:** Combines manufacturing scale with niche functional products, hard for both small and large players to replicate.
- **Export capability:** Global presence strengthens credibility and opens higher-margin opportunities.
- **Shift to value-added products:** Driving margin expansion and reducing commoditization risk.

Q: Who are your key competitors?

A: In the calcium carbonate space, which represents about half of 20 Microns' revenues, it is a market leader with around 30% market share. Other significant players are multinational companies in the unlisted space, so limited data is publicly available. Key competitors include:

- Omya (Switzerland)
- Imerys (France)
- Minerals Technologies Inc. (US) through its Specialty Minerals Inc. (SMI) division

In India, the calcium carbonate market remains too unorganized at the lower end of the value chain with many regional (especially Rajasthan and Andhra Pradesh) and small-scale domestic manufacturers playing the volume game.

In Kaolin, Ashapura Minechem is a competitor in the listed space . Golcha Associated competes in the Talc, Kaolin & other minerals space along with RBL in Barytes, Calcium Carbonate, & Dolomite.

In 20 Microns' nano minerals business, which focuses on value-added, chemically modified minerals, each product faces a different set of competitors, and there is no single competitor across the company. For example:

- Evonik Industries (Germany) competes in matting agents along with various European and Japanese companies.

- Other product-specific global competitors include FP Pigments (Finland), Active Minerals (US), and Huber (US)

- Fine Organics in Plastic and Rubber Additives

The global (aspirational) benchmark company is Imerys (France), which has been shifting its focus toward quartz, lithium, and graphite through acquisitions.

3. Market, Pricing & Customer Dynamic

Q: What is the size of the Industrial Micro Minerals market globally?

A: Some estimates put the global industrial minerals industry at approximately $8.5 billion* in 2024. However, these figures reflect the broad category of non-metallic industrial minerals — including limestone, silica, clays, dolomite, barite, and others — which overlaps significantly with the micro/mineral fillers and specialty fine mineral space.

20 Microns group business, however, operates in specialized, value-added mineral applications rather than commodity segments. This positions them outside direct one-to-one competition with larger, volume-driven players. Given the diversity of end-use industries and product grades we serve, defining a narrow "applicable market size" is not particularly meaningful. Their focus remains on select performance-driven applications, and as they expand into new segments (for instance oral care, petrochemicals), their addressable opportunity continues to evolve beyond traditional categories like paints, while excluding low-grade commodity uses.

** Market Research Future & Congenic Business Intelligence*

Q. What is your Market Share?

A: 20 Microns Limited does not report a single consolidated market share, as it operates across multiple products and industries rather than a single defined market.

However, on a segment basis, management provides indicative estimates:

- **Paints & coatings:** ~30% share in its relevant product categories
- **Plastics:** ~15–20%
- **Rubber:** ~15–20%

These figures vary because the company participates in specific product niches within each industry rather than the full value chain. As a result, a single overall market share number is not practical or meaningful.

Q: How is pricing set in this industry?

A: 20 Microns Limited operates in an industrial minerals market where there is no global benchmark pricing. Prices are primarily determined by product specifications such as particle size, brightness, and application requirements, rather than a single standard rate.

Pricing tends to be relatively stable, with a slight downward bias over time due to efficiency improvements and competition. Orders are typically placed through RFQ-based cycles of 4–6 months, with no long-term fixed contracts.

Within this structure, the company maintains strict discipline and selectively walks away from orders where margins fall below its internal thresholds.

Q. Could you give us a perspective on the unit economics?

A: At current annual sales volumes of approximately 6,00,000 metric tonnes across varied industrial minerals, the implied average realization is around ₹15,000 per metric tonne (₹15/kg).

Overall implied average realization: ~₹ 15/kg across, ~6,00,000 metric tonnes sold annually. Commodity production is increasingly outsourced to contract manufacturers; internal focus shifts to specialty grades <10 microns.

Q: How are customer contracts structured — is pricing pass-through possible, and what is the mix of spot versus medium- to long-term contracts?

A: The business is not bound by fixed short-term or long-term contracts. Instead, there is a mutual understanding with customers at the beginning of each year on anticipated off-takes, which is updated as demand patterns shift. Customers regularly share updates on near-term trends, since year-long predictability is difficult in the current environment. Inventory planning is calibrated against these rolling updates.

Q: What is the impact of relatively new paint entrants like Grasim?

A: Grasim's entry into the paint industry created a one-time step-up in demand that pushed 20 Microns' growth beyond the traditional 6-9% rate. However, the ongoing industry growth has not accelerated structurally and only intensified pricing competition in the market.
The opportunity for 20 Microns lies in developing custom formulations for new entrants, since these players often need unique mineral solutions rather than standard commodity grades. That said, there is nothing fundamentally new in the CaCO3 demand from these entrants.

Q: What is the actual volume vs. value impact from the paint industry?

A: This segment is largely a high-volume, thin-margin business, with EBITDA levels typically around 11–12%
The company holds an estimated ~24–30% share in the paint mineral supply space, making it a strong player in this category. However, the strategic focus is not on expanding calcium carbonate volumes further within paints, but on improving value mix.

The key opportunity areas are:

1. Increasing exposure to plastics, polymers, and rubber, which offer better margins
2. Expanding nano and value-added products within paints (e.g., TiO_2 substitutes, matting agents, opacifiers)
3. Securing approvals for specialty formulations in new end-use industries

Overall, paints remain a major volume driver, but future growth is expected to be more value-led rather than volume-led.

