

FIEM Industries: Growth Momentum Intact; Margin at Record Highs

June 02, 2026 | CMP: INR 2,234 | Target Price: INR 2,700

Expected Share Price Return: 20.9% | Dividend Yield: 1.4% | Expected Total Return: 22.3%

BUY
Sector View: Positive

Change in Estimates	✓
Change in Target Price	✗
Change in Recommendation	✓

Company Info	
BB Code	FIEM IN EQUITY
Face Value (INR)	10.0
52-w High/Low (INR)	2,554/1,577
Mkt Cap (Bn)	INR 58.8 / \$0.6
Shares o/s (Mn)	26.3
3M Avg. Daily Volume	55,126

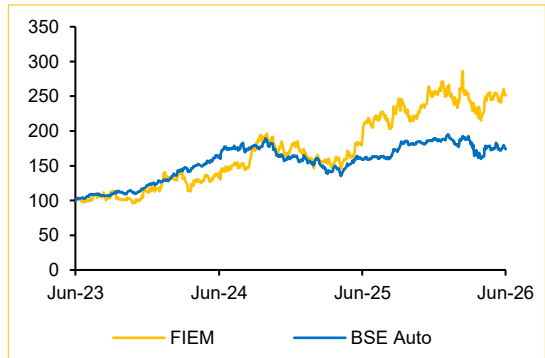
Change in CIE Estimates						
	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	33.0	33.0	0.1	38.5	38.4	0.4
EBITDA	4.6	4.6	0.1	5.4	5.4	0.4
EBITDAM %	14.0	14.0	0 bps	14.0	14.0	0 bps
PAT	3.0	3.0	(0.1)	3.6	3.6	0.3
EPS (INR)	114.8	115.0	(0.1)	135.6	135.2	0.3

Actual vs CIE Estimates			
INR Bn	Q4FY26A	CIE Est.	Dev. %
Revenue	7.5	7.3	3.6
EBITDA	1.1	1.0	8.1
EBITDAM %	14.6	14.0	60 bps
APAT	0.7	0.7	9.1

Key Financials					
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	24.2	28.2	33.0	38.5	44.7
YoY (%)	19.4	16.2	17.3	16.6	15.9
EBITDA	3.2	4.0	4.6	5.4	6.3
EBITDAM %	13.3	14.1	14.0	14.0	14.1
Adj PAT	2.0	2.6	3.0	3.6	4.2
EPS (INR)	76.5	97.1	114.8	135.6	160.1
ROE %	19.4	21.0	21.4	21.6	21.6
ROCE %	23.7	24.8	25.6	26.1	26.4
PE(x)	29.2	23.0	19.5	16.5	14.0
EV/EBITDA	17.3	14.1	11.6	9.7	7.9

Shareholding Pattern (%)			
	Mar-26	Dec-25	Sep-25
Promoters	54.51	54.51	54.51
FIIIs	6.86	6.93	7.19
DIIIs	11.40	10.87	10.05
Public	27.23	27.69	28.25

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Auto	73.6	7.6	9.1
FIEM	151.2	89.1	28.3



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Margin expansion driven by operating leverage and premium product mix:

FIEM delivered a strong FY26 performance, with consolidated revenue growing by 16.2% YoY, while EBITDA was up by 22.9% YoY. EBITDA margin expanded by 76 bps YoY to 14.1%, crossing this mark for the first time, supported by operating leverage, improved operational efficiency and a favourable product mix. The company continues to benefit from rising LED penetration and increasing electronic content in lighting systems, which enhances value-addition and supports realisation growth. The management remains confident of sustaining EBITDA margin above 14% in the medium term, aided by scale benefits, product premiumisation and a growing share of advanced lighting solutions.

Growth visibility propelled by capacity expansion & tech. investments:

The company incurred capex of INR 1,083 Mn in FY26 and plans to invest ~INR 2,000 Mn in the next two years towards capacity expansion, product development and strengthening its passenger vehicle portfolio. The recently-commissioned EMI/EMC validation facility and innovation centre are expected to accelerate product development and enhance engineering capabilities. The management continues to guide for 15–20% revenue growth in the medium term, supported by increasing LED adoption, premiumisation and strong OEM relationships.

