November 19, 2025

Advance Valves Private Limited: Long-term rating upgraded to [ICRA]A (Stable) and short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based - Cash Credit	48.00	48.00	[ICRA]A (Stable); upgraded from [ICRA]A-(Stable)
Long Term Fund based- Term Loan	5.00	5.00	[ICRA]A (Stable); upgraded from [ICRA]A-(Stable)
Short-term Non-Fund based - Others	32.00	32.00	[ICRA]A2+; Reaffirmed
Unallocated Limits	0.14	0.14	[ICRA]A (Stable)/[ICRA]A2+; Long term upgraded from [ICRA]A-(Stable) and short term reaffirmed
Total	**85.14**	**85.14**	

**Instrument details are provided in Annexure I*

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Advance Valves Private Limited (AVPL) and Advance Valves Global LLP (AVGL), together referred to as the Advance Valves Group or the Group. The entities have strong financial, operational, and managerial linkages, with AVPL holding a 51% stake in AVGL.

The long-term rating upgrade factors in the significant growth in operating income (up 48% YoY), driven by a healthy ramp-up in exports following the approval of one of AVPL's facilities by a few large export customers. Going forward, the Group's revenue will be supported by regular order inflows from both domestic and international clients. The Group's pending order book position, as on date, is around Rs. 394 crore, providing medium-term revenue visibility. The ratings also factor in the Group's robust financial risk profile, characterised by healthy cash accruals, a comfortable capital structure, strong liquidity, and satisfactory debt protection metrics. The ratings continue to consider the Group's experienced management team with a long operational track record in the valve manufacturing industry, its established relationships with customers, and its ability to secure orders from reputed engineering procurement contractors (EPCs) and oil and gas majors on the back of product accreditations.

The Group's liquidity profile is expected to remain comfortable going forward, given the limited capital expenditure plans and repayment obligations.

The ratings, however, are constrained by the Group's elevated working capital intensity due to high inventory holding requirements and a longer collection period. The operating margins also remain vulnerable to fluctuations in raw material prices, primarily steel. In addition, the ratings are constrained by the high competitive intensity in the valve manufacturing industry, characterised by the presence of large players in both domestic and overseas markets and numerous small unorganised entities in India.

The Stable outlook reflects ICRA's expectations that the Group's revenue growth, profitability, and liquidity will remain comfortable, backed by sustained order inflows.

Key rating drivers and their description

Credit strengths

Established track record in valve manufacturing business – The Group has been manufacturing valves used in various industries since 1987. It manufactures valves for the oil and gas, petrochemicals, water, refrigeration, and air conditioning industries. The promoters have been involved in the valve manufacturing business for more than three decades and have established strong relationships with both customers and suppliers.

Entry barriers due to stringent approval process and quality control – The Group manufactures valves that are critical, especially in the oil and gas sector. It holds approvals from almost all major global oil and gas companies. The approval process and quality control measures in the niche valve segment are highly stringent, making it extremely difficult for new entrants to establish a foothold in the industry.

Healthy financial profile, backed by minimal utilisation of working capital limits and comfortable capital structure and debt protection metrics – Over the years, the Group has maintained healthy profitability. The operating margins remained strong at 29.6% in FY2025 and expanded further to 33.8% in H1 FY2026. The Group's financial profile also remained sound, supported by a strong net worth base of around Rs. 271 crore and low gearing of 0.3 times in FY2025. The debt metrics have remained robust, with an interest coverage ratio of around 17.5 times and TD/OPBITDA of 0.7 times for FY2025. The revenue growth is expected to remain healthy in the current fiscal as well.

Order book position provides future revenue visibility – The Group had a comfortable unexecuted order book position of around Rs. 394 crore at the consolidated level as on date, providing near-term revenue visibility. The order turnaround time is low at around three months. The revenue growth is likely to remain healthy on expectations of steady order intake on an ongoing basis.

