Press Release
MACRO POLYMERS PRIVATE LIMITED
March 26, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BBB | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE BBB' (read as ACUITE Triple B**o**)**n the Rs.70.00 Cr. bank facilities of Macro Polymers Private Limited (MPPL). The outlook is **'Stable'**.

Rationale for rating reaffirmation
The rating reaffirmation considers extensive experience of the management and the group's long track record of operations in the synthetic resin industry. The rating also draws comfort from the moderate financial risk profile marked by moderate net worth, low gearing and moderate debt protection metrics. The rating also takes into account the healthy generation of cash accruals in FY2024 and expected healthy generation in near term as well. Further, it considers consistent revenue growth amid volatile profitability margins, primarily on account of fluctuations in raw material costs. Further, the rating is constrained on account of the group's moderately intensive working capital operations and susceptibility of profitability margins to volatility in raw material prices, presence in a highly competitive and fragmented industry.

About the Company

Macro Polymers Private Limited (MPPL) was established as a proprietorship concern in 1962 by Mr. Shirish Parikh and later in the year 1995 the constitution was changed to private limited company. The company is engaged in manufacturing of synthetic resins such as Alkyd Resins, Butylated Melamine Acrylic Resins, Epoxy Resin, and Epoxy Hardner & Ketone Resin which are applicable in paints, inks and adhesive industry. The company is ISO 9001:2008, 14001:2004 & 18001:2007 certified and the R&D Centre is recognized by Government of India, Department of Scientific & Industrial Research Ministry of Science & Technology. The manufacturing unit of the company is located at Ahmedabad.

About the Group

Macro Polymers Private Limited (MPPL)along with its subsidiary Macro Polymers Vietnam Co. Ltd. together referred to as Macro Polymers Group (MPG) is engaged in the business of manufacturing of synthetic resins for surface coating applications such as paints, printing inks, wood coating lacquers and adhesives.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Previously, Acuité consolidated Macro Polymers Private Limited (MPPL) along with its three subsidiaries and one step-down subsidiary: Macro Polymers FZE, Dubai; Macro Polymers LLC, USA; Macro Polymers NA, USA (Step-down subsidiary); and Macro Polymers Vietnam Co. Ltd. However, now, Macro Polymers FZE, Dubai; Macro Polymers LLC, USA; and Macro Polymers NA, USA (Step-down subsidiary) are no longer operational. At present, only Macro Polymers Vietnam Co. Ltd remains operational alongside Macro Polymers Private Limited. Consequently, Acuité has consolidated these two entities along with Macro Polymers Private Limited (MPPL).

Key Rating Drivers

Strengths

Experienced management and established track record of operations

MPPL has an operational track record of over six decades in the synthetic resins industry. The company was established as a proprietorship concern in 1962 by Mr. Shirish Parikh (Chairman) and later in 1995, the constitution was changed to private limited company. At present, the company is promoted by his son, Mr. Mayank Parikh (Managing Director), who possess an extensive experience of over three decades in the synthetic resins industry. He is further supported by its well-qualified and experienced team of professionals in managing day-to-day operations of MPPL. The extensive experience of the management has enabled MPPL to establish a healthy relationship with its customers and suppliers.

Acuité believes that MPPL will continue to benefit from its experienced management and established track record of operations.

Moderate financial risk profile

The group has a moderate financial risk profile marked by moderate net worth, low gearing, and moderate debt protection metrics. The tangible net worth of the group stood at Rs.87.74 Cr. as on March 31, 2024, as compared against Rs.75.08 Cr. as on March 31, 2023. The group has conducted buyback of shares in September 2024. The total share buyback was of Rs.26.52 Cr. (including Rs.4.90 Cr. of tax). 2,38,000 shares have been bought back with a face value of Rs.10/share at a premium of Rs.912/share. The gearing level of the group improved to 0.24 times as on 31 March 2024 as against 0.44 times as on 31 March 2023. Interest Coverage Ratio (ICR) stood at 8.56 times in FY2024 against 6.36 times in FY2023. Debt Service Coverage Ratio (DSCR) stood at 2.61 times in FY2024 against 1.33 times in FY2023. The total outside liabilities to tangible net worth (TOL/TNW) of the group improved to 0.77 times as of March 31, 2024, as against 1.05 times as of March 31,2023. The Debt/EBITDA levels also improved to 0.83 times as of March 31, 2024, as against 1.59 times as of March 31,2023. Going ahead, the financial risk profile of the group is expected to remain moderate on account of planned debt funded capex in the near term.

