20 MICRONS LIMITED

Equity Analysis (26 May 2026)

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KapRoots Global Invest Pvt Ltd

Mission to Empower Investors

Introduction

20 Microns Limited manufactures and markets micronized industrial minerals, functional additives, and specialty chemicals for diverse industries globally. Its product portfolio includes calcium carbonate, talc, kaolin, silica, titanium dioxide, and rheology modifiers, catering to paints, plastics, ceramics, construction, oil and gas, paper, cosmetics, and agrochemicals sectors. The company was founded in 1987 and is headquartered in Vadodara, India.

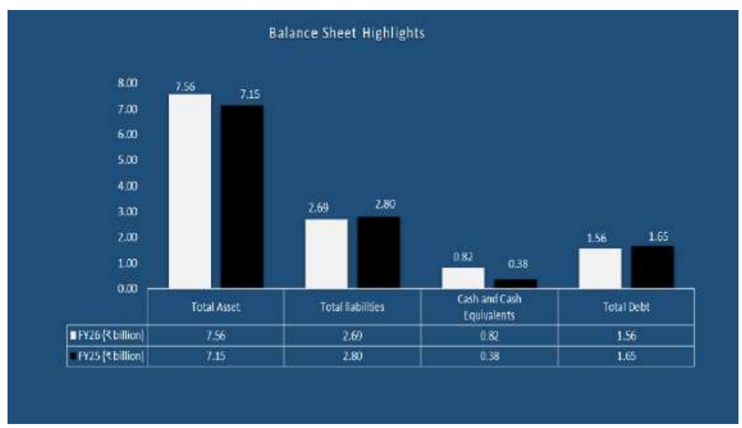
Recommendation	Cautious Buy	
Risk Profile	High	
Current Market Price (₹)	194.00	
52 Week Low-High (₹)	129.61-283.93	
Market Capitalization (₹)	6.83 billion	
Outstanding Shares	35.29 million	
PE (TTM)	10.32x	
EPS (₹) (TTM)	18.26	
Dividend Yield	0.65% (Annual)	
Ex-Date/Pay-Date	Jul 17 2026 -Aug 30 2026	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	0.8x	-
EV/EBITDA (LTM)/(FY-1)	6.4x	-
Price/Book Value (LTM)/(FY-1)	1.5x	-

Operating Performance

Source: Company Reports, Chart Prepared by Kaproots Global

- In FY26, total revenue was ₹9.54 billion against ₹9.13 billion in FY25.
- In FY26, the company's net income for the period was ₹0.67 billion against ₹0.62 billion in FY25.
- Cash generated from operating activities was ₹1.04 billion in FY26 compared to ₹0.32 billion in FY25.
- Cash used in investing activities was ₹0.31 billion in FY26 compared to ₹0.59 billion in FY25.
- Cash used in financing activities was ₹0.30 billion in FY26 compared to cash generated of ₹0.10 billion in FY25.

Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kaproots Global

Compared to FY25, in FY26:

- Total assets increased by ~6% to ₹7.56 billion.
- Total liabilities decreased by ~4% to ₹2.69 billion.
- Cash and Cash Equivalents increased to ₹0.82 billion.
- Total Debt decreased by ~5% to ₹1.56 billion.

Ratio Analysis

Fiscal Years	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Return on Assets (ROA) %	6.44%	8.55%	8.73%	10.34%	9.68%
Return On Equity %	11.40%	14.85%	15.34%	17.31%	15.86%
Return on Total Capital (ROTC) %	9.13%	11.91%	11.67%	13.11%	11.75%
EBITDA Margin %	12.36%	12.69%	12.31%	13.40%	12.57%
Gross Profit Margin %	47.34%	48.02%	48.08%	46.56%	46.72%
Net Income Margin %	4.75%	5.64%	5.96%	7.21%	6.83%
Asset Turnover	1.10	1.30	1.40	1.40	1.40
Days Outstanding Inventory (Avg)	142.10	131.40	122.30	100.40	102.30
Current Ratio	1.20	1.30	1.50	1.80	1.70
Days Sales Outstanding (Average Receivables)	65.00	56.60	51.40	52.50	53.70
Days Payable Outstanding (Avg)	128.80	101.20	92.40	62.40	44.60
Cash Conversion Cycle (Average Days)	78.30	86.90	81.30	90.60	111.40