Credit challenges

High working capital intensity – The Group deals with customers with established and secured payment practices. Payments are received in phases based on milestone completion. As a result, the receivable cycle (~136 days for FY2025) as well as inventory days (~158 days for FY2025) remain high, leading to elevated overall working capital intensity. Going forward, ICRA expects the Group's operations to remain working capital intensive, given the nature of the industry the company operates in.

Intense competition in valves industry – The Group faces tough competition from large and reputed players such as Emerson, L&T Valves Limited, and Flowserve in both domestic and overseas markets, as well as from various small players in the domestic market when participating in valve tenders. Therefore, it remains a monitorable whether the Group will be able to record consistent revenue growth while maintaining its current profitability.

Margins exposed to raw material price fluctuations – While the orders are generally back-to-back in nature, the company remains exposed to the risk of increases in the prices of key raw materials. Hence, some price variation may have to be absorbed with the suppliers, even though customer contracts are fixed-price in nature. The in-built margin in customer contracts, at the time of award, factors in a potential upward variation in raw material prices to some extent.

Liquidity position: Adequate

The Group's liquidity profile is adequate, characterised by low working capital utilisation, with sufficient cushion in the limits. Further, at the Group level, the cash and investments stood at more than Rs. 100 crore as on March 31, 2025 (including MFs investments), providing an additional liquidity cushion. The cash flow from operations is expected to remain adequate as there are no repayment obligations.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the Group demonstrates a sustained improvement in the working capital cycle (debtors and inventory), along with a significant growth in revenues, while maintaining healthy profitability margins and debt metrics.

Negative factors – ICRA may downgrade the ratings if any significant decline in scale or profitability weakens the key credit metrics, a stretch in the working capital cycle or larger-than-projected debt-funded capex adversely impacts the liquidity profile. A specific credit metric that could lead to a downgrade is the total debt/OPBDITA increasing to more than 1.9 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of AVG and AVPL given their common management and business

Note (for analyst reference only):

About the company

AVPL is promoted by Mr. Uma Shanker and his family. The company is involved in the business of manufacturing valves, catering to the requirements of diverse industries such as oil and gas, power, water infrastructure and heating, ventilation and air-conditioning (HVAC). The company has two manufacturing units in Noida (Uttar Pradesh) and Gagret (Himachal Pradesh). AVPL's Group company, AVGL, is a limited liability partnership (LLP) under the same promoters. It also manufactures valves that cater to the requirements of diverse industries such as oil and gas, power, water infrastructure and HVAC.

Key financial indicators (audited)

Advance Valves Private Limited (Consolidated)	FY2024	FY2025	H1FY2026*
Operating income	303.6	450.8	195.4
PAT	49.3	92.5	43.9
OPBDIT/OI	25.3%	29.6%	33.8%
PAT/OI	16.2%	20.5%	22.5%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.7
Total debt/OPBDIT (times)	0.7	0.7	0.4
Interest coverage (times)	23.2	17.5	19.7

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 19, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term-term loan-fund based	Long term	5.00	[ICRA]A (Stable)	June 04, 2025	[ICRA]A- (Stable)	Feb 04, 2025	[ICRA]A- (Stable)	-	-	-	-
Short term-others-non fund based	Short term	32.00	[ICRA]A2+	June 04, 2025	[ICRA]A2+	Feb 04, 2025	[ICRA]A2+	Apr 10, 2023	[ICRA]A2+	Apr 07, 2022	[ICRA]A2+
		-	-	-	-	Jun 28, 2024	[ICRA]A2+	-	-	-	-
Long term-cash credit-fund based	Long term	48.00	[ICRA]A (Stable)	June 04, 2025	[ICRA]A- (Stable)	Feb 04, 2025	[ICRA]A- (Stable)	Apr 10, 2023	[ICRA]A- (Stable)	Apr 07, 2022	[ICRA]A- (Stable)
		-	-	-	-	Jun 28, 2024	[ICRA]A- (Stable)	-	-	-	-
Long term / short term-unallocated-unallocated	Long Term/ Short Term	0.14	[ICRA]A (Stable)/ [ICRA]A2+	June 04, 2025	[ICRA]A- (Stable)/ [ICRA]A2+	Feb 04, 2025	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	-	-
		-	-	-	-	Jun 28, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash credit	Simple
Long-term fund based – Term loan	Simple
Short Term - Fund based- Others	Very Simple
Unallocated Limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term fund based – Cash credit**	NA	NA	NA	48.00	[ICRA]A (Stable)
NA	**Long-term fund based – Term loan**	NA	NA	NA	5.00	[ICRA]A (Stable)
NA	**Short term Non-fund based – Others**	NA	NA	NA	32.00	[ICRA]A2+
NA	**Unallocated limits**	NA	NA	NA	0.14	[ICRA]A (Stable)/ [ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Advance Valves Private Limited (AVPL)*	100.00%	Full consolidation
Advance Valves Global LLP (AVGL)	51.00%	Full consolidation

