March 18, 2025

Flash Electronics (India) Private Limited: Ratings upgraded to [ICRA]A+ (Stable)/ [ICRA]A1; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	133.41	210.99	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable); assigned for enhanced amount
Long-term – Fund-based – Cash credit^	56.00	56.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long-term/short-term – Non-fund based – Letter of credit/bank guarantee (LC/BG)	25.00	25.00	[ICRA]A+ (Stable)/ [ICRA]A1; upgraded from [ICRA]A (Stable)/ [ICRA]A2+
Total	**214.41**	**291.99**	

**Instrument details are provided in Annexure I; ^Interchangeable with WCDL/LC/BG*

Rationale

The ratings upgrade factors in the improvement in Flash Electronics (India) Private Limited's (FEPL) credit profile marked by steady revenue growth, improved internal accrual generation and strengthening of debt protection metrics along with ICRA's expectations of sustenance of the same over the near to medium term. The company recorded a healthy YoY revenue growth of 11% and 19% in FY2024 and 9M FY2025, respectively, supported by its established relations with Bajaj Auto Limited (BAL; one of the leading two-wheeler (2W) original equipment manufacturers (OEM) in India) and healthy demand across the electronics & electricals, metallics and the electric vehicles (EV) segments. In recent years, FEPL has significantly scaled up its e-mobility product business especially for the 2W segment (EV share increasing to ~22% in 9M FY2025 from ~6% in FY2023), which mitigates the potential risk owing to changes in the powertrain mix. FEPL is also in the final stages of setting up its EV manufacturing facility in Chakan, Pune, enabling it to double its EV capacities, with new product launches in the e-mobility space of PV and e-buses from FY2026.The ratings upgrade also factors in the benefits for FEPL in terms of business synergies and improved financial flexibility stemming from FEPL's recent strategic partnership with Minda Corporation Limited (MCL), the flagship company of the Spark Minda Group. MCL has an established presence in the domestic automotive industry across 2W, three wheelers (3W), passenger vehicles (PV), commercial vehicles (CV) and e-mobility spaces.

The partnership with MCL will support FEPL's plans to diversify into the PV and CV segment through leveraging on the combined customer base, deeply penetrate the e-mobility space through mutual product development capabilities and expand into other geographies. Going forward, FEPL's growth prospects will be driven by scale-up in EV business and exports, addition of new customers and new product launches. Additionally, the ratings continue to factor in the established business position and the extensive experience of its promoters in the domestic automotive components industry, supported by a reputed client base comprising domestic and international OEMs and tier-1 suppliers.

The ratings are, however, constrained by the vulnerability of FEPL's profitability to inherent fluctuations in prices of key raw materials, as well as competitive pressures in the auto component industry. Nevertheless, the risk is mitigated to an extent as the company enjoys raw material pass-through clauses with customers, although with a lag of a quarter. In addition, FEPL benefits from the first-mover advantage and holds single-source supplier status for most of its products. FEPL is also exposed to relatively high customer concentration risk, with its top customer accounting for significant portion of its total revenue. However, the healthy share of business, key supplier status and BAL's leading market position in the industry provides some comfort. While FEPL scores favourably on product diversity, its relatively higher exposure to the 2W segment and to its largest customer impact the ratings at present. However, ICRA notes that the company is making considerable efforts to diversify its segmental mix and the overall business profile by gaining a share of business from other customers, especially in the international markets.

The Stable outlook on the long-term rating reflects ICRA's expectations that FEPL will continue to benefit from its established business position, long relations with BAL and the company's broad-based growth across its business segments.

Key rating drivers and their description

Credit strengths

Established track record and extensive experience of promoters in the automotive components industry – Incorporated in 1989, FEPL has established itself as a prominent manufacturer of electronic and electrical and EV automotive components, especially for the 2W industry. This has been supported by its established relationships with BAL and other key OEMs, diverse product profile and sizeable manufacturing set-up in Chakan, Pune. The company has been promoted by Mr. Sanjeev Vasdev (Founder and Managing Director), who has over three decades of experience in the industry, along with a strong management which further aids its business position in the industry.

Strategic partnership with Spark Minda Group to support the business position in EV powertrain and automotive industry – In January 2025, MCL, the flagship company of the Spark Minda Group, acquired a 49% stake in FEPL for a cash consideration of Rs. 1,372 crore. MCL is one of the leading automotive component manufacturers, especially for wiring harnesses and casting products, with a diversified presence across the 2W, 3W, PV, and CV segments. MCL has established relations with all major domestic automotive players such as BAL, Mahindra and Mahindra Ltd (M&M), Tata Motors Ltd, Honda Motorcycle & Scooter India Private Limited, and Maruti Suzuki India Ltd (MSIL), among others. There are no cross-product linkages between FEPL and MCL, enabling them to have a combined content per vehicle of Rs. 30,000-35,000 in the e-mobility space for their customers. This will enable FEPL to deepen its presence in the EV powertrain product range and expand into the PV and e-buses segments, with new product launches. ICRA notes that the company is in the initial stages of unlocking potential synergies with MCL and the materialisation and impact of the same will be visible on its earnings over the medium term.