Passenger vehicle business offers significant long-term opportunity:

While 2W segment continues to contribute ~96.7% of automotive revenue, FIEM is steadily expanding its presence in the passenger vehicle segment through programmes with M&M and a growing RFQ pipeline. **We believe FIEM is well-positioned to deliver sustainable growth, supported by increasing content per vehicle, expanding customer relationships, technology leadership and continued investments in capacity and innovation.**

View and Valuation: We largely maintain our FY27/28E EPS estimate, and valuing the company at 20x P/E multiple on the 28E EPS and arrive at our target price of **INR 2,700** (maintained). We have upgraded our rating from **'ADD'** to **'BUY'**, supported by attractive valuation relative to peers, strong earnings growth visibility, and improving business fundamentals, offering a favourable risk-reward proposition.

Q4FY26 beats our estimate across the board

- Revenue was up 17.5% YoY and up 8.9% QoQ to INR 7,513 Mn (vs CIE estimate of INR 7,250 Mn)
- EBITDA was up 28.5% YoY and up 12.3% QoQ to INR 1,097 Mn (vs CIE estimate of INR 1,015 Mn). EBITDA margin was up 125 bps YoY and up 44 bps QoQ to 14.6% (vs CIE estimate of 14.0%)
- PAT was up 28.9% YoY and up 12.1% QoQ to INR 710 Mn (vs CIE estimate of INR 651 Mn)

FIEM (INR Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Net Sales	7,512.5	6,394.2	17.5	6,900.7	8.9
Material Expenses	4,563.8	3,948.6	15.6	4,116.7	10.9
Employee Expenses	1,023.6	836.4	22.4	1,026.6	(0.3)
Other Operating Expenses	828.0	755.6	9.6	780.2	6.1
EBITDA	1,097.1	853.6	28.5	977.3	12.3
Depreciation	178.3	167.3	6.6	181.1	(1.6)
EBIT	918.8	686.4	33.9	796.1	15.4
Interest Cost	16.7	3.9	330.8	3.7	350.6
PBT	946.4	735.7	28.6	841.8	12.4
RPAT	710.3	588.5	20.7	633.7	12.1
APAT	710.3	551.0	28.9	633.7	12.1
Adj EPS (INR)	27.0	22.4	20.7	24.1	12.1

Margin Analysis	Q4FY26	Q4FY25	YoY (bps)	Q3FY26	QoQ (bps)
Material Exp. % of Sales	60.7	61.8	(100.3)	59.7	109.3
Employee Exp. % of Sales	13.6	13.1	54.5	14.9	(125.1)
Other Op. Exp % of Sales	11.0	11.8	(79.5)	11.3	(28.5)
EBITDA Margin (%)	14.6	13.4	125.4	14.2	44.2
Tax Rate (%)	25.0	25.1	(8.5)	24.7	29.3
APAT Margin (%)	9.5	8.6	83.8	9.2	27.2

Source: FIEM, Choice Institutional Equities

Management Call – Highlights

The company maintained strong traction with TVS across major platforms, expanded its engagement with Honda, including the Activa EV programme, and continued supporting Royal Enfield's key models and EV initiatives.

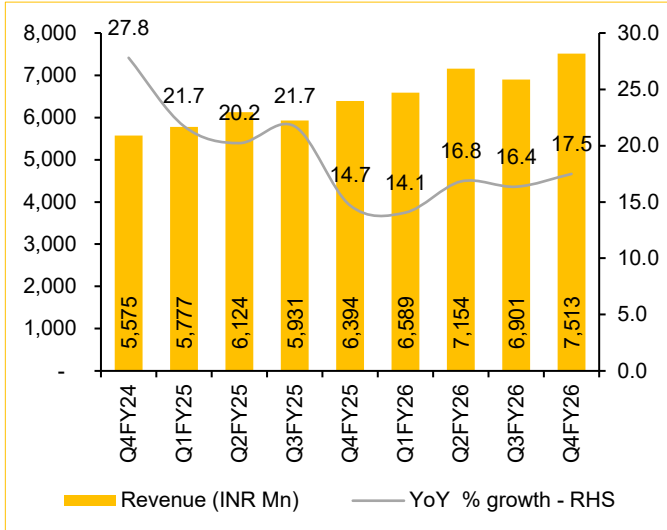
The management indicated that FIEM has converted nearly 70% of its RFQ pipeline into development projects and remains optimistic about future order conversions

The management remains confident about sustaining EBITDA margins at around 14% despite supply-chain disruptions and imported component inflation, as cost increases are largely pass-through in nature

The management reiterated its medium-term revenue growth guidance of 15–20%, supported by a strong order pipeline, increasing LED penetration and expanding customer relationships.