*Source: Company, *AVPL holds 51% stake in AVGL*

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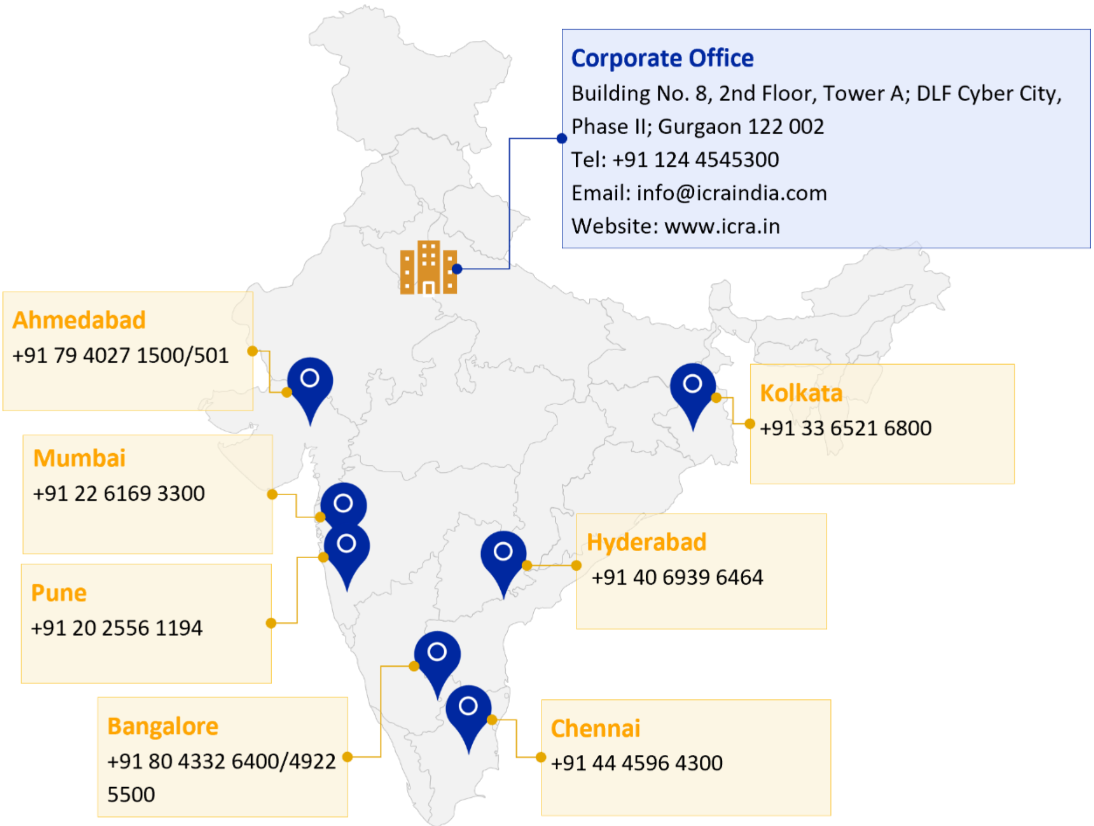

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