Improved operating performance amid volatile profitability

The group's revenue has been improving year-on-year, recording a growth of ~9% in FY2024. The revenue increased to Rs.303.78 Cr. in FY2024 against Rs.278.47 Cr. in FY2023 and Rs.242.72 Cr. in FY2022, primarily on account of increased sales volumes during the year. Further, the 10MFY2025 revenue stood at Rs.276.45 Cr. However, the operating profit margin of the group stood volatile over the past three years at 7.87 percent in FY2024 against 7.10 percent in FY2023 and 11.73 percent in FY2022. The volatility in the operating profitability is on account of fluctuations in the raw material prices. The PAT margin stood at 4.40 percent in FY2024 against 3.39 percent in FY2023 and 6.20 percent in FY2022.

Going ahead, the ability of the group to sustain growth in its scale of operations and while improving its profitability margins will remain a key monitorable.

Weaknesses

Moderately working capital intensive operations

The group's working capital operations are moderately intensive as with GCA days of 121 days in FY2024 against 127 days in FY2023. The inventory days stood at 39 days in FY2024 against 42 days for FY2023. The debtor days stood at 66 days for FY2024 against 78 days for FY2023. The creditor days stood at 67 days for FY2024 against 72 days for FY2023.

Acuite believes that, the working capital operations of the company would remain moderately intensive in the near to medium term.

Susceptibility of profitability margins to volatility in raw material prices

The group's profitability margins are susceptible to volatility in raw material prices, which are derived from petroleum-based products and are inherently volatile. Any adverse movement in raw material prices could significantly impact the group's profitability. Furthermore, the group faces foreign exchange fluctuation risk, as approximately 15% to 20% of its revenue is generated through exports. However, this risk is partially mitigated by the group's foreign currency imports, which provide a natural hedge to some extent.

Presence in a highly competitive and fragmented industry
The resins industry is highly competitive and fragmented marked by presence of many organised and unorganized players in this industry, thus putting pressure on the profitability margins of the group.

Rating Sensitivities

- Ability to achieve a sustainable growth in the revenue while improving the profitability margins
- Ability to maintain an efficient working capital cycle

Liquidity Position
Adequate

The group's liquidity position is adequate marked by healthy net cash accruals against maturing repayment obligation and buffer available from undrawn bank limits. It generated cash accruals of Rs.17.33 Cr. against maturing debt obligations of Rs.4.81 Cr. during the same period. The group maintained unencumbered cash and bank balances of Rs.0.83 Cr. as on March 31, 2024. The current ratio stood at 1.51 times as on March 31, 2024. The reliance on working capital limit is moderate with average utilization of ~76% over the last 6 months ended February 2025.

Going ahead, the liquidity position of the company is expected to remain adequate over the medium term on account of healthy generation of net cash accruals in near term against its nominal repayment obligations.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	303.78	278.47
PAT	Rs. Cr.	13.37	9.43
PAT Margin	(%)	4.40	3.39
Total Debt/Tangible Net Worth	Times	0.24	0.44
PBDIT/Interest	Times	8.56	6.36

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite’s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria “Complexity Level Of Financial Instruments” on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Dec 2023	Cash Credit	Long Term	22.00	ACUITE BBB | Stable (Reaffirmed)
	Term Loan	Long Term	7.66	ACUITE BBB | Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	20.34	ACUITE BBB | Stable (Reaffirmed)
28 Sep 2022	Cash Credit	Long Term	21.50	ACUITE BBB | Stable (Upgraded from ACUITE BBB-)
	Cash Credit	Long Term	22.00	ACUITE BBB | Stable (Upgraded from ACUITE BBB-)
	Term Loan	Long Term	1.85	ACUITE BBB | Stable (Upgraded from ACUITE BBB- | Stable)
	Term Loan	Long Term	22.50	ACUITE BBB | Stable (Upgraded from ACUITE BBB- | Stable)
	Working Capital Term Loan	Long Term	2.15	ACUITE BBB | Stable (Upgraded from ACUITE BBB- | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE BBB | Stable | Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE BBB | Stable | Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

S.No	Company Name
1	Macro Polymers Private Limited
2	Macro Polymers Vietnam Co. Ltd

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About Acuité Ratings & Research
Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.