

## Sawan Engineers Private Limited

October 10, 2025

Facilities/ Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	33.02 (Reduced from 42.13)	CARE BBB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	16.00	CARE BBB; Stable / CARE A3+	Reaffirmed
Short Term Bank Facilities	13.50	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Sawan Engineers Private Limited (SEPL) continue to derive strength from vast experience of its promoters, established track record of operations in pipe fittings industry, and reputed although concentrated clientele. Ratings also factor in SEPL's healthy profitability, moderate capital structure, comfortable debt coverage indicators and adequate liquidity.

Ratings, however, continue to remain constrained by SEPL's moderate scale of operations, susceptibility of the profitability to volatile raw material prices and forex fluctuation and its presence in a competitive and fragmented pipe fittings industry.

Rating assigned to one of the term loan has been withdrawn based on the receipt of no objection certificate of the lender that had extended these facilities rated by CARE Ratings Limited (CareEdge Ratings).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Volume-driven sales growth resulting in total operating income (TOI) exceeding ₹250 crore and maintenance of Profit before interest, lease, depreciation and tax (PBILDT) margin above 20%.
- Improvement in return on capital employed (ROCE) above 25% on a sustained basis as well as maintenance of overall gearing below 0.50x.

#### Negative factors

- Decline in TOI by 20% from current level and/or operating profit margin below 15% on a sustained basis.
- Increase in working capital requirement or any major debt-funded capex leading to deterioration in overall gearing to more than 1.25x.
- Deterioration in debtor days to more than 130 days

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that SEPL would continue to maintain a moderate business risk profile, underpinned by the promoters' long-standing industry experience and the company's established position in the pipe fitting manufacturing sector, catering to a reputed clientele. Additionally, healthy profitability and low reliance on external debt would support its overall financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Vast experience of promoters and established track record of operations

Jaswant Jagwani, chairman and managing director, has more than 25 years of experience in the pipe fittings industry. Ashok Tanani, Director-Technical, leads the technical team at SEPL and has over 20 years of industry experience. He is also member of The American Society of Mechanical Engineers (ASME), International. The promoters are ably supported by a qualified professional team in the overall functioning of the company.

##### Reputed clientele with various certifications and approvals in place

SEPL supplies to reputed clientele across industries including reputed public sector undertakings (PSUs) and key large-scale private players. SEPL is also an approved vendor for its pipe fitting products with reputed players in energy sector including Indian Oil Corporation Limited (IOCL; CARE AAA; Stable/CARE A1+) and Hindustan Petroleum Corporation Limited (HPCL) among others. The company has long-standing relationship with its major clients owing to stringent control over quality and adequate certification

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

in place, for its product and manufacturing facility, from the leading international agencies. SEPL receives order through both tenders as well as direct enquiry-based orders from organisations, where it is an approved supplier.

### **Healthy profitability**

SEPL has wide product offerings, which is customised as per end-use application. These are the critical components having applications across various industries like oil & gas, power, petrochemical, cement, steel among others. The PBILDT margin of the company remained healthy at 18.22% in FY25 (FY24: 15.81%). With the moderate depreciation and interest and finance cost, profit after tax (PAT) margin also remained healthy at 7.59% in FY25 (FY24: 6.16%). Subsequently, gross cash accruals (GCA) too grew from ₹13.61 crore in FY24 to ₹16.14 crore in FY25.

### **Moderate capital structure and comfortable debt coverage indicators**

Capital structure of SEPL improved with overall gearing of 0.56x at FY25 end (P.Y:0.73x) owing pre-payment of term loan availed for capex purpose. Total outside liability to tangible net-worth (TOL/TNW) also remained moderate at 0.85x as on March 31, 2025 (0.98 as on March 31, 2024).

Currently, SEPL's manufacturing activities are spread across three separate sites in Waghodia, Vadodara. The company is consolidating its operations into a single location at Baska, near Vadodara. The total estimated cost for the same is ~₹37 crore (increased from ₹ 30 crore as projected earlier). As of March 31, 2025, a significant portion of the relocation has been completed, with around ₹30 crore already incurred. The completion is expected by Q3FY26-end, revised from the earlier time-line of FY25-end. The delay was due to a lag in achieving financial closure; however, it had no major implications on the overall operations of the entity.

Post moving to its new facility, company plans to sell its existing land and building, proceeds of which would be utilised for the term loan repayments/ pre-payment. It has already re-paid/pre-paid some part of the term loan from sales of part its land parcels. The debt coverage indicators of SEPL improved and remain comfortable marked by PBILDT interest coverage of 7.23x (P.Y:5.58x) and total debt to gross cash accruals (TDGCA) of 2.85x (P.Y: 3.91x) in FY25.