Long-standing relations with reputed client base – Over the years, FEPL has developed a wide customer base of leading domestic and global OEMs, namely BAL, Yamaha Motor India Pvt Ltd, M&M, Kawasaki Motors India Pvt Ltd, MSIL, BMW, BRP Rotax Gmbh, etc., along with tier-1 suppliers such as Endurance Technologies Ltd, and Makino Auto Industries Pvt Ltd, among others. The company enjoys a healthy share of business with its principal customer, aided by its technological capabilities and wide product profile, especially for EV components. Given the new product launches for the 2W/3W, PV and e-buses segments and focus on new export programmes, FEPL's customer base is expected to expand further.

Diversified product profile aided by strong product development expertise – FEPL has a diverse range of over 150 products across five major business segments – electrical and electronics (46% of revenues in FY2024), EV (13%), metallics (20%), sprockets (5%) and engine components (16%). The company has strong technical capabilities supported by a hi-tech design technology centre in Poland, various technical collaborations and continued investment in designing infrastructure and R&D over the years. FEPL has also set up an EV manufacturing facility in Chakan, Pune, wherein it is expanding its EV capacities for the 2W segment and plans to start production for new products in the PV and e-buses segments.

Healthy financial risk profile – FEPL has a healthy financial risk profile marked by steady revenue growth, improving net accrual generation and comfortable coverage metrics. The company reported an operating income of Rs. 1,340 crore in FY2024, an 11% YoY growth and achieved revenues of Rs. 1,169 crore in 9M FY2025 supported by increasing EV business, steady demand from 2W and new business in exports. This, coupled with steady improvement in operating margins to 13.2% in FY2024, led to healthy cash accrual generation and adequate liquidity position, supporting the improvement in FEPL's credit metrics.

Moreover, healthy earnings with no material increase in debt levels and considerable reduction in interest costs (due to the CCDs converted to equity), are expected to strengthen the company's financial risk profile over the medium term.

Credit challenges

Relatively high customer concentration risk – FEPL encounters a relatively higher customer concentration risk, with its top customer, BAL, driving significant part of its revenue. The company's business performance is, thus, vulnerable to the performance and market share of its key client. However, FEPL's healthy share of business and key supplier status with BAL, along with BAL's leading market position in the 2W industry, provides some comfort. While BAL is expected to significantly drive the company's revenue, the addition of new products for the PV segment, expansion of its EV vertical through planned product launches and export programmes are expected to widen the customer base and support the company's revenue growth over the medium term.

Exposure to raw material price volatility and competitive pressures – FEPL's operating margins are susceptible to fluctuations in the price of key raw materials such as steel, aluminium, copper and others. However, the same is passed on with a minor lag, largely insulating its profitability. Moreover, due to the competitive nature of the business, the company encounters pressures from other global and domestic suppliers, in terms of pricing flexibility. However, it benefits to an extent from its established operational track record and long relationships with its key customers.

Cyclicality inherent in the automotive sector – FEPL derives majority of its revenue from the automotive sector, mainly the 2W segment (76% of revenues in FY2024), thereby exposing it to the inherent cyclicality and/or demand slowdowns in the auto industry. However, given that the company enjoys established relations with BAL and has demonstrated the ability to sustain its steady revenue growth in recent years, with its product profile also catering to alternative vehicle components (EV), FEPL is likely to report healthy revenue growth over the medium term.

Liquidity position: Adequate

FEPL's liquidity position is adequate, which is supported by steady internal cash accrual generation, free cash and bank balances of Rs. 82.2 crore and undrawn working capital bank lines of ~Rs. 50 crore as on December 31, 2024. FEPL has debt repayment obligations of Rs. 87.3 crore in FY2025 and Rs. 81.5 crore in FY2026, along with annual capex plans of Rs. 60-80 crore per annum over the next two years. The same is expected to be comfortably funded through healthy cash flow generation and available bank lines.

Rating sensitivities

Positive factors – ICRA could upgrade FEPL's ratings, if it reports healthy revenue growth and accrual generation, and/or a considerable increase in net worth through fundraising activity, resulting in the strengthening of its debt protection metrics and liquidity profile.

Negative factors – Pressure on FEPL's ratings could arise, in case of considerable decline in revenue and accrual generation, significant debt-funded capex and/or deterioration in working capital cycle, resulting in the weakening of its credit metrics and liquidity position. Specific credit metrics that may lead to ratings downgrade include total debt/OPBDITA of more than 2.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Auto Components](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of FEPL. As on March 31, 2024, the company had one subsidiary, which is enlisted in Annexure II.

About the company

Incorporated in 1989, FEPL manufactures electronic and electrical auto components, gear assemblies, sprockets, engine and e-mobility components for the 2W, 3W, PVs, EV auto OEMs and tier-1 suppliers. The company has seven manufacturing plants across India, Germany and Hungary. FEPL has been promoted by Mr. Sanjeev Vasdev, who has an extensive experience in the automotive components' forging and machining industry. In January 2025, MCL, the flagship company of the Spark Minda Group, announced its strategic partnership with FEPL and acquired a 49% equity stake in FEPL for a cash consideration of Rs. 1,372 crore. The balance 51% is held by Flash Capital Private Limited, a promoter-owned investment company.

