April 07, 2026

Parv Metal Processing Co: [ICRA]BBB-(Stable)/ [ICRA]A3; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Cash credit	4.00	[ICRA]BBB- (Stable); assigned
Long term – Fund based – Term loan	14.49	[ICRA]BBB- (Stable); assigned
Short term – Fund based – Packing credit	11.00	[ICRA]A3; assigned
Long term/ Short term – Unallocated limits	0.51	[ICRA]BBB- (Stable)/[ICRA]A3; assigned
Total	**30.00**	

**Instrument details are provided in Annexure I*

Rationale

For arriving at the ratings, ICRA has taken a consolidated rating view of Sapna Metal Processing Co. (SMPC) and Parv Metal Processing Co. (PMPC), collectively referred to as the Sapna Group or the Group. The consolidated approach reflects the entities' presence in a similar line of business, common management, and fund movement among the group companies.

The assigned ratings factor in the extensive experience of the partners in the casting industry, having their own manufacturing units spread across the Metoda region in Rajkot. The Group has established a growing business in the domestic and export markets, catering to prominent customers engaged in machine tools, industrial machinery, hydraulics, wind energy, mining and heavy equipment, injection moulding, automotive and aviation sectors across geographies. The planned capacity enhancements are expected to offer additional headroom for business growth, while demand has remained steady across all geographies. The financial profile is comfortable, supported by limited reliance on external debt and steady earnings.

These strengths are, however, partially offset by the susceptibility of operating profit margins (OPM) to volatility in raw material prices and the working capital-intensive nature of operations. The client concentration risk is high, as revenue from the top five customers at the consolidated level remains above 55% of total revenues in FY2025. Further, the company faces stiff competition from organised and a large number of unorganised players in the casting industry. Further, its working capital intensity remains moderate due to elevated creditor days and a limited buffer available in its working capital facility.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group will maintain its revenue and profitability, supported by healthy demand from its established clientele. Further, the outlook underlines ICRA's expectation that any incremental capex undertaken to increase capacity will be funded in a manner that allows the entity to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Extensive industry experience of the partners – The promoter has over two decades of experience in the casting industry, which has enabled the Group to develop a strong understanding of industry dynamics and maintain established relationships with customers and suppliers. Apart from SMPC and PMPC, the Group has other promoter-held entities engaged in casting operations, which together operate 15 manufacturing units and support Parv and Sapna through job work and inter-company requirements. Going forward, the Group plans to consolidate operations under Sapna Metal Processing Co., which is proposed to be converted into a public limited company in the medium term.

Established business in both, domestic and export market – The Group has a mixed domestic and export-oriented revenue profile, with periodic shifts based on order allocation between the two entities. Parv's revenues were export-led up to FY2023, followed by higher domestic sales in FY2024-FY2025, while exports accounted for around 39% in 11M FY2026, up from around 19% in FY2025. Sapna witnessed a higher export contribution in FY2024-FY2025, with exports forming around 55% of revenues in FY2025 and around 45% in 11M FY2026. The majority of domestic revenue is mainly derived from Gujarat and Karnataka. The domestic customer base includes CNC machine tool manufacturers such as Ace Designers Limited and Cosmos Impex India Pvt. Ltd., along with export clients in the USA, Europe, and Japan, including Yamazaki Mazak Group, Haas Automation Inc., and INDEX-Werke GmbH & Co. KG.

Comfortable debt protection – The Group has a comfortable financial risk profile, supported by steady earnings, a comfortable capital structure, and adequate debt coverage indicators. At the consolidated level, revenue stood at Rs. 156.3 crore in FY2025 with an OPM of 10.9%, which is likely to be maintained in the current year as well. Low reliance on external debt resulted in comfortable gearing of 0.7 times and TOL/TNW of 1.9 times as on March 31, 2025. Debt coverage indicators remained comfortable, reflected in an interest coverage of 3.4 times and total debt/OPBDITA of 2.1 times in FY2025.

