AVH Polychem Private Limited

September 23, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	116.50 (Enhanced from 66.50)	CARE BBB; Stable / CARE A3+	Upgraded from CARE BBB-; Stable / CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in ratings assigned to bank facilities of AVH Polychem Private Limited (APPL) reflects the sustained growth in the company's scale of operations while maintaining adequate profitability and debt coverage metrics in FY26 (refers to April 01 to March 31) and Q1FY27 and CARE Ratings Limited's (CareEdge Ratings') expectations of steady performance in the medium term, despite prevailing global uncertainties, supported by its established market position, long-standing relationships with customers and suppliers, and experienced promoters. APPL's revenue from operations grew by ~25% year-over-year (y-o-y) to ₹688 crore in FY26, supported by commensurate growth in sales volume, considering scale-up of new products added in recent years even as blended realisation remained steady. Its profit before interest, lease rental, depreciation, and taxation (PBILDT) margin improved by ~100 bps y-o-y to 3.18% in FY26, supported by economies of scale and favourable changes in product mix, translating into adequate debt coverage and capital structure. The trend continued in Q1FY27 with increase in revenue from operations by ~66% y-o-y supported by 14% y-o-y volume growth and steep rise in crude-linked commodity prices amidst West Asia conflict. CareEdge Ratings expects APPL's revenue and profitability to be supported by the steep rise in crude-linked commodity prices in the current year translating into healthy cash flow from operations, with normalisation of margins and revenues in the medium term.

Ratings continue to derive strength from APPL's established customer and supplier base, efficient working capital cycle characterised by low inventory and receivables and adequate capital structure and debt coverage metrics. However, ratings remain constrained by APPL's moderate scale of operations and inherently thin operating profitability, owing to its presence in the highly competitive commodity chemicals trading business and its exposure to fluctuations in commodity prices and foreign exchange rates, given that the traded products are largely crude oil derivatives.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-driven growth in scale of operations and profitability translating into significant increase in gross cash accruals (GCA) above ₹25 crore on a sustained basis.

Negative factors

- Significantly declining scale of operations and/or profitability leading to cash accruals below ₹10 crore on a sustained basis.
- Deteriorating total outside liabilities to tangible net worth (TOL/TNW) above 1.25x.
- Deteriorating liquidity position of the company with increase in operating cycle.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will maintain its operational and financial profile over the medium term, driven by sustained demand, its established market presence, and strong relationships with key counterparties.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Established relationship with suppliers and customers
The company's vendors (international and domestic) are well-known and reputed players, such as Dow Chemical International Private Limited (Dow Chemicals), Sabic Asia Pacific Private Limited, Pack Print Industries (India) Private Limited, and many others. APPL is an authorised dealer of Dow Chemicals for medical grade polymer and HAO (Higher Alpha-Olefin) grade polymers. The sourcing is spread across vendors, and top five suppliers contribute ~68% towards the total purchase in FY26 (FY25: 35%), in terms of volume. The company has a longstanding relationship with its customers reflected in track record of repeat orders. Customer concentration risk is low with top five customers, contributing less than 20% towards the total sales volume. The company caters to several industries, such as packaging, dairy, construction materials, solar industry, adhesives, and pharma, among others, while major contribution is from packaging industry. The company continues to derive its majority income from Polyethylene products, which contributed ~89% of total revenue in Q1FY27 (FY26: 87%; FY25: 87%). The established customer and supplier base is expected to aid in scale-up of APPL's operations in the medium term.

Adequate capital structure and debt coverage metrics
APPL's capital structure remains adequate characterised by overall gearing and TOL/TNW at 0.49x and 0.85x, respectively, as on March 31, 2026 (PY: 0.61x and 0.77x, respectively), owing to sustained growth in its TNW to ₹62 crore as on March 31, 2026, supported by healthy accruals and limited reliance on working capital borrowings due to short working capital cycle. The company primarily uses non-fund-based bank facilities (letters of credit) for import of chemicals. APPL's debt coverage indicators continued to remain adequate with a PBILDT interest coverage ratio and total debt/PBILDT of 5.34x and 1.39x, respectively, in FY26 (PY: 5.50x and 2.44x, respectively). APPL is expected to continue to maintain adequate capital structure and coverage metrics despite expected increase in borrowings.

Comfortable working capital cycle
APPL's working capital cycle continues to remain comfortable with gross current assets of 55 days in FY26 (PY: 49 days), owing to low credit period extended to customers and limited inventory holding. The net working capital cycle stood at 29 days in FY26 (FY25: 23 days). The company extends credit period of upto 30 days to its customers. Against this, the company enjoys credit period of 45-90 days of credit, backed by letters of credit, from its international suppliers. The limited inventory holding at 10-15 days limits the impact of commodity price volatility.