4. Growth Strategy

Q: What are the key growth drivers for 20 Microns?

A: Growth is expected to be driven by three core pillars.

First, market expansion and portfolio repositioning. The company is entering new end-use segments such as adhesives, sealants, inks, and rubber, while also strengthening its export presence across Latin America, the Middle East, and Southeast Asia. At the same time, it is strategically reducing dependence on the paints sector and increasing its focus on higher-growth, higher-margin industries including plastics & polymers, paper, rubber, and ceramics. In parallel, commodity-grade $CaCO_3$ production is being outsourced to contract manufacturers, enabling the company to focus its in-house capabilities on value-added finer grades of 10 microns and below.

Second, product innovation and business scaling through R&D. The company is accelerating investments in research and development to drive new product pipelines and improve margins., Advancing quartz-based R&D for solar and semiconductor applications, expanding the Sievert JV, and growing the retail segment from under ₹10 crore to approximately ₹30 crore in the next 3-4 years.

Third, operational efficiency and cost optimization. Enhanced raw material security through the Malaysia mine, along with investments in renewable energy, is expected to improve cost structures.

Overall, these initiatives position the company for sustainable growth, supported by a stronger product mix, expanded market reach, and improved operating efficiencies.

Q: What are the key projects to watch for 20 Microns Limited?

A: The company's key developments span short-, medium-, and long-term initiatives:
Near to medium term, the focus is on capacity expansion and operational ramp-up. This includes the gradual scaling of its Malaysia plant, where enhanced processing and quarrying capabilities for finer-grade materials are expected to be fully operational by FY28. Alongside this, the company is investing in renewable energy commissioning and expanding capacities in calcium carbonate ($CaCO_3$), talc, and kaolin to capture upcoming demand in both domestic and global markets.

Another important development is the construction chemicals joint venture with Sievert SE, which is progressing steadily. The JV is expected to ramp up production of tile adhesives and other construction chemicals, strengthening the company's presence in the value-added segment.

Over the longer term, the company is investing in R&D-driven opportunities. These include work on quartz/silica-based applications, few resource acquisitions including early-stage research is underway in battery and semiconductor materials, although these initiatives are still 1–2 years away from meaningful commercial contribution.

Q: How is the demand environment shaping up across key end-user industries, and which segments outside paints will drive the next leg of growth?

A: In the near term, demand is expected to remain volatile because of the changing macroeconomic environment, and inventory planning is being aligned to absorb both spikes and downside. Outside of paints, the company sees strong momentum in plastics, rubber, inks, and construction chemicals for the current financial year and beyond. A range of new products is being developed for these applications, and management expects to grow market share meaningfully in these segments.

Q: What is the rare earth metals potential?

A: 20 Microns Limited is currently in the very early exploratory stage in rare earth materials. Rare earths are a government-controlled and policy-sensitive sector, and while the company has some technology partnerships and is studying potential applications, there is no clear regulatory or commercial framework yet.

At this stage, the company is not committing meaningful capital or resources, and is primarily monitoring developments. Management views it as a long-dated opportunity, similar to earlier mineral-based themes such as lithium, which did not translate into near-term commercial traction.

Q: What is the capex plan?

₹100 Crore CAPEX Allocation — Four Investment Segments			
Key Investment Segments	**Allocation**	**Amount (₹ Cr)**	**Strategic Objective**
A. India Facilities (Existing & New)	30%	₹30 Cr	CaCO3, Talc, Kaolin capacity + Infra-tech upgrade | +18,000 TPA
B. Malaysia Operations	40%	₹40 Cr	GTLQ + IQ Marbles expansion | Target 1.08 lac MT + 0.96 lac MT quarrying
C. Sievert JV	15%	₹15 Cr	Construction chemicals | 0.22 lac MT by FY30 | 25% YoY cap growth
D. R&D / ESG	15%	₹15 Cr	R&D projects | Nano minerals | Tyre kaolin | ESG sustainability
TOTAL	**100%**	**₹100 Cr**	

A: The expansion is aligned with 20 Microns' long-term strategic initiatives of capacity building with rise in demand, increased import substitution opportunities and growing specialty mineral applications & innovations in industries such as paints & coatings, plastics, ceramics, construction chemicals, rubber, and specialty polymers.

The company is planning a CAPEX of ₹100 crore to be deployed over the next two years. The CAPEX plan is focused on strengthening capacity, improving capabilities, and building a future-ready manufacturing platform.

About 80% of the investment is directed toward expanding and upgrading its existing and new facilities in India and overseas, including enhancements to infrastructure, machinery, mining operations, and R&D capabilities. This will help debottleneck operations and is expected to improve net output by ~12–15% per metric tonne across key application segments such as paints & coatings, plastics & rubber, inks, and specialty products.

In addition, 5% of the CAPEX is being allocated toward AI-enabled process improvements, automation, and IT upgrades to enhance efficiency, reduce variability, and support higher-specification product manufacturing.

Another key focus area is sustainability, with investments in energy-efficient systems, waste reduction technologies, and expanded Effluent Treat Plant (ETP) capacity to align with long-term ESG goals constituting the rest (15% of Capex). This is expected to reduce energy costs by 5-8% and cut carbon emissions by 15% over the next 3 years, reinforcing its commitment to responsible manufacturing and ESG-aligned growth.

