Flash Electronics (india) Private Limited

March 27, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings[1]	Rating Action
Long-term bank facilities	251.99 (Enhanced from 174.41)	CARE A+; Stable	Upgraded from CARE A-; Positive
Long Term / Short-term bank facilities	25.00	CARE A+; Stable / CARE A1	Upgraded from CARE A-; Positive / CARE A2
Short-term bank facilities	15.00	CARE A1	Upgraded from CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Flash Electronics (India) Private Limited (FEIPL) factors in overall improvement in FEIPL's total operating income (TOI), driven by significant growth in in the electric vehicle (EV) segment and improvement in profitability during FY24 (refers to April 01 to March 31) and 9MFY25 (refers to April 01 to December 31). Ratings also factor in steady improvement in the company's capital structure and moderate debt coverage indicators. CARE Ratings Limited (CARE Ratings) favourably factors in strategic partnership between FEIPL and Minda Corporation Limited (MCL, flagship company of the Spark Minda Group), where MCL has acquired 49% stake in FEIPL. The same is expected to strengthen FEIPL's market position in both the EV and traditional automotive segments with addition in customer base and product basket in the medium term. CARE Ratings also takes a note of conversion of high-cost compulsorily convertible debentures (CCDs) in equity, resulting in expected savings in interest cost going forward and cash inflow of ₹37 crore from slump sale of Sprocket Division, providing additional cushion in liquidity.

Ratings further continue to derive strength from promoters' long-standing experience in the auto-components industry, established relationship with reputed original equipment manufacturers (OEMs) and Tier-1 suppliers, strategic location of manufacturing facilities, diversified product portfolio and strong liquidity position.

However, ratings continue to be constrained by customer concentration risk, profitability susceptible to fluctuations in raw material prices and cyclical automotive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in the scale of operations and improvement in its profit before interest, lease rentals, depreciation, and tax (PBILDT) margin around 18% on a sustained basis.
- Improvement in capital structure marked by overall gearing below 0.50x and total debt (TD)/PBILDT below 1x on a sustained basis.

Negative factors

- Significant decline in the scale of operations, and PBILDT margin below 10% on a sustained basis.
- Deterioration in TD/PBILDT above 2x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings has considered consolidated financials of FEIPL. The consolidated approach factors in significant management, operational and financial linkages between FEIPL and its subsidiaries and step-down subsidiaries. One of its subsidiaries, Flash Viven Machining Technologies Private Limited (FVMT) has merged with FEIPL with appointed date of April 01, 2024. Companies consolidated are listed under Annexure-6.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that FEIPL is likely to maintain its financial risk profile in the medium term, benefiting from its diversified product portfolio and established relationship with OEMs.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Significant growth in sales in EV segment driving improvement in scale of operations and profitability in FY24 and 9MFY25

FEIPL's scale of operations has shown an upward trend from FY20 to FY24. Growth is driven by significant growth in EV segment, steady increase in share of business from existing customers coupled with new product development and customer acquisition in export markets. TOI rose by 10.60% in FY24 to ₹1343.70 crore (PY: ₹1214.98 crore). Sales from the EV segment rose from ~₹12 crore in FY22 to ~₹263 crore in 9MFY25. Higher demand from Bajaj Auto Limited (BAL), FEIPL's key customer supported revenue growth. This positive momentum continued in 9MFY25, with TOI of ₹1,172 crore (₹989 crore in 9MFY24). In Q4FY25 (refers to January 01 to March 31), FEIPL sold its 'Sprocket Division' on a slump sale basis. This division accounted for ~5% of TOI in FY24.

The PBILDT margin improved in FY24 to 13.55% (PY: 12.57%) driven by a better sales mix. PBILDT margin has further improved to 14.82% in 9MFY25 (9MFY24: 13.99%). Profit after taxation (PAT) margin also improved in line with PBILDT margin to 4.47% in FY24 (PY: 3.73%). Over the last three years ending FY24, gross cash accrual (GCA) levels have doubled. Going forward, CARE Ratings expects TOI to grow at 8-12% in the medium term with healthy profitability levels driven by new product developments, ramp up of operations in EV segment and growth in the export business.

Improvement in capital structure and debt coverage indicators

As on March 31, 2024, FEIPL's capital structure improved with an overall gearing of 1.05x (PY: 1.39x) owing to lower utilisation of working capital limits as on balance sheet date and accretion of profit to reserves. Overall gearing further improved to 0.86x as on December 31, 2024.