Experienced and resourceful promoters
APPL has been engaged in trading polymers for over a decade, with extensive business experience of its promoters. The company is run by promoters, Bipin Chandra Gandhi, Jwalin Gandhi, and Rutvij Gandhi, who have rich experience in this field. The company is likely to continue to benefit from their rich experience and funding support extended by them in the form of quasi equity.

Key weaknesses

Moderate scale of operations, despite scale-up in recent years
APPL's scale of operations remains moderate as reflected in revenue from operations below ₹1000 crore and TNW base below ₹100 crore in FY26. Moderate scale of operations limits APPL's ability to benefit from economies of scale and absorb external shocks. The company's total operating income grew by ~25% y-o-y to ₹688.09 crore in FY26, driven by a 25% increase in overall sales volumes, partially owing to scale-up of recent added chemicals and sustained demand for its polypropylene (PP) and polyethylene (PE) chemicals. The commencement of supplies under the company's association with Dow Chemicals for Metallocene Linear Low-Density Polyethylene (MLLDPE) in FY26, also supported revenue growth. The growth momentum continued in Q1 FY27, with sales being driven by higher volumes and improved realisations. Going forward, APPL's ability to scale up its operations backed by growing sales volume and new product addition translating into sizeable growth in net worth base and cash accruals remains a key monitorable.

Exposure to volatility in commodity prices and foreign exchange rates
APPL deals in polymer products, which are crude derivatives, and hence exposed to inherent volatility in prices. While the inventory holding remains low at under 20 days, significant volatility in prices of commodities could impact APPL's revenue and profitability. The steep rise in global crude oil prices since March 2026, owing to the West Asia conflict has translated into a sharp 20-25% increase in polymer prices in Q1 FY27. While APPL is expected to benefit from windfall gains in FY27, major correction in prices could have a short-term impact on its profitability. The company is also exposed to volatility in foreign exchange rates as it is a

net importer with ~42% of products imported in Q1FY27 (FY26: 48%; FY25: 46%). Its majority imports are backed by letters of credit, and the company follows the practice of hedging 1-month forward payables, which mitigates the risk to a large extent. The company imports polymers from countries, such as the Middle East, the United States (the US), Singapore, Malaysia, Korea, and Thailand, among others, and remains exposed to supply disruptions from evolving global geopolitical challenges. Its strong supplier base with distributed production capabilities aids in sourcing from different geographies to mitigate the risk.

Profitability constrained by trading nature of business and exposure to industry competition

The company is vulnerable to competition, given the large number of players in the market and limited avenue for product differentiation, which limits its pricing flexibility. Considering the trading nature of operations, the company's operating margin remains constrained. In FY25, operating margin stood at 3.18% (FY25: 2.18%). CareEdge Ratings expects the company's PBILDT margin to improve in FY27, supported by elevated commodity prices. However, with the anticipated normalisation of prices thereafter, profitability margins are expected to moderate and revert towards their historical levels.

Liquidity: Adequate

The company's liquidity is adequate as reflected by expected GCA of ₹15-25 crore in the next two years, against marginal debt repayment obligations of ~₹0.18 crore in FY27, and ₹0.40 crore in FY28. Average utilisation of fund-based working limit stood at 51% for 12 months ended June 30, 2026, indicating adequate liquidity buffer. The company's free cash and cash equivalents stood at ₹2.09 crore as on March 31, 2026. APPL's current ratio and quick ratio stood at 1.85x and 1.08x, respectively, as on March 31, 2026.

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
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Trading and distributors

Incorporated in 2009, APPL is engaged in trading commodity polymers, such as PE granules, PP granules, ethylene vinyl acetate (EVA) granules, and other polymers. The company procures polymers from domestic and international market and supplies to domestic customers.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	550.28	688.09	251.57
PBILDT*	12.02	21.86	NA
Profit after tax (PAT)	7.88	14.42	NA
Overall gearing (x)	0.61	0.49	NA
Interest coverage (x)	5.50	5.34	NA

A: Audited; UA: Unaudited; NA: Not available; 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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	116.50	CARE BBB; Stable / 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 2026-2027	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
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	116.50	CARE BBB; Stable / CARE A3+	-	1)CARE BBB-; Stable / CARE A3 (06-Oct-25)	1)CARE BBB-; Stable / CARE A3 (03-Oct-24)	-

LT/ST: Long term/Short term

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

Annexure-4: Lender details

To 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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