Credit challenges

Susceptibility of the profitability to volatility in raw material prices – The operating performance remains exposed to volatility in raw material prices, as such costs account for around 68-72% of operating revenue, with key inputs such as scrap and sponge iron being influenced by overall demand-supply dynamics in the metal market.

Moderate scale of operations in intensely metal processing business; working capital intensive operations – The casting industry is highly competitive due to low entry barriers and the presence of a large number of organised and unorganised players, which limits pricing flexibility and restricts margin expansion. The group's working capital intensity remains moderate, driven by extended customer credit of 60-90 days in line with industry practice and inventory holding of around 45-56 days to support operations. Consequently, utilisation of working capital limits remained high, averaging about 88% during the last twelve-month period ended February 2026. Further, the client concentration risk is high, as revenue from the top five customers at the consolidated level remains above 55% of total revenues in FY2025.

Risks inherent in partnership firm such as risk of capital withdrawal – The Group remains exposed to the risk of capital withdrawals by its partners, which could potentially impact its capital structure and financial flexibility. While recent withdrawals have limited net worth growth, the promoters have also extended support through the infusion of unsecured loans and equity, whenever required, to meet working capital needs. Nonetheless, any significant withdrawal in the future could adversely affect the company's liquidity position and overall financial stability, making it an important area for ongoing monitoring.

Liquidity position: Adequate

The liquidity profile of the firm is adequate, supported by a sufficient buffer in its working capital limits, with average utilisation of around 88% for the 12 months ended February 2026. The company has repayment obligations of Rs. 2-3 crore each in FY2026 and FY2027, which are expected to be comfortably met through internal cash generation and the available buffer in working capital limits. The company has incurred capex of Rs. 15-20 crore in FY2026, which is partly funded by a term loan. The company has no major capex plan for FY2027. The company has received timely enhancement in working capital limits in FY2025 and FY2026, commensurate with the increasing scale, which will remain a key monitorable going forward.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a material increase in revenue and earnings, leading to improvement in the debt coverage metrics and liquidity position on a sustained basis.

Negative factors - Pressure on the ratings could arise if there is a material decline in revenues and earnings or any significant debt-funded capex or higher than projected capital withdrawal or increase in working capital cycle weakens the debt coverage indicators and liquidity position. A specific credit metric for a downgrade includes Interest coverage less than 2.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology]
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financial statement of SMPC and PMPC (as mentioned in Annexure-II), given their common management and strong operational linkages.

About the company

Parv Metal Processing Co. (PMPC) and Sapna Metal Processing Co. (SMPC), part of the Sapna Group, are manufacturers and exporters of heavy grey cast and ductile iron castings. Based in Rajkot, Gujarat, the Group has extensive presence across machine tools, industrial machinery, hydraulics, wind energy, mining and heavy equipment, injection moulding, and the automotive and aviation sectors. Both companies have four manufacturing units each for production and casting, with a consolidated capacity of 37,920 metric tonnes per annum (MTPA).

The founder, Sahdevsinh D. Jhala, oversees finance, while Sanjaybhai I. Soni handles sales. Kiransinh J. Jadeja manages production operations, Brijrajsinh S. Jhala looks after quality assurance, Gajrajsinh K. Jadeja oversees human resources, and Parv S. Soni leads product design and new product introduction.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	165.2	156.3
PAT	6.4	5.2
OPBDIT/OI	10.5%	10.9%
PAT/OI	3.9%	3.3%
Total outside liabilities/Tangible net worth (times)	1.5	1.9
Total debt/OPBDITA (times)	1.7	2.1
Interest coverage (times)	4.0	3.4

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Instruments	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Apr 7, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long-term	4.00	[ICRA]BBB- (Stable)	-	-	-	-	-	-
Fund based – Term loan	Long-term	14.49	[ICRA]BBB- (Stable)						
Fund based – Packing credit	Short-term	11.00	[ICRA]A3	-	-	-	-	-	-
Unallocated limits	Long-term/ Short-term	0.51	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-	-	-

