Flash Electronics (India) Private Limited

September 17, 2020

Credit Update

Update on the asset monetization and debt reduction plan

The management had planned to sell one of the properties of its step down subsidiary Bing, located at Nuremberg, Germany and lease back a part of the same or move to a new location. The group had earlier expected to execute the deal by the end of Q2FY21. On discussion with the management, the same was delayed due to restrictions pertaining to the on-going Covid crisis and summer break in Germany. As per the revised timelines the deal is expected to be completed at the end of Q3FY21. The proceeds of the same will be utilized mainly towards reduction of existing debt obligation.

Update on the operations of the company

The group has gradually ramped up its operations and has surpassed the monthly pre-Covid sales level in August 20'. The group had already on-boarded many new customers like Yamaha, Mahindra (Jawa motorbike), Maruti Suzuki, Triumph, KTM and Royal Enfield. Supplies to these customers are expected to be significantly higher than the previous year. The export market has also picked up for the group with new business bagged from BMW, Rotex and Kawasaki. Sales to the said customers have been increasing month on month. With its capacity fully booked along with a favorable product mix and exchange rates, performance from Q2FY21 (refers to a period from July – September) is expected pick up. The liquid cash and cash equivalents along with the unutilized line of credit of approximately 44% remains adequate to meet the scheduled debt obligations for the year. The group is also focusing on cash preservation considering the uncertainty over the course of the pandemic and is adopting various measures for including modification in credit terms to customers and inventory management.

Approach – Consolidated

CARE has considered consolidated financials of FEIPL and its two direct subsidiaries and two indirect subsidiaries, on account of common promoters, similar line of business, inter-company transactions and exposure of FEIPL to group companies in terms of corporate guarantee. The group is engaged into the transmission assemblies, precision forged, machined component business and throttle bodies across various geographies. As a result of common promoters, similar line of business and inter-company transactions, consolidated view has been considered.

Company Background

Flash Electronics (India) Private Limited (FEIPL), incorporated on October 26, 1989 is engaged in the manufacturing of automotive electrical and electronics products primarily for two and three wheelers. The company was founded by Mr. Sanjeev Vasdev, and is currently spearheaded by him in the capacity of Managing Director (MD). FEIPL is engaged in the manufacturing of magnetos assemblies, starter motors for two and three wheeler, auto engineering components and other electrical and electronic components. FEIPL as on date has four manufacturing units out of which two units are located in Faridabad, Haryana while two units at Chakan, Pune, Maharashtra.

FEIPL is the flagship company of the group and holds two subsidiaries namely, Flash Viven Machining Technologies Private Limited and Flash Holding GmbH (FHG) along with its step down subsidiaries Bing Power Systems GmBH (Bing: wholly owned by FHG and Bing Power Origin KFT (wholly owned by Bing).

Brief Financials (Rs. crore)	CONSOLIDATED (FEIPL + FVMT + FHG)		
	FY17 (A)	FY18 (A)	FY19 (A)
Total operating income	510.95	660.50	866.90
PBILDT	35.27	58.27	68.66
PAT	-6.12	7.44	-2.10
Overall gearing (times)	3.76	4.79	2.41
Interest coverage (times)	2.23	1.82	1.62

Brief Financials (Rs. crore)	STANDALONE – FEIPL		
	FY17(A)	FY18 (A)	FY19 (A)
Total operating income	334.00	415.21	563.22
PBILDT	33.52	44.82	50.41
PAT	9.55	18.05	11.96
Overall gearing (times)	1.47	1.85	0.90
Interest coverage (times)	4.94	3.30	2.24

A: Audited

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Group Head Name - Ms Amita Yadav
Group Head Contact no- 020-40009000
Group Head Email ID- amita.yadav@careratings.com

Relationship Contact
Name: Mr Aakash Jain
Contact no. : 020 4000 9090
Email ID: aakash.jain@careratings.com

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