Given their current utilisation levels in the high 80s to low 90s range, with certain product categories operating near peak capacity, this investment will not only unlock headroom for future growth but also streamline processes and improve overall operational efficiency.

Overall, the CAPEX plan supports growth in their strategic focus areas while enhancing resilience, efficiency, and sustainability, with further details outlined in the table (above).

Q: How is 20 Microns Limited funding your capex? Is a fundraise being considered?

A: The company plans to fund its capex through a balanced mix of internal accruals and selective debt, while maintaining prudent leverage levels.

The capex program will be executed over approximately two years, with ₹40–50 crore expected to be funded through internal accruals, supported by strong operating cash flows.

For the domestic Capex plans, funding will largely come from internal accruals. For the Malaysian entity, the funding mix is planned at approximately 70:30 — that is, 70% debt and 30% equity.
At present, the company is not considering any external fundraise. However, this stance may be revisited if strategic acquisition opportunities, particularly in mining assets as part of its backward integration strategy, arise.

Q: When are the recent strategic moves — the Sievert and Dorfner JVs and the Malaysian limestone acquisition — expected to start contributing meaningfully to consolidated earnings?

A: The Dorfner-20 Microns JV is structured differently and is already contributing to the overall picture. The Sievert 20 Microns operation has had its first phase established over the past few months, and the second phase is expected to go live in the next few months. The real outcome from this JV should be visible by the end of the financial year, once both phases are stabilised and brand recognition continues to build.

For the Malaysian operation, the mines have started operating and the site is currently being organised, after which plant construction will begin — this is expected to take a minimum of 12 months. Commissioning is therefore targeted within the next 12 months, with operations expected to start contributing in the early part of the following financial year.

Q: What are the expected completion timelines for the new Capex and what return on capital is anticipated?

A: As per the current Capex plan, most of the projects are targeted for completion by FY30, assuming the geopolitical environment remains stable and supports business fundamentals. The Return on Capital Employed (RoCE) is expected to be around 20% by FY30, provided the projects are delivered within the planned timelines.

Q: What is the Revenue Growth outlook?

- FY27: Moderate growth, upside capped at 5% largely a transition/ramp-up year.
- FY28 - FY30: Full impact of capacities + product mix shift, 18% revenue CAGR targeted through FY2030.
- EBITDA margins: Expected to improve between 200 to 250 bps toward 14-15% in mid to long term.
- ROCE: Targeted at 18–20% in the medium term.
- The company aims to strengthen its presence in Performance Minerals and Functional Additives, targeting 20%+ market share in high-value products by FY30.

Q: What gives the management confidence in the 18% revenue CAGR and 200–250 bps margin improvement, given the challenging supply chain and demand environment over the past two years?

A: Over the last five years, including the COVID period, the company has shown resilience in managing raw material availability, controlling expenses, and protecting sales revenues through volatile conditions. With the Rs. 100 crore Capex now lined up, a marginal improvement in EBITDA margins is expected alongside revenue growth. The R&D pipeline for the next two to three years is also focused on advanced, nano-sized materials. These high-value products are expected to contribute to the top line and, more importantly, to the bottom line, which underpins management's confidence.

Q: Why has annual guidance been withdrawn for FY27, and what is the outlook on revenue and margins?

A: Guidance has not been formally withdrawn — the company simply does not consider it appropriate to provide a broader revenue forecast in the current environment, given the difficulty of predicting how the situation will evolve. The internal focus remains on maximising revenue, holding margins at current levels, and protecting PAT — the same priorities as last financial year. If conditions improve over the next month or two, the second half of the year is expected to deliver the growth needed to cross the Rs. 1,000 crore milestones in FY27.

5. Financial Performance

Q: What were the key drivers behind the sharp recovery in revenue growth during Q4 FY26?

A: Since January 2026, the company has seen an upward trend in demand across a variety of end-use industries. February sustained this stable uptrend. The ongoing war situation also led many customers to build up capacity using the raw materials they were already holding, which created an upscale in demand for the entire quarter. 20 Microns was able to capitalise on this because of the inventories it carried across all product lines, allowing on-time delivery to customers. This combination of demand recovery and supply readiness drove the quarter's growth.

Q: What are the current EBITDA margins?

A: The company-wide EBITDA margin has been consistent at 12.5-13% for the past 5-8 years. Calcium Carbonate operates at 11-12% EBITDA, Kaolin is marginally better, and Nano is at 12-12.5%. Margins anticipated to rise by 200-250 bps, driven by scale efficiencies and controlled cost management by FY2030. The medium-term EBITDA margin target is about 14-15%, with a realistic near-term improvement of 0.5-0.6% expected from cost reduction measures.

Q: Why was FY26 weak?

A: FY26 was impacted by broad-based weakness across end-use sectors. Demand in ceramics remained off-track, plastics were subdued, and most paint companies—except Grasim Industries—operated at ~60% capacity utilization. Export demand was also weak. While Q1 FY26 saw only a marginal improvement, and there was a brief pickup during December–January, it was not sustained.

Adding to this, geopolitical tensions and global conflicts in Q4 FY26 led to intermittent disruptions in supply chains and export logistics. Uncertainty around key shipping routes, along with higher freight costs and longer transit times, further weighed on export momentum and overall business visibility.