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 – Packing credit	Simple
Long term/ Short term – Unallocated limits	Not Applicable

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	4.00	[ICRA]BBB- (Stable)
NA	**Long term – Fund based – Term loan**	FY2022 – FY2026	9.25% - 9.50%	FY2027 - FY2031	14.49	[ICRA]BBB- (Stable)
NA	**Short term – Fund based – Packing credit**	NA	NA	NA	11.00	[ICRA]A3
NA	**Long term/ Short term – Unallocated limits**	NA	NA	NA	0.51	[ICRA]BBB- (Stable) /[ICRA]A3

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
Parv Metal Processing Co	100.00%	Full consolidation
Sapna Metal Processing Co	100.00%	Full consolidation

Source: Company

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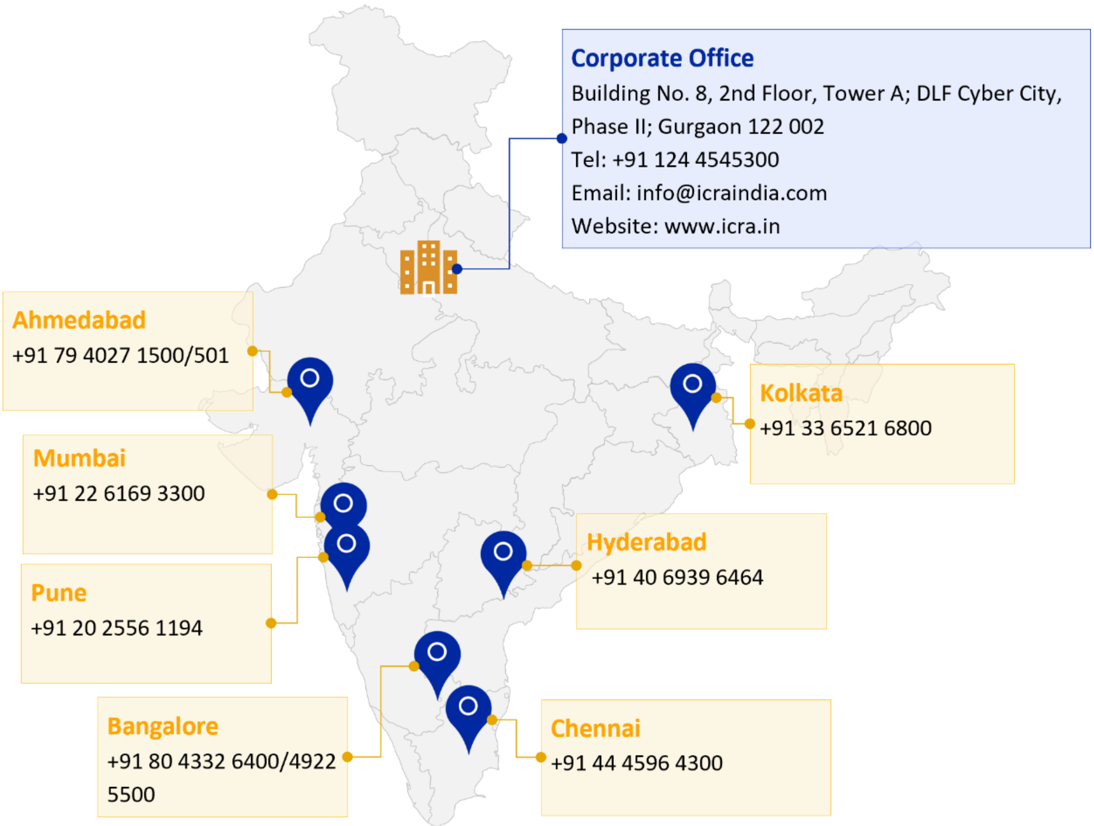

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