

Swingtel Communications Private Limited

August 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	190.00	CARE BBB+; Stable / CARE A2	Assigned
Issuer rating	0.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings continue to derive strength from Swingtel Communications Private Limited's (SCPL) highly experienced promoters with established track record of operations, long association with reputed clientele and authorised partnership with reputed semiconductors and electronic components original equipment manufacturers (OEMs). Ratings also derive strength from moderate profit margins, comfortable capital structure, debt coverage indicators and adequate liquidity position.

However, rating strengths are tempered due to moderate despite growing scale of operations, working capital intensive operations with elongation in working capital cycle, foreign exchange fluctuation risk and presence in competitive operations with cyclicity in the automotive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with total operating income (TOI) exceeding ₹800 crore on a sustained basis while sustenance in the profit margin.
- Total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) remaining below 1.3x on a sustained basis.
- Improvement in gross current assets (GCA) period less than 150 days on a sustained basis.

Negative factors

- Significant decline in scale of operations and profit margins on a sustained basis.
- Deterioration in overall gearing exceeding 1x on a sustained basis.
- Deterioration in debt coverage indicators with interest coverage reaching below 4x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The assignment of "Stable" outlook reflects CARE Ratings Limited (CareEdge Ratings) belief that SCPL will sustain its growth in scale of operations, profitability margins and sustainable credit profile in the near-to-medium term considering established track record and long association with reputed clientele and authorised partnership with global semiconductor and electronic component OEMs.

Detailed description of key rating drivers:

Key strengths

Highly experience promoters with established track record of operations and diversified product profile

SCPL has an established track record of over three decades' operations with distributing a wide range of electrical components, primarily semiconductors, to over 50 automotive divisions. Its product portfolio includes ~1,500 items catering across multiple sectors including automotive, consumer electronics, industrial, lighting, and internet of things (IoT). In addition to distribution, SCPL offers customised technological solutions tailored to customer requirements. SCPL's overall operations are managed by Yusuf Manasawala (Chairman) and Moiz Manasawala (Managing Director and Vice Chairman) who hold significant experience in the industry. Yusuf Manasawala started his career in the late 1980s with a small business distributing ball bearings, having about four decades' experience in the industry. Moiz Manasawala holds a business degree with international cross-training in global markets and holds about two decades' industry experience through his association with the company. Extensive internships and work experience abroad, which helped them to build strong international partnerships with top semiconductor and electrical

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

equipment OEMs. Promoters are assisted by second line of management who are well-experienced professionals for managing the company's operations.

Long standing relationships with reputed customers and suppliers

Over the years of operations, SCPL has established long-term relationships with reputed customers engaged in the automotive, consumer electronics, industrial, lighting and IoT industries. With continuous demand from the existing customers besides additions of new customers across the industries, the company has been able to grow its scale of operations. Top 10 customers remained moderately concentrated to 67.44% in FY25 (against 66% and 54.41% in FY24 and FY23, respectively). The clientele includes some reputed tier I suppliers across automotive industry who sell to automobile OEMs.

Similarly, SCPL's suppliers are across Singapore, Hong Kong, the USA, China, and Germany among others. It has been able to establish strong relationships with suppliers over the years as evident from purchases from top 10 suppliers increased to 75% in FY25 (against 70.54% in FY24 and 62.07% in FY23). Higher purchasing from suppliers often leads to better negotiation power, priority in supply in shortages, and access to exclusive or early-release of products, which are key deliverables of this industry. SCPL is an authorised partner for a reputed semiconductors and electronic components, which have enabled SCPL to develop long-term relationships among its customers due to product authenticity and quality resulted in fetching better pricing for products sold.

Moderate profitability margins

SCPL's PBILDT margin remained moderate despite reflecting a fluctuating trend in FY21-FY25, owing to fluctuation in prices of semiconductors considering demand for automotive semiconductors has been highly variable. This remained moderate despite being in trading and remained in the range of 7.39% to 13.02% in the last five years ended FY25.