Source: Koyfin, Chart Prepared by Kaproots Global

Key Business Highlights

- Over the last five years, the company doubled its revenues and nearly tripled its profits, progressing from annual revenue of just above ₹100 crore in FY2008 to nearing the ₹1,000 crore milestone in FY26.
- Announced a strategic ₹100 crore CAPEX plan over the next 24 months focused on capacity expansion, debottlenecking, mining enhancements, sustainability initiatives, and AI-enabled process improvements.
- Targets 18% revenue CAGR over the next three years, along with 200–250 bps EBITDA margin expansion and ROCE improvement to 18–20%.
- Malaysian subsidiary expansion aims to achieve annual production capacity of 1.08 lakh MT and quarrying capacity of 0.96 lakh MT by mid-FY2028.
- The Sievert joint venture for construction chemicals targets a 25% rise YoY in production capacity, aiming for 0.22 lakh MT by FY2029.
- Export business remained resilient with exports contributing 14% of FY26 revenue, supported by presence across 80+ countries globally.
- Paints segment contributed 46% of FY26 revenue, followed by polymers at 26% and rubber at 10%, highlighting a diversified end-market presence.
- Expanded global footprint through Malaysia and Vietnam operations along with JVs with Dorfner Germany and Sievert Baustoff Germany.
- Enhanced sustainability initiatives by achieving Ecovadis Gold Certification and allocating 15% of planned CAPEX toward energy optimization and ESG initiatives.
- Company expects sustainability initiatives to reduce energy costs by 5–8% and carbon emissions by 15% over the next three years.
- Participated in PaintIndia 2026 and PlastIndia 2026, showcasing advanced mineral-based functional additives and specialty polymer solutions to strengthen industry presence and customer engagement.

Outlook

20 Microns Limited remains focused on strengthening its position in the industrial minerals and functional additives segment through strategic capacity expansion, operational upgrades, and an increasing contribution from value-added products. The company’s ₹100 crore CAPEX program over the next 24 months is expected to support manufacturing expansion, technology enhancement, sustainability initiatives, and improved operational efficiencies. Management is

targeting sustained double-digit growth, supported by rising demand from paints, plastics, rubber, construction chemicals, and specialty polymers industries.

The company is also expected to benefit from the gradual ramp-up of its Malaysian operations and growing opportunities in import substitution and specialty mineral applications. With plans to improve EBITDA margins through scale efficiencies and product mix optimisation, 20 Microns aims to enhance profitability and return ratios over the medium term. Its diversified customer base, expanding global presence, and focus on innovation-driven solutions are likely to support long-term business growth and strengthen market leadership across high-value product categories.

Risks

The company has exposure to the following risks-

- Raw material volatility
- Paint demand slowdown
- Geopolitical uncertainty
- Export market risk
- Currency fluctuation risk
- Regulatory compliance risk
- Environmental compliance risk
- Capacity execution delays
- Competitive pricing pressure
- Demand concentration risk

Technical Analysis

Source: TradingView, Analysis by Kaproots Global

Company Name	Ticker	Sector	CMP (₹)	Advisory Date	Rating	Target 1 (₹)	Target 2 (₹)	Stop Loss (₹)
20 Microns Limited	20MICRONS	Materials	194.00	26 May 2026	Cautious Buy	212.00	229.00	175.00

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At the time of writing, the stock of an industrial minerals and chemicals manufacturer, 20MICRONS, was trading at ₹194.00 on 26 May 2026, after a decline of nearly 1.50% from the previous day's closing. It is currently trading between its 52-week price levels.

The stock is trading above the significant exponential moving averages (EMAs) of 20, 50, and 200 weeks on a weekly time frame, indicating bullishness for the midterm.

The stock is trading above the pivot support S1 (₹152.67), holding a bullish momentum on a weekly time frame chart.

RSI (14 weeks) is nearly at 56, holding a bullish momentum in the index.

Based on these facts, investors can buy the stock at the current market price (CMP) level for the potential targets of ₹212.00 (previous swing resistance) and ₹229.00 (previous swing resistance) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below ₹175.00 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.

Investment Summary

20 Microns Limited delivered a resilient FY26 performance despite subdued demand conditions and macroeconomic uncertainties, supported by operational efficiencies, disciplined cost management, and an improving product mix. The company reported consolidated revenue growth of 4.5% year-on-year to ₹9,538.3 million, while PAT increased by 6.7% to ₹666.7 million in FY26. The company continues to strengthen its position across paints, polymers, rubber, and specialty minerals, supported by an expanding global footprint and diversified customer base.

The company's proposed ₹100 crore CAPEX plan, focused on capacity expansion, automation, R&D, and sustainability initiatives, is expected to enhance long-term growth visibility and margin expansion. Management targets 18% revenue CAGR over the next three years along with improvement in EBITDA margins and return ratios. Additionally, growing contribution from value-added products, expansion in Malaysia operations, and increasing opportunities in import substitution and specialty applications support future growth prospects. Considering its strong balance sheet, improving operational profile, and strategic growth initiatives, a cautious stance appears appropriate.

Considering all the above factors and the current trading level, we recommend a "Cautious Buy" rating on the stock at the current market price of ₹194.00 as of 26 May 2026 (at-market hours).

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Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e. Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.

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