

AVH Polychem Private Limited

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	66.50 (Enhanced from 57.00)	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of AVH Polychem Private Limited (APPL) reflects the company's stable operating and financial performances in FY25 (refers to April 01 to March 31) and 5MFY26 and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance over the coming years backed by established customer base, expanding product portfolio, and experienced promoters. APPL's total operating income (TOI) grew by ~4% YoY to ~₹550 crore in FY25 largely led by rising average realisations amidst muted volume growth owing to intense competition and subdued demand from downstream companies. However, its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin remained steady at 2.18% in FY25 (PY: 2.16%) translating into adequate cash accruals. With modification in procurement strategy, expansion of product portfolio and expected contractual benefits from key suppliers, the company's revenue is likely to continue to grow over the medium term with sustained profitability.

Ratings continue to factor in APPL's long track record of operations, established relationship with key suppliers and diversified customer base. Ratings continue to consider the adequate capital structure marked by overall gearing of 0.70x and total outside liabilities to tangible net worth (TOL/TNW) of 0.86x as on March 31, 2025, with comfortable debt coverage metrics indicated by PBILDT interest cover of 5.5x and total debt/PBILDT of 2.64x in FY25. With no significant debt repayment obligation amidst low leverage and comfortable utilisation of working capital limits, the liquidity of the company continues to remain adequate.

However, these strengths are offset by APPL's moderate scale of operations and thin operating margin given its trading nature of business and intense competition in the industry. Moreover, the company continues to remain vulnerable to commodity price volatility and fluctuation in foreign exchange rates as its products are crude derivatives.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistently improving revenue and gross cash accruals (GCA) above ₹15.00 crore.

Negative factors

- Significantly declining scale of operations and cash accruals.
- Deteriorating overall gearing above 1x and TOL/TNW to 1.5x.
- Deteriorating liquidity position of the company with increase in operating cycle.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that APPL will continue to maintain adequate debt coverage metrics while benefitting from experienced promoters and established relations with key customers.

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, Sabic Asia Pacific Private Limited, LG Chem Limited, Lotte Chemical Titan, Marco Polo International LLC, HPCL, Sipchem, Mitsui & Company Limited, SCG (Thailand) Company Limited and many others. APPL is an authorised dealer of Dow Chemicals for medical grade polymer and HAO grade polymers. The sourcing is spread across vendors, and the top five suppliers contribute ~35% towards the total purchase in FY25 (FY24: 44%) in terms of volume. The company has a longstanding relationship with its customers reflected in track record of repeat orders. Also, customer concentration risk is low with top five customers contributing less than 20% towards the total sales volume. The company caters several industries, such as dairy,

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

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 segment, where Polyethylene contributed ~88% towards the total revenue in Q1FY26 (FY25: 88%; FY24: 88%).

Adequate capital structure and debt coverage metrics

The company's overall debt profile majorly comprises working capital loan, unsecured loans infused by promoters and vehicle loans. The overall debt has increased considering increase in working capital limits. However, the capital structure remains adequate with overall gearing and TOL/TNW at 0.70x and 0.86x, respectively, as on March 31, 2025 (PY: 0.56x and 0.98x, respectively). The PBILDT interest coverage continues to remain healthy at 5.50x in FY25 (FY24: 5.32x) given limited reliance on borrowings.

Comfortable working capital cycle

APPL's working capital cycle continues to remain comfortable given low credit period extended to customers and low inventory holding period. The net working capital cycle stood at 23 days in FY25 (FY24: 18 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 from its international suppliers. However, the company clears off its dues early.

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 the 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 and accruals

The scale of operations continues to remain moderate as reflected by TOI of ₹550.28 crore in FY25 (FY24: ₹531.07 crore). The growth is driven by increase in realisation with blended realisation increasing ~5% in FY25. APPL imports ~50% of its products and supplies the same in domestic market. Amidst the oversupply in the domestic market with increased domestic production, the sales volume moderated due to price competitiveness by ~1% in FY25. However, the company has presently revised the sourcing strategy and has entered contract with more beneficial contractual terms, which is expected to drive the sales volume and margin gradually in near-to-medium term. Moreover, with company being an authorised dealer of Dow Chemicals for few additional products, is likely to further support volume growth. In Q1FY26, the company has reported revenue of ₹151.66 crore, up 11% YoY. The moderate scale of operations and constrained profitability has translated into moderate accruals at less than ₹10 crore p.a. over the last five years.

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 15 days, significant volatility in the prices of commodities could impact APPL's revenue and profitability. The company is also exposed to volatility in foreign exchange rates as it is a net importer with ~50% of products imported. The company imports the products from countries such as Middle East, US, Malaysia, Korea, and Thailand, among others. However, the company resorts to some forex hedging at opportune times, which mitigates the risk to some extent.

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. Also, considering the trading nature of operations, the company's operating margin remains constrained. In FY25, operating margin stood at 2.18% (FY24: 2.16%). Though marginal improvement is expected in terms of margin considering recent negotiations with the suppliers, it is likely to remain range bound between 2% and 2.5% p.a. over the medium term.

Liquidity: Adequate

The liquidity remains adequate with projected GCA in the range of ₹8-10 crore p.a. over the next 1-2 years against negligible scheduled debt repayment obligation of ~₹0.05 crore p.a. The average utilisation of the working capital limits stood at ~54% in the 12-months ending July 31, 2025, indicating sufficient liquidity buffer. The free cash and bank balance of the company stood low at ₹0.19 crore as on March 31, 2025 (as on March 31, 2024: ₹2.34 crore). Also, the cash flow from operations stood negative at ₹10.22 crore as on March 31, 2025 (as on March 31, 2024: ₹13.82 crore) due to increase in working capital requirement amidst thin profitability.

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 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 polyethylene (PE) granules, polypropylene (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, 2024 (A)	March 31, 2025 (A)	5MFY26 (UA)
Total operating income	531.08	550.28	263.07
PBILDT	11.48	12.02	5.60
PAT	7.30	7.88	NA
Overall gearing (times)	0.56	0.70	NA
Interest coverage (times)	5.32	5.50	NA

A: Audited UA: Unaudited; NA: Not available; 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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	66.50	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 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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	66.50	CARE BBB-; Stable / CARE A3	-	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: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	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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