

Three M Paper Boards Limited

December 12, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	82.91 (Enhanced from 50.66)	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	2.50	CARE A3	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to bank facilities of Three M Paper Boards Limited (TMPBL; formerly known as ThreE-M-Paper Manufacturing Company Private Limited) continues to derive strength from experienced promoters and TMPBL's long track record of operations in the paper industry. Ratings further derive strength from moderate scale of operations and profitability, comfortable capital structure, moderate working capital cycle, and adequate liquidity position.

However, rating strengths continue to remain constrained by moderate debt coverage indicators, profitability susceptible to fluctuation in raw material prices and forex rates, and presence in a highly fragmented and cyclical paper industry.

CARE Ratings Limited (CareEdge Ratings) has withdrawn ratings assigned to some bank facilities of TMPBL with immediate effect at the request of the company and 'No Dues Certificate' received from the lender, which extended the facility rated by CareEdge Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in interest coverage ratio above 5x on a sustained basis.
- Improvement in overall gearing below unity on a sustained basis.

Negative factors

- Deterioration in operating cycle beyond 80 days with increase in utilisation of working capital borrowings.
- Large debt-funded capital expenditure (capex) leading to deterioration in capital structure.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to benefit from its experienced promoters and sustain its financial risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Well-established track record and extensive industry experience of promoters

TMPBL has been operational for over three decades and is promoted by Hitendra Shah, having experience of over three decades in the paper industry. He is ably supported by his son, Rushabh Shah, who has over 15 years of industry experience. The promoters are supported by a qualified team of professionals with significant experience in their respective fields.

Moderate scale of operations and moderate profitability

In FY25 (refers to April 01 to March 31), TMPBL's total operating income (TOI) registered a marginal decline of ~2.50% to ₹266.61 crore (PY: ₹273.33 crore). This was primarily due to decline in sales realisations stemming from an oversupply in the industry and increased competitive pressure. Despite muted demand, sales volume increased marginally by ~2.50% in FY25. TMPBL has booked TOI of ₹145.64 crore in H1FY26 (H1FY25: ₹126.74 crore; refers to April 01 to September 30).

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

Profit before interest, lease rentals, depreciation and taxation (PBILDT) and profit after taxation (PAT) margin remained stable at 8.64% and 3.75%, respectively, in FY25 (PY: 8.95% and 4.12%, respectively). Going forward, TMPBL is likely to maintain its profitability, supported by cost saving and process modernisation initiatives.

Comfortable capital structure

The debt profile of the company mainly comprises working capital borrowings, term loans and unsecured loans from related parties. As on March 31, 2025, TMPBL's capital structure improved with overall gearing of 0.60x (PY: 1.19x) owing to scheduled repayment of term loan and accretion of profit to reserves. Further, TMPBL's net worth base improved to ₹103.81 crore as on March 31, 2025 (PY: ₹60.84 crore), with inflow of ~₹32 crore through initial public offering (IPO). The capital structure is expected to remain comfortable in the medium term despite ongoing debt-funded capex.

Moderate working capital cycle

TMPBL's operating cycle has elongated to 57 days in FY25 (PY: 49 days), resulting from higher collection and inventory period. TMPBL generally extends a credit period of ~60-90 days to its customers. The collection period increased to 77 days in FY25 (PY: 65 days). Considering the transit time involved in imports, TMPBL also has to maintain sufficient inventory of raw materials. The inventory period increased to 57 days in FY25 (PY: 49 days). Owing to established relations with suppliers, TMPBL gets ~45-60 days credit from its creditors thus setting-off the working capital cycle to a certain extent. Currently, working capital requirements are majorly funded through a mix of internal accruals and working capital limits from banks.

Key weaknesses

Moderate debt coverage indicators

The debt coverage indicators, though improved, remained moderate marked by total debt to gross cash accruals (TD/GCA) and interest coverage of 3.77x and 3.72x, respectively, in FY25 (PY: 4.21x and 3.28x, respectively). The debt coverage indicators are expected to moderate further in the medium term due to addition of new term loans for capex.

