

Positive Chipboards India Private Limited

July 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	36.60 (Reduced from 38.31)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	1.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Positive Chipboards India Private Limited (PCB) continues to be constrained by the small scale of operations, moderately leveraged capital structure, moderate debt coverage indicators and presence in a competitive and fragmented industry. The ratings, however, derive comfort from the extensive experience of the promoters in the industry and established relationship with both customers and suppliers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Upscaling of operations marked by improvement in total operating income (TOI) above ₹100.00 crores while maintaining a profit before interest, lease rentals, depreciation and tax (PBILDT) margin of above 15%.

Negative factors

- Deterioration of overall gearing to above 2.50x.
- Drop in PBILDT margins to below 10% on a continuous basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that PCB is expected to sustain its operational and financial performance, deriving benefits from the vast experience of its promoters.

Detailed description of key rating drivers:

Key weaknesses

Small Scale of Operations

PCB commenced operations in 2016 and, given its relatively short operational history, has maintained a small scale of operations, typically within the range of ₹75.00 crores. In FY25, PCB reported 20% growth in its TOI, reaching ₹66.24 crores compared to ₹55.33 crores in FY24. This growth was primarily driven by increased sales volumes, supported by rising demand for chipboards. While the PBILDT margin improved over FY24, it has experienced a gradual decline over the past five years—from 17.95% in FY21 to 12.48% in FY25—largely due to intensifying competition in the chipboard segment.

Moderately leveraged capital structure and debt coverage indicators

The capital structure of PCB marked by overall gearing stood moderately leveraged at 1.74x as on March 31, 2025, against 1.26x as on March 31, 2024. The debt coverage indicators marked by total debt to gross cash accruals (TD/GCA) stood deteriorated at 9.44x as on March 31, 2025, against 6.63x as on March 31, 2024. This deterioration is majorly due to the debt of Rs 23.41 crore availed for the setting up a new manufacturing facility which commenced its commercial operations in Q1FY26.

Susceptibility to raw material prices and fragmented nature of Industry

The primary raw materials for PCB are wood, paper, and chemicals like Formaldehyde, Phenol, Melamine, etc. The company is exposed to price volatility risk as wood prices have remained fluctuating in the past. Also, the industry is highly fragmented and unorganized in nature thereby putting pressure on the profitability margins of the companies engaged in the industry. Furthermore, due to low entry barriers, the competition gets intensified, which might put pressure on profitability of the existing as well as new players. Accordingly, the margins of the group may fluctuate depending upon price movement and level of competition.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Key strengths

Vast experience of promoters

PCB is managed by 9 promoters. The current managing director of the company Vathimattom Meethian Kunju Muhammad has vast experience in the industry and is also a partner of ABS Plywoods, located in Perumbavoor, Kerala. He replaced the previous managing director of the company Maideen Hameed during FY23. Maideen Hameed entered business by setting up a wood veneer manufacturing unit in the year 1992 and has experience of over 30 years in the industry. All the promoters of the company are vastly experienced in timber and plywood-related industries.

Established relations with customers and suppliers

PCB, despite its short track record of operations, has been able to establish strong relationships with its customers and suppliers mainly on account of the experience of the promoters in the related industry. The company mainly sells its products in South India with Kerala being its major contributor. The entire product range is sold under their own brand in the name of "Positive". The customer base is diversified with top 5 customers contributing only 25% of total sales during FY25. The company sources around 80% of its total raw material requirements from regular suppliers, which has helped the company in establishing strong relationships with these suppliers, which in turn results in other supply-related benefits.

Liquidity: Stretched

Liquidity is stretched marked by tightly matched accruals against repayment of debt obligations. The average working capital limits utilization stood at 85% during the 12 months ended June 2025. The cash balance stood low at ₹0.03 crores as on March 31, 2025 (PY: ₹1.75 crores). The incremental accruals from the new project are expected to be sufficient to meet the repayment obligations.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plywood Boards/ Laminates

PCB, incorporated in 2010 and headquartered at Ernakulam, Kerala, commenced its operations in 2016. The company is led by its Managing Director, Vathimattom Meethian Kunju Muhammed. PCB specializes in the manufacture and sale of plain and pre-laminated particle boards, which are widely used in interior design and furniture applications, including cupboards, office partitions, and cubicles. The company operates a manufacturing facility in Ernakulam, with a daily production capacity of 6,500 pieces.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	60.93	55.33	66.24
PBILD	11.19	6.55	8.27
PAT	5.47	2.93	2.01
Overall gearing (times)	0.94	1.26	1.74
Interest coverage (times)	6.57	3.94	2.62

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	7.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	February 2035	29.60	CARE BB+; Stable
Non-fund-based - ST-Forward Contract		-	-	-	1.00	CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	29.60	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Aug-24)	1)CARE BB+; Stable (26-Jul-23)	-
2	Fund-based - LT-Cash Credit	LT	7.00	CARE BB+; Stable	-	1)CARE BB+; Stable (05-Aug-24)	1)CARE BB+; Stable (26-Jul-23)	-
3	Non-fund-based - ST-Forward Contract	ST	1.00	CARE A4+	-	1)CARE A4+ (05-Aug-24)	1)CARE A4+ (26-Jul-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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