The paint and allied industries—a key end market—faced a particularly challenging year. Extended monsoons impacted paint offtake, while intense competition among manufacturers led to sustained pricing pressure. This, in turn, created margin stress for suppliers, with some pricing levels becoming economically unviable.

Against this backdrop, the company reported single digit marginal revenue growth in FY26.

Outlook

Near-term growth is expected to track recovery in end-user industries, with incremental support from new product launches and selective market share gains where pricing remains sustainable. The company continues to remain disciplined, prioritizing margin protection and earnings quality over volume growth, and consciously avoiding business with structurally weak pricing.

Over the medium term, however, the company remains confident of delivering a ~18% CAGR, supported by capacity expansion and a higher share of premium products.

Q: Does the company aspire to be debt-free, and if so by when?

A: There is a clear aspiration to become debt-free over time, and long-term plans are in place towards that objective. More specific timelines will be shared as the company moves closer to that horizon.

Q: With revenue guided at 18% CAGR and margins expected to expand 200–250 basis points, can a Rs. 100 crore PAT be expected in FY27?

A: A firm PAT number is difficult to commit to given the current environment, and the duration of the present situation cannot be predicted. However, the Capex plan is firmly in place. If execution proceeds at the planned pace and timelines, the commitments laid out in the presentation are expected to be achievable.

Q: Where is net working capital expected to range in FY27, and are there any delays in customer payment terms?

A: Based on the cash flow cycle disclosed in the balance sheet, there are no material gaps in the net working capital range. Net working capital utilisation in FY27 is expected to remain in line with FY26 levels. On collections, no material payment delays have been identified at this point. A more precise read on the situation will be available by the second or third quarter, but as of now there are no delays.

Q: How much automation is planned to drive margin improvement over the next two years?

A: A number of automation initiatives are already in place across older production processes. The Capex incurred over the last two years, together with the planned future Capex, supports the shift to new-age milling processes that reduce power costs and improve capacity. In parallel, the company is investing in renewable energy — solar, hybrid and wind — for select plants to lower operating costs linked to power consumption. Several additional functions have been identified for automation over the next three years, and these will be taken up as part of Capex upgrades to existing plants.

Q. The Company has obtained general shareholders' approval under Section 185 of the Companies Act, 2013, for providing loans, guarantees and/or security up to ₹50 crore to entities in which the Directors may be interested, including subsidiaries, foreign subsidiaries, associates and joint ventures.

A: The rationale behind the amount was to seek one time approval, this provides the Company with financial flexibility to support its group entities as part of overall business strategy. All transactions, if undertaken, are evaluated on a case-by-case basis and are carried out in compliance with applicable legal provisions, on arm's length terms, and in the best interest of the Company and its stakeholders.

During FY 2025–26, the Company has utilised the said approval to provide a loan to one of its associate/joint venture companies. A disclosure for the same is also filed as per the SEBI guidelines.

6. Raw Material & Supply Chain

Q: What are the top import sources for raw materials?

A: China, Malaysia, and Vietnam together account for approximately 40% of raw material cost. The company has explored alternatives in South America and Middle East and few other parts of Asia, but economic instability and cost viability in those regions limits the volumes it can reliably source from them.

Q: How much of the raw materials is imported?

A: The company imports roughly 30% of its raw materials, with the remaining 70% sourced domestically.

Key imported minerals include calcium carbonate, barytes, calcined kaolin, and hydrous kaolin,

Q: How many mines does 20 Microns own and where are they located?

A: The company has five captive mining assets in India, although most are currently inactive or under development:

1. Rajasthan, Sirohi (Calcite)
2. Gujarat, Bhuj (China Clay / Kaolin) – Two mines:
   - One under 20 Microns Limited
   - One under 20 Microns Nano Minerals Limited
3. Gujarat, Vadodara (Dolomite)
4. Andhra Pradesh, Anantapur (Dolomite)
5. Tamil Nadu, Tirunelveli (Limestone)

In addition, the company acquired two limestone quarrying entities with reserves of 11 million tons in Malaysia as well 3 mines with 20 Microns Nano Minerals Limited

Key takeaway

- India: Limited active mining; New Mining acquisitions are expected
- Malaysia: Increasing importance via acquired quarrying assets
- Overall strategy is selective backward integration, with scope to scale captive mining over time

Q: Why did the company acquire mines in Malaysia?

A: The acquisition of GTLQ SDN BHD and IQ Marbles SDN BHD was primarily aimed at strengthening quality control and supply security.

By owning these quarrying assets, the company gains:

- Direct control over raw material quality, eliminating earlier dependence on suppliers and the risk of being allocated lower-grade material
- Assured and consistent supply access, reducing sourcing uncertainties, better logistics & bulk shipment management
- Long-term resource security, with reserves expected to last 25–30 years

Importantly, the acquisition is not driven by cost reduction, as the cost of Malaysian material remains broadly similar. The key benefits lie in quality consistency, reliability of supply, and long-term strategic control.

Q: What is the status of Indian mining operations?

A: The company holds ~11.136 million tonnes of mineral reserves across its mining assets in India.

Regulatory framework: Environmental clearances are typically granted for 20 to 30 years based on the State/Central Government Rules, regulations and approvals, with extensions subject to further approvals. The government's "use it or lose it" policy is also pushing companies to actively utilize their mining leases.