### **Key weaknesses**

#### **Moderate scale of operations with client concentration**

SEPL operates in the niche pipe fittings industry, wherein it offers a product portfolio including bends, flanges, tees and elbow fittings. During FY25, TOI of the company remained stable at ₹122.33 crore as against ₹126.36 crore in FY24. SEPL reported sales of ₹ 41 crore till August 31, 2025 (₹ 23.51 crore during Q1FY25; refers to the period April 01 to June 30) and its TOI likely to remain stable in FY26. SEPL has an un-executed order book of ₹ 46.19 crore as on September 08, 2025, with an average order execution period of 4-5 months.

Company has concentrated clientele base with revenue from top 5 customer forms ~59% of its TOI in FY25 (FY24: 64%). However, these are reputed players having strong credit profile entailing low counter-party credit risk.

#### **Susceptibility of profitability to volatile raw material prices**

Over the past three years ended FY25, the raw material cost formed a major portion of SEPL's total cost of sales at an average of 50-60%. SEPL receives some portion of its orders through tenders while the balance is direct enquiry-based. For the orders which do not carry any price variation clause, SEPL endeavours to build in the volatility in the sales price quotation and major inventory is order backed. However, SEPL's profitability remains exposed to the adverse movement in its raw material prices, i.e., steel plates and scrap, especially in light of a sizeable inventory holding period.

#### **Presence in a competitive and fragmented pipe fitting industry albeit stable demand prospects**

SEPL derives its revenue from industries, such as oil & gas, power, chemicals, and fertilizer. Its revenue stream is largely linked to new investment in these sectors considering low replacement demand for these products. Also, the fragmented nature of the industry with the presence of large number of small and mid-sized players. However, this is overcome to some extent by SEPL's product profile wherein certain customised and precision products are manufactured by only few players across South Asian countries and being an approved vendor for majority of clientele. Also, for certain category of customized pipe fittings, SEPL is one of major players worldwide, it has the capability to manufacture fitting range from 1.5 inches to more than 150 inches. Majority of the pipe fittings are utilised by the oil-gas industry and are critical component of the entire system. The demand for pipe fittings is expected to improve going forward with the government's thrust to improve infrastructure is also expected to augur well for industry players.

### Liquidity: Adequate

The liquidity of the company is adequate with moderate GCA against the low term debt repayment obligations. Average fund based working capital utilisation remained moderate at 65.30% for trailing 12 months ended August, 2025, providing adequate cushion. The cashflow from operations remained positive at ₹29.48 crore (PY: ₹16.24 crore).

SEPL had free cash and bank balances of ₹ 2.76 crore (excluding lien marked FD of ₹ 2.79 crore) as on March 31,2025. Though it has elongated operating cycle due to large working capital requirement, the same improved to 113 days during FY25 as against 129 days in FY24. The improvement in the operating cycle was largely due to moderation in the average inventory holding days. The company need to maintain adequate inventory owing to its diverse offering. Collection period stood at 117 days in FY25 as against 112 days in FY24. Credit period offered to the customers generally ranges between 3-4 months and certain amount of the order is retained with the customer in the form of retention money, resulting in a elongated overall collection period. However, majority of these are reputed clients, reducing the counterparty risk to a certain extent.

**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](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

Vadodara-based (Gujarat) SEPL was incorporated in 2007 by Jaswant Jagwani. In 2010, SEPL took over operations of Sawan Engineers, which was established as proprietorship firm in 1991. SEPL is engaged in the manufacturing of pipe fittings which finds its application in industries such as petrochemicals, power, chemicals, and oil & gas. SEPL operated with an installed capacity of 7,500 Metric Tonne Per Annum (MTPA) as on March 31,2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26 (UA)
Total operating income	126.36	122.33	41.00
PBILDT	19.98	22.29	NA
PAT	7.78	9.29	NA
Overall gearing (times)	0.73	0.56	NA
Interest coverage (times)	5.58	7.23	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

**3.1 Status of non-cooperation with previous CRA:** CRISIL vide his PR dated July 31, 2025 has continued the rating of SEPL under INC category owing to lack of information.

**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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	28.50	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	August 2027	4.52	CARE BBB; Stable
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	16.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	13.50	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	4.52	CARE BBB; Stable	-	1)CARE BBB; Stable (09-Oct-24)	1)CARE BBB; Stable (04-Oct-23)	1)CARE BBB; Stable (20-Oct-22)
2	Fund-based - LT-Cash Credit	LT	28.50	CARE BBB; Stable	-	1)CARE BBB; Stable (09-Oct-24)	1)CARE BBB; Stable (04-Oct-23)	1)CARE BBB; Stable (20-Oct-22)
3	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	16.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (09-Oct-24)	1)CARE BBB; Stable / CARE A3+ (04-Oct-23)	1)CARE BBB; Stable / CARE A3+ (20-Oct-22)
4	Non-fund-based - ST-Letter of credit	ST	13.50	CARE A3+	-	1)CARE A3+ (09-Oct-24)	1)CARE A3+ (04-Oct-23)	1)CARE A3+ (20-Oct-22)

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 - LT/ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: 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.

### Contact us

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