Key financial indicators (audited)

FEPL - Consolidated	FY2023	FY2024
Operating income (OI)	1,210.7	1,340.0
PAT	45.3	60.1
OPBDIT/OI	12.3%	13.2%
PAT/OI	3.7%	4.5%
Total outside liabilities/Tangible net worth (times)	3.4	2.6
Total debt/OPBDIT (times)	2.9	2.3
Interest coverage (times)	2.8	2.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2025)			Chronology of rating history for the past 3 years							
				FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 18, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Term Loans	Long-term	210.99	[ICRA]A+ (Stable)	23-Jan-25	[ICRA]A (Stable)	8-Mar-24	[ICRA]A (Stable)	-	-	-	-
Fund-based – Cash Credit^	Long-term	56.00	[ICRA]A+ (Stable)	23-Jan-25	[ICRA]A (Stable)	8-Mar-24	[ICRA]A (Stable)	-	-	-	-
Non-fund based – LC/BG	Long-term / Short-term	25.00	[ICRA]A+ (Stable)/ [ICRA]A1	23-Jan-25	[ICRA]A (Stable) /[ICRA]A2+	8-Mar-24	[ICRA]A (Stable) /[ICRA]A2+	-	-	-	-

^Interchangeable with WCDL/LC/BG

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based – Term Loans	Simple
Fund-based – Cash Credit	Simple
Non-fund based – LC/BG	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based – Term Loans**	FY2018-25	8.5-9.0%	FY2031-32	210.99	[ICRA]A+ (Stable)
NA	**Fund-based – Cash Credit^**	NA	NA	NA	56.00	[ICRA]A+ (Stable)
NA	**Non-fund based – LC/BG**	NA	NA	NA	25.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company; ^Interchangeable with WCDL/LC/BG

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Bing Power Systems Gmbh	100.00%	Full consolidation

Source: Company data

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Charvi Sagar
+91 124 4545 373
charvi.sagar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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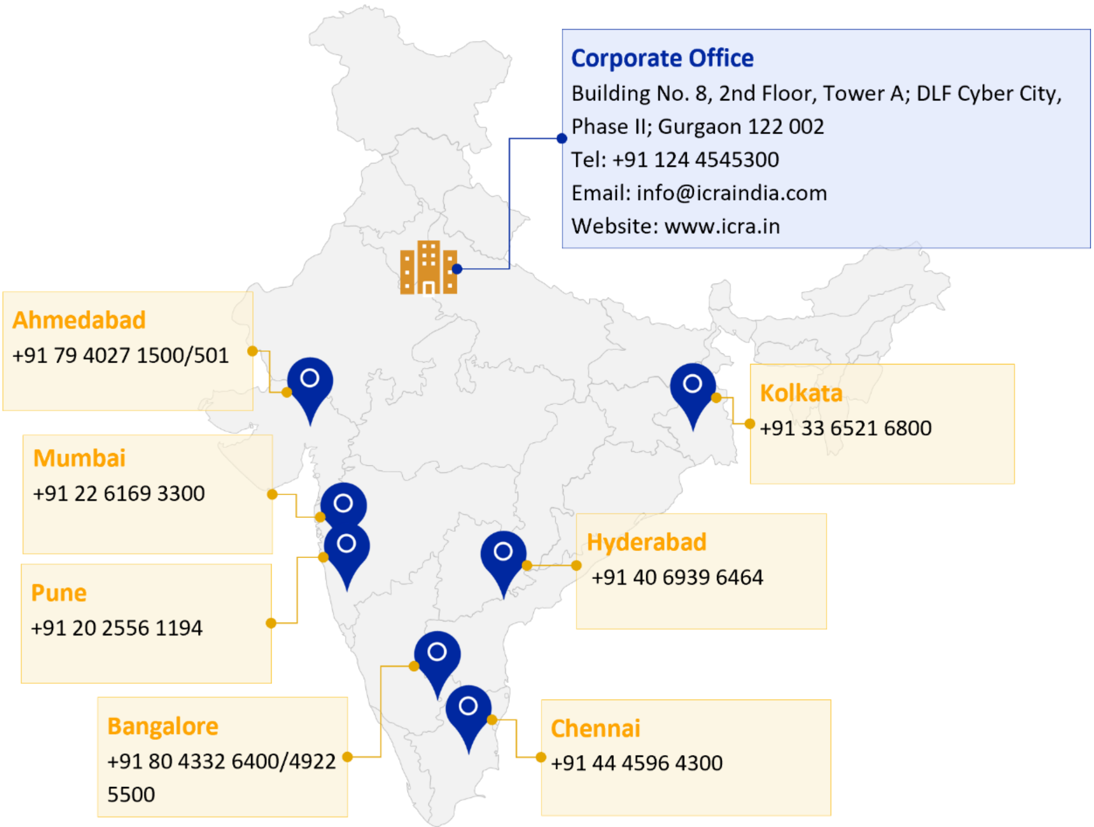
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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