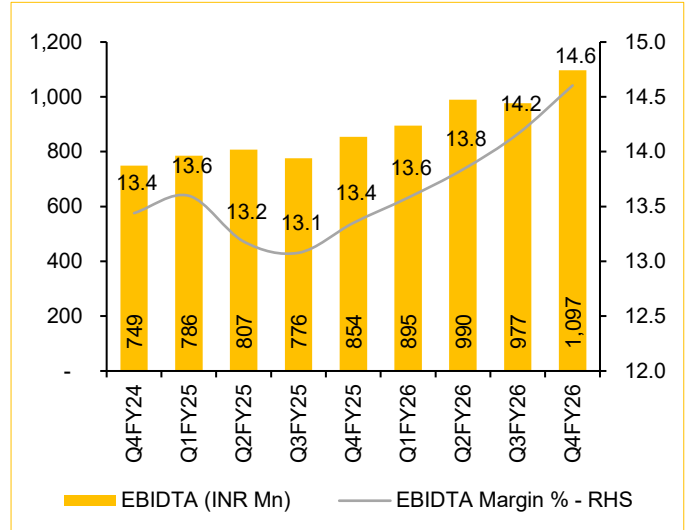
- FIEM delivered its strongest-ever annual performance in FY26, with revenue increasing 16.0% YoY to INR 27,906 Mn, EBITDA rising 22.6% YoY to INR 3,933 Mn and PAT growing 24.4% YoY to INR 2,539 Mn. EBITDA margin expanded to a record 14.1%, **supported by operating leverage, integrated manufacturing capabilities and a favourable product mix**
- India's two-wheeler industry achieved a record production volume of ~26.7 million units in FY26, growing ~12% YoY. The management highlighted that improving rural demand, premiumisation and increasing EV adoption continue to support industry growth
- FIEM strengthened its position with key OEMs during the year. The company maintained strong traction with **TVS across major platforms, expanded its engagement with Honda, including the Activa EV programme and continued supporting Royal Enfield's key models and EV initiatives**. Healthy growth was also witnessed due to business from Suzuki and Yamaha
- The company secured approval for a new **EV platform with Zeno**, which is expected to create additional opportunities in the fast-growing electric mobility segment
- The management highlighted that most **newly-won orders are LED-based**, reinforcing FIEM's leadership in advanced automotive lighting solutions
- The four-wheeler business continues to gain momentum, with supplies to **Mahindra & Mahindra expected to ramp up from FY27E**
- The management indicated that FIEM has **converted nearly 70% of its RFQ pipeline** into development projects and remains optimistic about future order conversions
- FIEM expects its four-wheeler business to generate revenue of approximately **INR 1,000–1,500 Mn in FY27E, and potentially increasing to INR 2,000–2,500 Mn in FY28E** as project launches gather pace
- The company continues to invest in advanced technologies, including ambient lighting, adaptive lighting systems and other next-generation automotive lighting solutions
- Several products are currently at the Proof of Concept (PoC) stage and are being evaluated with customers
- FIEM's newly established EMI/EMC validation facility is **expected to significantly reduce product development and validation timelines** while strengthening in-house engineering capabilities for domestic and global programmes
- The management remains confident about **sustaining EBITDA margin at around 14%** despite supply-chain disruption and imported component inflation, as cost increases are largely pass-through in nature
- The company incurred a capex of **INR 1,083 Mn in FY26 and plans to invest approximately INR 2,000 Mn** over the next two years to support capacity expansion, technology development and growth in the four-wheeler segment
- The management reiterated its medium-term **revenue growth guidance of 15–20%**, supported by a strong order pipeline, increasing LED penetration and expanding customer relationships

Revenue grew 17.5% on a YoY basis



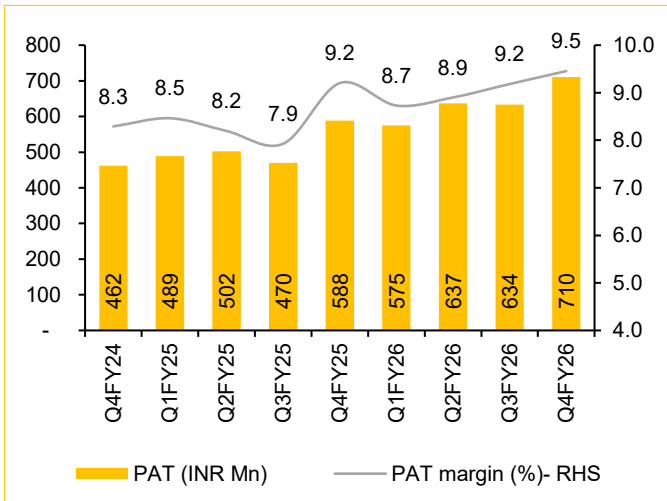
Source: FIEM, Choice Institutional Equities