Susceptibility of profitability to fluctuation in raw material prices and forex rates

Raw material forms ~65-70% of the total cost of sales for TMPBL. Wastepaper is a key raw material for manufacturing duplex paper boards, prices of which have remained volatile in the international market due to mismatch between demand and supply. The prices of other raw materials (chemicals and coal), being globally traded commodities, have also inherently been volatile. Thus, volatility in raw material prices poses a threat to the company's profitability.

Also, TMPBL is exposed to fluctuations in forex rates. TMPBL derives ~15-20% of net sales from export market, against which imports are ~55-65% of purchases. TMPBL imports wastepaper mainly from the US and Canada through indenting agents. Any adverse movement in the foreign exchange rates can impact its profitability, as the company does not have a hedging policy.

Presence in highly fragmented and cyclical paper industry

The Indian duplex paper board industry is highly fragmented with stiff competition from several organised players and unorganised players. Given that entry barriers are low, players in this industry do not have pricing power and are exposed to competition induced profitability pressures. The paper industry is also cyclical and sensitive to economic cycles, which impacts its demand supply dynamics. The subdued demand scenario, multi-fold increase in import of paper products and heightened competition due to capacity addition in the industry has led to an oversupply situation, which is envisaged to persist in the near term. Despite near-term headwinds, demand for packaging paper is expected to grow steadily in the medium term considering growing demand for better-quality packaging for fast-moving consumer goods (FMCG) products. These factors will simultaneously drive duplex paperboard market in the medium-to-long term.

Liquidity: Adequate

TMPBL's liquidity position continues to remain adequate as marked by annual GCA of ₹16-20 crore against annual repayment obligations of ~₹6-9 crore over FY26-FY28. The average maximum utilisation of fund-based limits stood high at ~91% for the 12 months ended September 30, 2025. Cash flow from operations stood positive at ~₹9 crore in FY25 (PY: ~₹13 crore).

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](#)
[Paper & Paper Products](#)
[Financial Ratios – Non financial Sector](#)
[Withdrawal Policy](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Forest materials	Paper, forest & jute products	Paper & paper products

Incorporated in 1989, TMPBL (CIN: U22219MH1989PTC052740) is engaged in the manufacturing of recycled paper-based duplex board products used in packaging applications across industries, such as food and beverage, pharmaceuticals, cosmetics, and consumer goods. TMPBL's manufacturing facility is at Chiplun, Ratnagiri, with an installed capacity of 108,000 tonnes per annum. The company is listed on the SME board of BSE w.e.f. July 2024.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	273.33	266.61	145.64
PBILDT*	24.47	23.02	10.99
PAT	11.26	9.99	3.05
Overall gearing (times)	1.19	0.60	0.68
Interest coverage (times)	3.28	3.72	2.64

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

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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		-	-	-	48.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	31/01/2029	34.91	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	1.50	CARE A3
Non-fund-based - ST-Bill Discounting / Bills Purchasing		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Credit Exposure Limit		-	-	-	1.00	CARE A3

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	34.91	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Jan-25)	1)CARE BBB-; Stable (28-Dec-23)	1)CARE BBB-; Stable (06-Dec-22)
2	Fund-based - LT-Cash Credit	LT	48.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (07-Jan-25)	1)CARE BBB-; Stable (28-Dec-23)	1)CARE BBB-; Stable (06-Dec-22)
3	Non-fund-based - ST-Bank Guarantee	ST	1.50	CARE A3	-	1)CARE A3 (07-Jan-25)	1)CARE A3 (28-Dec-23)	1)CARE A3 (06-Dec-22)
4	Non-fund-based - ST-Credit Exposure Limit	ST	1.00	CARE A3	-	1)CARE A3 (07-Jan-25)	1)CARE A3 (28-Dec-23)	1)CARE A3 (06-Dec-22)
5	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	-	-	-	1)CARE A3 (07-Jan-25)	1)CARE A3 (28-Dec-23)	-
6	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	1)Withdrawn (07-Jan-25)	1)CARE BBB-; Stable / CARE A3 (28-Dec-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/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-Bank Guarantee	Simple
4	Non-fund-based - ST-Bill Discounting / Bills Purchasing	Simple
5	Non-fund-based - ST-Credit Exposure Limit	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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.

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