Operational progress: Mining activity is being scaled up in a phased and careful manner, given the long lead times involved. Quarrying alone takes 3–4 months before actual excavation can begin. The Anantapur mine, a virgin site with ~80% calcium carbonate deposits, has recently commenced quarrying, with pit development and material identification currently underway.

Outlook: The company is targeting ~1,00,000 metric tonnes of total output across all Indian mines (not a single mine) within the next 2–3 years, as more assets become operational.

Q: What is the total mine reserve position?

A: The company's total mineral reserves are spread across India and Malaysia:

- India: ~ 0.5388 million tonnes of reserves across its captive mining assets
- Malaysia: ~11 million tonnes of reserves, held through its step-down subsidiaries GTLQ SDN BHD and IQ Marbles SDN BHD

Key takeaway

- India forms the bulk of long-term reserves
- Malaysia provides strategic, high-quality limestone reserves with better operational control

Q: How are ongoing geopolitical tensions and maritime disruptions impacting the 20 Microns Limited?

A: Recent geopolitical developments, particularly in West Asia, have disrupted key global shipping routes such as the Red Sea and the Strait of Hormuz, leading to longer transit times, higher freight costs, and increased logistical uncertainty.

That said, the company has proactively strengthened its supply chain resilience in recent years through:

- Diversified sourcing
- Calibrated inventory planning
- Flexible logistics strategies

These measures have helped mitigate the immediate impact, allowing the company to remain operationally stable and continue servicing customers effectively.

While such disruptions may cause short-term volatility in freight and input costs, they also reinforce the company's strategic focus on building a resilient and adaptable supply chain, rather than one driven purely by cost efficiency.

Q: How are cost increases being passed on to customers?

A: The company is facing pressure across multiple fronts — fuel cost hikes, gas cost hikes, USD appreciation impacting imports, supply chain disruptions on both import and export side, higher freight, and higher raw material costs. This creates a bundled effect on the cost base. These hikes are discussed with customers on a case-by-case basis, and in many cases are passed through. The pass-through is not immediate; it typically takes a few days to a few weeks before announced hikes flow into regular invoicing. However, the company has been successful in securing regular price hikes from customers through this period.

Q: Is the company facing any shortage of fuel or gas, and is it impacting production?

A: Production is not being impacted at present. There are real challenges around fuel and gas, both on cost and availability, but the operations team is managing these with a balanced approach — including the use of multiple sources to maintain availability. Production is continuing at expected levels. Future visibility will depend on government policy and the broader situation, but as of now there are no material issues.

7. Risks & Challenges

Q: What are the major risks facing the company?

A: The company faces a range of risks across supply chain, regulatory, market, and operational areas:

Supply chain and geopolitical risks:
Exposure to global sourcing makes the business sensitive to policy changes in key countries such as China, Malaysia, and Vietnam. In addition, anti-dumping duties on titanium dioxide can impact input costs for nano products. Ongoing geopolitical tensions may also disrupt critical shipping routes, leading to longer transit times, higher freight costs, and increased logistics uncertainty, all of which are closely monitored.

Regulatory Risks:
The company is exposed to sudden increases in mining royalties, which can rise sharply (even up to 10x), as well as delays in environmental clearances. Past disruptions, such as those affecting talc mining in Uttarakhand, highlight this risk.

Market Risks:
End-user industries, particularly paints, are facing intense pricing pressure, which can impact realizations. Additionally, risks include dumping by competitors and an increasingly competitive calcium carbonate ($CaCO_3$) market.

Operational Risks:
The business is affected by long approval cycles for nano products (3–10 years), continued import dependence for certain value-added inputs, and low yield challenges in Indian kaolin processing, which can impact efficiency and margins.

Q: Are there any patents or IP moats?

A: The company does not hold patents, as most processes in this industry are difficult to patent. Instead, its competitive advantage is built on a combination of operational, technical, and relationship-driven moats:

- Long customer approval cycles (3–10 years): Create high switching costs and strong customer stickiness
- Strong R&D capabilities: Supported by DSIR recognition and a dedicated product application centre in Vadodara
- Customization at scale: Ability to offer 500+ SKUs, tailored to specific customer requirements
- Extensive infrastructure network: Presence across 15+ sites, which is difficult for competitors to replicate
- Established customer relationships: Built over 30+ years, reinforcing trust and repeat business

For nano products, the key edge lies in proprietary know-how—particularly in surface modification and chemical treatment processes—which is not easily replicable, even without formal patent protection. However, there are few patents within group companies i.e. 20MCC

8. Company History & Management

Q: How did the name 20 Microns Limited come about?

The name is literal and rooted in the company's core product philosophy.

When 20 Microns Limited was founded in 1987 by late Chandresh Parikh, its primary focus was on processing industrial minerals such as talc and calcium carbonate, widely used in paints, plastics, and coatings. In these industries, particle size—measured in microns (μm)—is a critical performance parameter.

At the time, ~20 microns represented an optimal balance between:

- Smoothness and dispersion in applications (e.g., paints)
- Cost-effectiveness
- Functional performance

The name "20 Microns" therefore reflected:

- Technical capability (ability to achieve fine particle sizes)
- A defined quality benchmark
- Clear positioning in the micronized minerals space

Over time, the company expanded into much finer grades (well below 20 microns) and more advanced speciality materials. However, the name endured, having become synonymous with precision, consistency, and engineered minerals.