SCPL's PBILDT margin moderated to 9.60% in FY25 against 13.02% in FY24 considering increase in cost of traded material from 83% in FY24 to 85% in FY25. The employee cost also increased from ₹10 crore in FY24 to ₹16.49 crore in FY25 as the company hired a new staff to strengthen its selling and marketing activities to penetrate the untapped markets, also intended to grab opportunities for growing demand for automotive semiconductors. The profit after tax (PAT) margin also moved in tandem with PBILDT margin and stood at 6.09% in FY25 against 8.89% in FY24. Going forward, the profit margin is expected to remain at similar levels in the near-to-medium terms. The return on capital employed (ROCE) stood healthy at 26.12% in FY25 (against 44.26% in FY24).

Comfortable capital structure and debt coverage indicators

SCPL's capital structure stood comfortable marked by an overall gearing at 0.51x as on March 31, 2025 (against 0.42x as on March 31, 2024, and 0.77x as on March 31, 2023). Slight moderation in this was because of increased short-term borrowing in FY25 to meet increase in the company's working capital requirement. The company's total outside liabilities to tangible net worth (TOL/TNW) slightly improved and stood at 1.09x as on March 31, 2025, against 1.16x as on March 31, 2024.

Debt coverage indicators stood comfortable considering lower reliance on the external debt and moderate profitability. Total debt to gross cash accruals moderated on year-over-year (y-o-y) basis and stood at 2.26x in FY25 (against 1.09x in FY24 and 1.72x in FY23) and the interest coverage has also moderated to 7.47x in FY25 (against 15.30x in FY24 and 14.24x in FY23) primarily considering reduction in absolute PBILDT and increase in debt in FY25. The company's capital structure and debt coverage indicators are expected to remain comfortable in the near-to-medium terms owing to healthy accretion of profits to reserves and moderate utilisation of working capital borrowings.

Key weaknesses

Moderate despite growing scale of operations

The company's overall scale of operations remained moderate as marked by TOI stood in the range of ₹191 crore to ₹568 crore in FY21 to FY25. This grew at a compounded annual growth rate (CAGR) of 10.71% in the last three years ended as on FY25 considering new customers being tied up and increased orders from existing customers. The company's TOI increased significantly by 78% from ₹259.73 crore in FY22 to ₹462.94 crore in FY23, primarily post covid the demand for semiconductors skyrocketed due to the growing need for consumer electronics, automotive components, and other high-tech devices. This sudden increase in demand outpaced the industry's ability to supply chips, which resulted in higher income for company. The scale continued growing from ₹529.77 crore in FY24 to ₹ 567.87 crore in FY25, as automotive division continued to grow y-o-y basis, while the demand from other segments continue to remain stable.

As the consumer demand for EV rises and this is expected to increase in the medium terms. This naturally leads to higher demand for semiconductors used in automotive applications. To tap this growing opportunity, the company has already increased its spent

on selling and marketing strength to cater increasing demand of the market. In Q1FY26, the company achieved net sales of ₹170.16 crore and considering the stable demand for semiconductors, the company's revenue is expected to show continued growth in the near-to-medium term.

Working capital intensive operations

SCPL's operations are working capital intensive marked by GCA period of 199 days in FY25 (against 169 days in FY24 and 145 days in FY23). Elongation in this was primarily attributable due to majority funds being blocked in debtors and inventory levels. The company generally extended credit period of 90-100 days to its customers and increased in collection period over the years considering increase in revenue and dealing with reputed customers, who are extended liberal credit terms, which is consistent with industry standards. The inventory period increased to 50 days in FY25 over 20-40 days previously, as the company has diversified its product portfolio and currently deals with over 1500 products. As a result of this, the inventory and collection period elongated to 114 days and 50 days in FY25 (against 103 days and 38 days in FY24). On the other hand, the company gets moderate credit period from its suppliers leading to creditors period of 52 days in FY25 (against 51 days in FY24). As a result, the operating cycle elongated to 111 days in FY25 (against 90 days in FY24). Hence, going forward, efficient working capital management will remain critical from a credit perspective.