Debt coverage indicators improved but continued to remain moderate with TD/GCA and interest coverage of 3.40x and 2.91x respectively in FY24 (PY: 4.20x and 2.86x respectively). TD/GCA further improved to 2.62x in 9MFY25.

In January 2025, high-cost CCDs issued to DMI Alternative Investment Fund were converted into equity, resulting in expected savings in interest cost going forward. Despite debt-funded capex, FEIPL is expected to maintain satisfactory capital structure with overall gearing remaining below unity in the medium term.

Strategic partnership with Minda Corporation Limited

In January 2025, MCL acquired a 49% stake in FEIPL for a cash consideration of ₹1372 crore from promoters and investors. MCL, the flagship company of the Spark Minda group, is one of the leading automotive component manufacturers in India for locksets, wiring harness and casting products, catering to 2W, 3W, PV and CV segments. MCL has a well-established and reputed client base in the domestic market.

Both FEIPL and MCL have a diversified, yet synergised product portfolio, creating cross-selling opportunities. The partnership is expected to enable combined 'content per vehicle' for EV components to increase by 20-30%.

Additionally, this partnership will enable FEIPL to expand into the PV and CV segments, leveraging MCL's established customer base in these areas. However, FEIPL is still in initial stages of realising potential synergies with MCL, therefore full benefits are expected to materialise in the medium term.

Diversified product portfolio

The company operates across five business divisions mainly for the 2W and 3W segments: Electricals & Electronics (46% of FY24 TOI), Metallics (20%), Engine Components (16%), EV Components (13%), and Sprockets (5%; sold in Q4FY25), with over 150 products in its portfolio. With rising adoption of electric 2W, FEIPL's EV segment is likely to demonstrate consistent growth.

FEIPL has consistently invested in research and development and formed strategic technical collaborations to develop innovative products that comply with evolving regulations. This focus has helped the company transition up the value chain, particularly in the EV sector, as it expands from internal combustion engine (ICE) technologies to electric mobility. FEIPL also plans to start catering to four-wheeler EVs and e-buses in the medium term.

Established and reputed clientele and strategic location of manufacturing facilities

FEIPL has developed long-standing and well-established relationships with its clients, particularly BAL, over the years of its operations. The company has gradually expanded its customer base, which now includes some of the most reputed OEMs and Tier-1 suppliers. BAL continues to remain its largest revenue contributor. Going forward, while BAL will continue to be a major revenue driver, FEIPL is actively expanding its product portfolio to acquire new customers and drive revenue growth in the medium term.

Flash group has five manufacturing units in Pune, which are in the vicinity of its key customers. The company, owing to its two foreign manufacturing units in Germany and Hungary, has established relationships with marquee clients and has access to intellectual capital and technical collaboration leading to product development in key areas such as fuel injection system-based components, and EV components among others. Apart from these, the company has R&D centres situated at Pune and Poland.

Well-established track record and extensive experience of promoters in the industry
With over three decades of operations in the industry, FEIPL has developed long-standing and established relationships with its clientele. The promoter, Sanjeev Vasdev has an experience of over three decades in the industry. His experience and strong understanding of market dynamics has enabled FEIPL to maintain healthy relations with customers and suppliers and entail repeat orders from them.
Following the acquisition of 49% by MCL, FEIPL's board has been further strengthened with the addition of Ashok Minda (Chairman of MCL) and Aakash Minda (ED at MCL). Their industry expertise is expected to add strategic value to the company. The management is supported by a qualified team of professionals with significant experience in their respective fields.

Key weaknesses

Customer concentration risk
Though the company has long-association with reputed OEMs, revenue base remains concentrated with top five customers contributing ~75% of its TOI and a single customer, BAL being the largest revenue contributor. However, FEIPL has established strong relationship with BAL, maintaining its status as a key supplier and has been able to increase its share of business with BAL over the years. FEIPL derives majority revenue from the 2W segment (~76% of TOI), exposing it to segment concentration risk.

Profitability susceptible to volatility in raw material prices
The primary raw material required by the company is cores, coils, and other electronic components. Cores are made of steel, and other materials while coils are predominantly made from copper. FEIPL is exposed to risks arising from price fluctuation of these inputs. However, the same has been largely mitigated by executing pass-through arrangement with BAL for major raw material components (aluminium and copper). However, the extent and lag in the pass-through may impact the profitability margin.