In short, the name is directly derived from the science of particle size, not a symbolic or abstract concept.

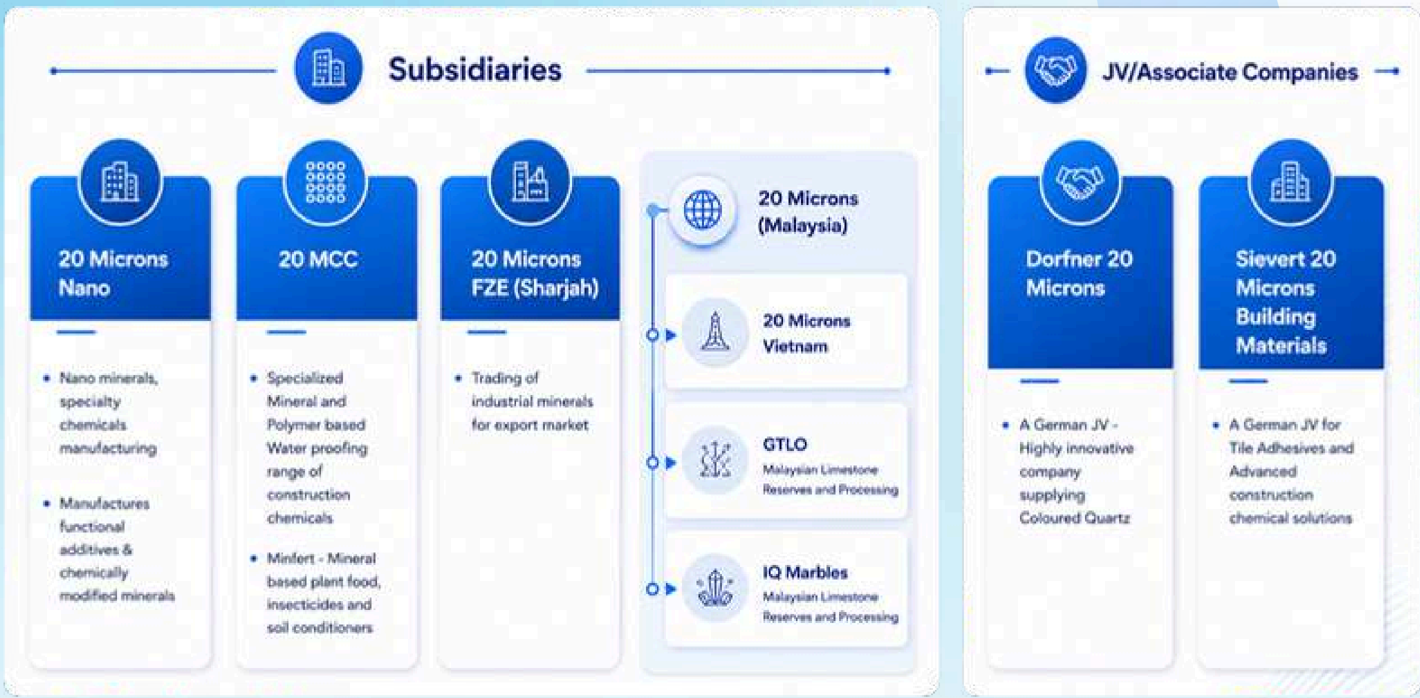
Q: What is the basic Group structure of 20 Microns Limited?

20 Microns Limited is a 39+ year-old company headquartered in Vadodara, Gujarat, with a corporate office in Mumbai.

Key highlights:

- Workforce: 500+ employees
- Manufacturing footprint: 9 plants across India
- Mining presence: 5 mines in India, along with operations in Malaysia and Vietnam
- Corporate structure: 4 subsidiaries (domestic and international), 3 Step Down subsidiaries (International) and 2 joint ventures with German partners
- Leadership:
  - Rajesh Parikh — Chairman & Managing Director
  - Atil Parikh — CEO & Managing Director
- Exports: Presence in 83+ countries
- Financials: Revenue of approximately ₹ 956 crore in FY26

GROUP STRUCTURE



The company is run by second-generation entrepreneurs, building on the foundation laid by the founder and expanding into value-added and global markets.

Q: How many employees does 20 Microns have, and how are they distributed?

A: 20 Microns Limited has a total workforce of ~1,100+ employees (including contract staff) as of March 31, 2025. This includes ~530+ permanent (payroll) employees.

The consolidated workforce is distributed as follows:

- 20 Microns Ltd (20ML): 411 payroll + 500 contract = 911 total
- 20 Microns Nano: 97 payroll + 100 contract = 197 total
- Others: 5 payroll + 10 contract = 15 total

Total: 531 payroll + 610 contract = 1,123 employees

While a detailed department-wise breakup is not disclosed, the company strengthened its commercial functions in FY25 by hiring ~70 employees in sales and marketing, indicating a sharper focus on growth and customer acquisition.

9. Customer Concentration & Stickiness

Q: How concentrated is the customer base?

A: The customer base is broad and not overly concentrated, with over 200 clients across diverse industries. The top 20 customers contribute about 50% of the revenue.

