

Safa Systems & Technologies Limited

December 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	48.78	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	12.50	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited ('CareEdge Ratings') has been seeking information from Safa Systems & Technologies Limited (SSTL) to monitor the rating vide e-mail communications dated October 30, 2025, December 17, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on SSTL's bank facilities will now be denoted as **CARE BB-; Stable/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by Safa Systems & Technologies Limited (SSTL) with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. The ratings assigned to the bank facilities of Safa Systems & Technologies Limited (SSTL) continue to be constrained by the low profitability margins inherent to the industry, working capital intensive nature of operations, leveraged capital structure and exposure to technology obsolescence risk. The ratings, however, derive strength from the extensive experience of the promoters, established operational and proven track record, widespread distribution network and growing scale of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on November 21, 2024, the following were the rating strengths and weaknesses (updated for the information available from stock exchange)

Key weaknesses

Moderation in scale of operations and thin profitability margins:

The Indian mobile phone distribution is characterized by intense competition and a prevalence of products from limited, established brands. SSTL recorded total operating income of ₹519.03 crore during FY25 (PY:629.52 crore). The moderation continued during the period H1FY26 (refers to April 01 to September 30) with the company recording total operating income of ₹181.12 crore against Rs.286.12 crore in H1FY25. SSTL's PBILDT margins continue to remain thin at 0.90% in FY25 primarily due to higher purchase costs and discounts offered. During H1FY26, the company reported similar PBILDT margin levels of 0.86%.

Weak debt coverage indicators:

In FY2024, SSTL had issued equity shares worth Rs.14.85 crore to Effective Lifestyle Private Limited and Kanone Technologies limited, acquiring stakes of 69.42% and 49.74% respectively, through stock-swap. Due to which capital structure had improved with a gearing ratio of 1.21x as on March 31, 2024 from 2.53x as on March 31, 2023. The gearing improved to 1.10x as on March 31, 2025. However, the company's debt coverage indicators stood weak, with total debt/GCA continues to remain on a high level at 22.17x as on March 31, 2025 (PY:18.50x).

Competitive nature of business and Technology obsolescence risk:

The company operates in highly competitive services industry. There are no entry barriers in the industry which puts them in the threat of competition from new entrants. Technological obsolescence is an inherent risk in any technology related business and

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

also, applies to the mobile handset's distribution business. However, the company's vendors continue to provide significant support against technological obsolescence. SSTL is compensated when a new model is launched, and the existing model is to be sold at a discount. Nonetheless, SSTL continues to remain exposed to the risk associated with inventory holding and stock liquidation, which could have an adverse impact on its profitability in the event of the company being unable to liquidate the inventory timely.

Key strengths

Extensive experience of the promoter in the business:

The company promoters have more than two decades of experience in business and run several group companies, and partnerships that operate in several sectors. In the telecommunications and electronic accessories business, the company has successfully established itself as a leading player in the market due to constant support from promoters and their expertise. Mr. Faizal has more than two decades of experience in various businesses and previously was involved in the plywood trading business. The company is managed by Mr. Faizal Bavaraparambil Abdul Khader along with other directors which form a strong management team that has enabled the company to successfully implement its growth plans.

Diversified product portfolio:

SSTL stands as a prominent distributor of electronic products and accessories in South India, boasting an extensive range that encompasses telecommunication devices, accessories, LED televisions, tablets, IT products, and home appliances etc. The company has secured distributorship agreements with esteemed brands such as Xiaomi, Apple, OnePlus, TECNO, Samsung and Micromax, positioning itself as a key player in the State of Kerala. The company has been also awarded ISO 9001:2015 quality certifications and found to conform to the requirement of ISO 9001:2015 for the scope of provisions of marketing, trading and distribution.

Established clientele with widespread distribution network:

SSTL holds a moderate market position in the mobile distribution sector, fostering partnerships with over 10 leading brands. The company's expansive network spans 40+ sub-distributors and nearly 200 large format retail (LFR) and direct retail sellers. Beyond serving retail sellers, SSTL's portfolio extends to encompass B2B orders from corporate clients nationwide. The company's marketing strategies primarily align with the respective brands, incorporating collaborative efforts in select cases. Approximately 75% of product procurement directly involves associated brands, with the remaining 25% sourced from other states. SSTL is actively engaged in discussions with additional brands for potential partnerships in device distribution and marketing.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

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

The company was initially established as a partnership firm under the name "Safa Systems & Solutions" in Kerala in 2012. Later, it was converted into a Public Limited Company and renamed "Safa Systems & Technologies Limited" on September 21, 2021. The company is currently one of the largest distributors of electronic products and accessories in Kerala. It holds distributorship agreement with reputed brands such as Apple, Xiaomi, One Plus, Samsung, Tecno, Dyson and Micromax for distribution of the smartphones, LED TVs and accessories.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	419.77	629.52	519.03
PBILDT*	5.36	6.87	4.65
Profit after tax (PAT)	1.58	2.14	1.67
Overall gearing (x)	2.53	1.21	1.10
Interest coverage (x)	1.73	1.72	1.13

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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
Fund-based - LT-Cash Credit		-	-	-	44.60	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June 2030	4.18	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	12.50	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	Non-fund-based - ST-Bank Guarantee	ST	12.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (21-Nov-24)	1)CARE A4 (05-Jan-24)	1)CARE A4 (21-Mar-23)
2	Fund-based - LT-Cash Credit	LT	44.60	CARE BB-; Stable; ISSUER	-	1)CARE BB; Stable	1)CARE BB; Stable	1)CARE BB; Stable

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
				NOT COOPERATING*		(21-Nov-24)	(05-Jan-24)	(21-Mar-23)
3	Fund-based - LT-Term Loan	LT	4.18	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (21-Nov-24)	1)CARE BB; Stable (05-Jan-24)	1)CARE BB; Stable (21-Mar-23)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: 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 - ST-Bank Guarantee	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

Media Contact	Analytical Contacts
<p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in</p>	<p>Sandeep P Director CARE Ratings Limited Phone: 914428501002 E-mail: sandeep.prem@careedge.in</p> <p>Naveen S Associate Director CARE Ratings Limited Phone: 914224502305 E-mail: naveen.kumar@careedge.in</p> <p>Azad Krishnakumar Analyst CARE Ratings Limited E-mail: Azad.krishnakumar@careedge.in</p>

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**