Intense competition from market with cyclicity in automotive industry

The market is highly competitive, with numerous domestic and international players striving to supply automotive-grade semiconductors to OEMs and tier 1 suppliers. This competition drives down prices and limits the ability of traders to command premium margins. Automobile industry is inherently cyclical, demand for vehicles fluctuates based on economic conditions, consumer sentiment, and regulatory changes. These cycles directly impact the demand for semiconductors, leading to periods of overstock or understock, which further strain profitability. As a result, semiconductor trading companies often operate with modest margins, needing to balance cost efficiency, inventory management, and customer service while navigating unpredictable market dynamics.

Foreign exchange fluctuation risk

SCPL is a net importer being importing mainly from Singapore, Taiwan, Hong Kong, the USA and China and sold domestically. The company made 35-40% payments in advance to its suppliers and 25-30% import liability is hedged at any point in time. These contracts lock in exchange rates for future payments, protecting against adverse currency movements. However, 35% remains unhedged, leaving the company exposed to market fluctuations. The company sets its domestic sale prices for each quarter based on average exchange rate of the previous quarter. This acts as a natural hedge, as increase in import costs due to currency depreciation is partially offset by higher selling prices in the next quarter. The company's profitability margin remains susceptible foreign exchange fluctuation risk, which remained highly volatile in the past. The company has earned foreign exchange gain of ₹2.48 crore in FY25 (against ₹ 3.97 crore in FY24).

Liquidity: Adequate

SCPL has an adequate liquidity position marked by healthy cash accruals against its lower debt obligations. The company's projected gross cash accruals level is expected to remain sufficiently cushioned against debt obligations of ₹5.50 crore (including prepayment of term loan) in FY26 and ₹1.75 crore in FY27. The company has free cash and bank balance of ₹0.47 crore as on March 31, 2025 (against ₹ 0.24 crore as on March 31, 2024). Utilisation of average of maximum fund-based and average non-fund based working capital remained relatively low at 66.58% and 49.95% for 12 months ended May 2025. As on March 31, 2025, the current ratio and quick ratio stood comfortable at 1.87x and 1.40x (PY: 1.82x and 1.35x). Cash flow from operating activities stood negative of ₹12.31 crore in FY25 (against positive of ₹21.84 crore in FY24) due to elongated GCA period.

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](#)

[Issuer Rating](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

SCPL was initially established as 'Mallinath Leasing and Finance Private Limited' in 1994. It was taken over by the Manasawala family in October 2006 and subsequently renamed as SCPL in October 2010. The company is currently managed by Yusuf Manasawala (Chairman) and Moiz Manasawala (Managing Director & Vice Chairman). SCPL is engaged in distribution of semiconductors and electronic components. SCPL deals with sectors, including automotive, lighting, industrial applications, telecom, and consumer electronics among others. The company offers a wide range of products, including energy meters, solar energy solutions, charging infrastructure, motor control systems, vehicle lighting systems, industrial lighting, residential and commercial lighting LEDs, integrated circuits (IC), transistors, diodes, and inductors and among others. It has a corporate office in Mumbai, with branch offices across India and international offices in Singapore and the USA. It also has affiliate partners in the UAE and China. SCPL has 70,000 square feet, temperature-controlled warehouse (storing sensitive electronic components and semiconductors, ensuring they remain in optimal condition), SAP-based Warehouse Management System (WMS) at Bhiwandi in Maharashtra and has branch offices at Pune, Gurgaon, Bengaluru, Noida.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	June 30, 2025 (UA)
Total operating income	529.77	567.87	170.16
PBILDT	68.99	54.55	23.31
PAT	47.10	34.61	15.98
Overall gearing (times)	0.42	0.51	NA
Interest coverage (times)	15.30	7.47	15.64

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
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE BBB+; Stable
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	190.00	CARE BBB+; Stable / CARE A2

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	Issuer Rating-Issuer Ratings	LT	0.00	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Aug-25)	-	-	-
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	190.00	CARE BBB+; Stable / CARE A2				

LT: Long 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	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	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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