By segment, 48% of revenue comes from paints and coatings (including Asian Paints, Kansai Nerolac, Berger Paints, AkzoNobel, and Grasim Industries). Around 25% comes from plastics and polymers (such as Polycab, Astral Limited, Supreme Industries, and Finolex Industries), and ~9% from rubber (tyre and non-tyre).

The balance comes from ceramics, oil & gas (including ONGC and Schlumberger), agrochemicals, adhesives, inks, and cosmetics. Key clients also include Pidilite Industries and JK Tyre.

Within the paints segment, companies typically maintain 4–5 suppliers for supply security but allocate around 60% of volumes to their top two vendors, indicating balanced but sticky relationships.

Q: How sticky are customer relationships?

A: Customer relationships are highly sticky in specialized and nano products. Once a formulation is approved and embedded in a customer's manufacturing process, switching becomes difficult due to high reformulation costs and long approval cycles (typically 3–10 years). This is further reinforced by joint product development and a portfolio of 500+ customized variants, which creates deep integration with clients.

In contrast, stickiness is low in commodity-grade calcium carbonate, where competition is largely price-driven. Notably, management has highlighted that new entrants in the paint or polymer segments often approach 20 Microns Limited first, reflecting its strong reputation for innovation.

Q: What is 20 Microns' share in a paint manufacturer's total input cost?

A: Minerals account for about 25–30% of a paint formulation by volume, but only ~10–15% of total raw material cost by value. This makes them a meaningful, yet not dominant, cost component—large enough for customers to negotiate on pricing, but not significant enough to risk switching suppliers and disrupting formulation quality.

10. Margin Strategy & Capital Discipline

Q: How does 20 Microns manage margins in the calcium carbonate business?

A: 20 Microns Limited follows strict margin discipline, prioritizing profitability over volume. Management has indicated that it could add significant revenue by accepting orders at ~5% margins, but instead chooses to maintain margins around ~13%, even at the cost of lower topline growth.

In practice, the company accepts orders only if minimum margin thresholds are met, walks away from unprofitable pricing for periods of 2–3 months when required, and allows competitors to absorb low-margin volumes.

Q: What is the realistic long-term margin trajectory?

A: 20 Microns Limited has maintained EBITDA margins of ~12.5–13% over the past 5–8 years. In the near term, margins are expected to improve toward ~15%, driven by scaling of the upcoming capex, nano business and ongoing cost management.

If the nano segment grows to 2–3x its current size, management expects nano-level margins to improve, which could lift overall company margins to 14-15%. However, as long as calcium carbonate contributes ~50% of revenue, margins are structurally capped in the ~14–15% range.

This constraint is typical across global industrial mineral players and not unique to the company, which is why it is also strategically diversifying into newer industries and markets beyond paints.

Q: What is the debt and balance sheet position?

A: 20 Microns Limited has steadily strengthened its balance sheet, reducing its debt-to-equity ratio from over 1.5x to ~0.30–0.31 in recent years.

Capital expenditure has largely been funded through internal accruals, with ~4% of revenue allocated annually toward capex focused on upkeep, capacity expansion, technology upgrades, and decarbonisation of manufacturing units and warehouses. The Malaysian mine acquisition has been the most significant capital deployment in recent years.

Going forward, the planned ₹100 crore capex will be funded through a mix of internal accruals and some debt. While no explicit net debt-to-equity ceiling has been disclosed, the ratio has remained stable at ~0.30 over the past three years.

11. Product Launches & R&D Pipeline

Q: How many new products does 20 Microns launch annually?

A: 20 Microns Limited consistently launches 40+ new products annually, with 43 products introduced in FY25 across segments.

The company maintains a highly diversified portfolio, including 500+ SKUs in calcium carbonate alone. New product development is a key growth driver, particularly in underpenetrated segments such as rubber, polymers, and adhesives.

Q: Briefly describe the product launch strategy?

A: Historically, the company has had higher penetration in plastics and paints. The R&D focus is now on expanding into adjacent segments with tailored additive solutions. Recent launches include delaminated kaolins for the rubber industry, which have been well received in the tyre segment; talc-based anti-blocking agents for the petrochemical industry; specialised calcium carbonates for the oral care industry; specialised kaolins and waxes for the ink industry; and specific products for the cosmetics segment. All of these have been commercialised this year with a limited set of customers. Over the next three to four years, the expectation is that many additional customers within these industries will be approached and converted, scaling these new products meaningfully.

Q: What are the recent new client approvals and developments?

A: 20 Microns Limited has recently secured approvals from several major clients. Leading FMGC player is now moving into commercialization after nearly 10 years of trials. Reliance Industries is already a customer for anti-blocking agents used in polyethylene manufacturing, while Grasim Industries has been supplied customized formulations as a new entrant in paints.

Additionally, the company showcased new product offerings for the Plastics industry at PlastIndia 2026 showcasing its antiblocking additives range, and rubber industry at the India Rubber Expo 2026, covering tyre and non-tyre applications. It also presented sustainable and engineered mineral-based additives—including titanium dioxide (“Glowtox”), talc, and fumed silica—at PaintIndia 2026, aimed at improving coating performance, durability, and cost efficiency.

Q: What percentage of FY26 revenue came from products launched in the last two to three years?

A: Approximately 4–5% of revenue typically comes from newly launched products from both 20 Microns and 20 Microns Nano Minerals Limited. It is important to note that some new products are upgrades to older products — when this happens, the older product is discontinued and the associated revenue effectively migrates into the new product revenue stream. As a result, the headline percentage understates the true rate of product refresh.