Cyclical auto industry
The automobile industry is cyclical and automotive component suppliers' sales are directly linked to sales of auto OEMs, which are linked with economic activity. The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure, and regulatory changes (emission norms, scrappage policy, and overloading norms).
The auto-ancillary industry is also competitive with a large number of players in the organised and unorganised sector. While the organised segment majorly caters to OEMs, the unorganised segment mainly caters to the replacement market.

Liquidity: Strong

The company's liquidity position continues to remain strong, characterised by sufficient cushion in accruals of ₹125-150 crore against annual repayment obligations of ₹80-90 crore over FY25-FY26 and healthy free cash and liquid investments of ₹82.20 crore as on December 31, 2024. In Q4FY25, the company has sold its Sprocket Division for a cash consideration of ~₹37 crore, providing additional cushion in liquidity.
Average maximum utilisation of fund-based limits stood low at ~27% for 12 months ended December 31, 2024. Unutilised bank lines are adequate for meeting the company's incremental working capital needs. Cash flow from operations also stood healthy at ~₹196 crore in FY24.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios - Non Financial Sector
Manufacturing Companies
Auto Components & Equipments
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components & equipments

Incorporated in October 1989, FEIPL is engaged in the manufacturing of electrical and electronic auto components, fuel injection systems, gears, shafts, engine components and electric mobility components for the 2W, 3W and 4W segments. The company was founded by Sanjeev Vasdev, who has an experience of over three decades in the industry. Further, in January 2025, MCL acquired 49% stake in FEIPL.

Brief Financials (₹ crore) - Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	1214.98	1343.70	1172.00
PBILDT	152.72	182.13	173.70
PAT	45.32	60.07	56.20
Overall gearing (times)	1.39	1.05	0.86
Interest coverage (times)	2.86	2.91	2.90

A: Audited; Prov.: Provisional; Note: these are latest available financial results

Brief Financials (₹ crore) - Standalone	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	881.23	1,008.24
PBILDT	95.43	124.76
PAT	27.93	45.97
Overall gearing (times)	0.85	0.72
Interest coverage (times)	2.43	2.60

A: Audited; 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
Fund-based - LT-Cash Credit		-	-	-	41.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	30/09/2031	188.88	CARE A+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	25.00	CARE A+; Stable / CARE A1
Non-fund-based-Short Term		-	-	-	15.00	CARE A1
Term Loan-Long Term		-	-	30/06/2030	22.11	CARE A+; Stable

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	188.88	CARE A+; Stable	-	1)CARE A-; Positive (11-Mar-24)	1)CARE A-; Negative (16-Feb-23)	1)CARE A-; Negative (07-Mar-22)
2	Fund-based - LT-Cash Credit	LT	41.00	CARE A+; Stable	-	1)CARE A-; Positive (11-Mar-24)	1)CARE A-; Negative (16-Feb-23)	1)CARE A-; Negative (07-Mar-22)
3	Non-fund-based - ST-BG/LC	ST	-	-	-	1)Withdrawn (11-Mar-24)	1)CARE A2 (16-Feb-23)	1)CARE A2 (07-Mar-22)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	25.00	CARE A+; Stable / CARE A1	-	1)CARE A-; Positive / CARE A2 (11-Mar-24)	1)CARE A-; Negative / CARE A2 (16-Feb-23)	1)CARE A-; Negative / CARE A2 (07-Mar-22)
5	Term Loan-Long Term	LT	22.11	CARE A+; Stable	-	1)CARE A-; Positive (11-Mar-24)	-	-
6	Non-fund-based-Short Term	ST	15.00	CARE A1	-	1)CARE A2 (11-Mar-24)	-	-

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based-Short Term	Simple
5	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Flash Viven Machining Technologies Private Limited (FVMT)	Full	Wholly owned subsidiary till March 31, 2024. Post this, FVMT merged with FEIPL.
2	Flash Holding GmbH	Full	Wholly owned subsidiary
3	Bing Power System GmbH	Full	Wholly owned step-down subsidiary
4	Bing Power Origin Kft	Full	Wholly owned step-down subsidiary

Note on complexity levels of rated instruments: CARE 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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About us:

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