Q: How is the construction chemicals segment evolving, and is it expected to become a larger contributor?

A: The company is present in both B2B and B2C within construction chemicals. On the B2B side, the company's minerals are used in the manufacture of construction chemicals, which is the basis for extending into the retail segment. A range of products has been launched over the past two years and is gaining traction with reputed names, although volumes are still small. The team is dedicated to this segment and delivers end-to-end solutions from basement to roofing applications. Over the next three to five years, meaningful impact is expected from both 20 MCC Private Limited (the 20 Microns subsidiary) and from the Sievert Building Materials Private Limited JV, each addressing different product categories.

Q: With granulated calcium carbonate seeing rising demand in dietary supplements and fortified food, is the company looking to enter the supplement-grade segment?

A: The company does not currently hold the licensing required to develop food-grade or pharma-grade calcium carbonate. Entry into this segment will be considered in the future once the market is better understood and the potential is validated, as it would require an entirely new and distinct operating set-up compared to the company's traditional business.

Q: What is the status of EV battery and semiconductor opportunities?

A: 20 Microns Limited has taken a measured approach in this area and is not rushing investments. R&D has been underway in collaboration with International labs, particularly around battery material and semiconductor related product development.

However, progress remains dependent on policy clarity, as the government has yet to allocate capacity or establish a clear framework. The company is actively participating in discussions but is waiting for stronger regulatory direction before committing significant resources.

These opportunities are still 2–3+ years away, and no meaningful revenue contribution is expected in the near term.

12. Export Strategy & REACH Registration

Q: What products does 20 Microns actually export?

A: 20 Microns Limited exports a range of industrial minerals, including talc (a key export given India's high-quality reserves), hydrous and calcined kaolin, barytes for oil drilling, quartz, and natural red oxides.

Calcium carbonate is generally not exported from India, as it is more cost-efficient to supply from regions like Malaysia, Vietnam, and Egypt due to lower freight costs. Accordingly, $CaCO_3$ exports are routed through the company's Malaysian and Vietnamese subsidiaries to African and South Asian markets. Export realizations are typically better than domestic pricing for similar products.

The US is not a focus market, as it has sufficient domestic mineral resources and relatively high internal logistics costs.

Q: Why aren't nano products exported significantly?

A: The primary constraint is REACH Regulation, which is mandatory for selling chemicals in the European Union. REACH registration is expensive and not viable at current low volumes of nano products. As volumes scale, compliance becomes more economical, and the company is in the process of adding EU and other regional registrations.

Additionally, Chinese players compete aggressively in Asian markets for similar specialty products. At present, nano exports are limited mainly to coatings, plastics, rubber and oil well drilling applications and a few niche segments.

Q: Will the export share increase from the current 13–15%?

A: A significant increase is unlikely in the near term. Management expects exports to grow, but at a slower pace than domestic revenue. The domestic market offers stronger and more stable demand, while export markets remain volatile due to geopolitical risks, erratic freight costs, currency fluctuations, and economic conditions in the western world.

Target export regions include Latin America, the Middle East, Southeast Asia, and Africa. However, only a limited number of markets provide long-term stable export relationships.

13. Joint Ventures & New Verticals

Q: What are the two German JVs?

A: The first JV, Dorfner 20 Microns, focuses on coloured quartz for applications such as quartz sinks, flooring, and tile joints. It is already operational, with products being partly manufactured in India and partly imported for specific applications. This builds on a prior collaboration with Dorfner, where 20 Microns became a distributor for Dorfner's kaolin products in Europe in 2019.

The second JV, Sievert 20 Microns, operates in construction chemicals, starting with tile adhesives and expanding into liquid solutions for waterproofing related solutions.

Both JVs are structured as asset-light, marketing-led partnerships, bringing German technology into India without heavy manufacturing investments.

Q: What are the retail/B2C products?

A: 20 Microns Limited through its wholly owned subsidiary offers:

- Waterproofing additives under 20 MCC Tigersil and Nanosil brands (construction chemicals)
- Mineral-based fertilizers under the Minfert brand (agriculture)

Retail revenue is currently >₹10 crore, with a target of ~₹30 crore in 3–4 years. These products are positioned in the affordable to mid-range segment and leverage the company's in-house minerals and formulations. However, management views retail as a distinct, execution-heavy business requiring strong distribution and brand-building capabilities, and is therefore scaling cautiously, mainly focused in the Tier-2 to Tier-4 cities in India.

Q: Why is the company scaling retail? Will it divert management focus?

A: The move to scale retail is a measured forward integration strategy aimed at capturing higher value by selling finished products instead of only raw minerals. It enables better margin realization and allows the company to build proprietary brands while leveraging its existing technical capabilities.

That said, retail remains a small and controlled initiative (>₹10 crore annually). Management acknowledges that it is operationally intensive—requiring distribution expansion, brand-building, and regulatory approvals (e.g., state licences, BIS certifications). As a result, both capital allocation and management bandwidth are being tightly managed, ensuring the core B2B minerals business remains the primary focus.

The approach is gradual and test-driven, with emphasis on building a pan-India distribution network before scaling further. While the long-term opportunity (~₹30 crore) is meaningful, growth is being paced deliberately to avoid disproportionate diversion of resources.