EBITDA margin expanded 125 bps on a YoY basis



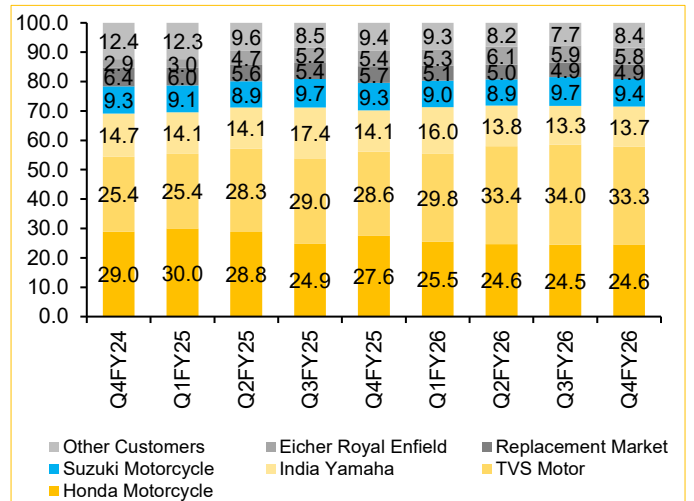
Source: FIEM, Choice Institutional Equities

PAT was up 28.9% on a YoY basis



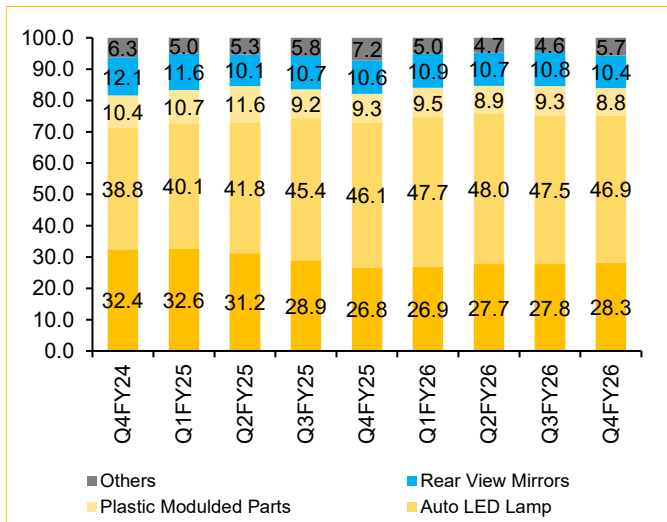
Source: FIEM, Choice Institutional Equities

Client mix (%)



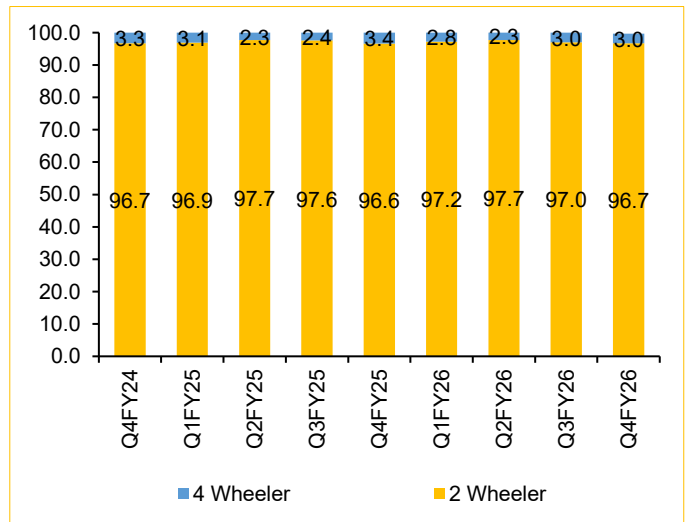
Source: FIEM, Choice Institutional Equities

Product mix (%)



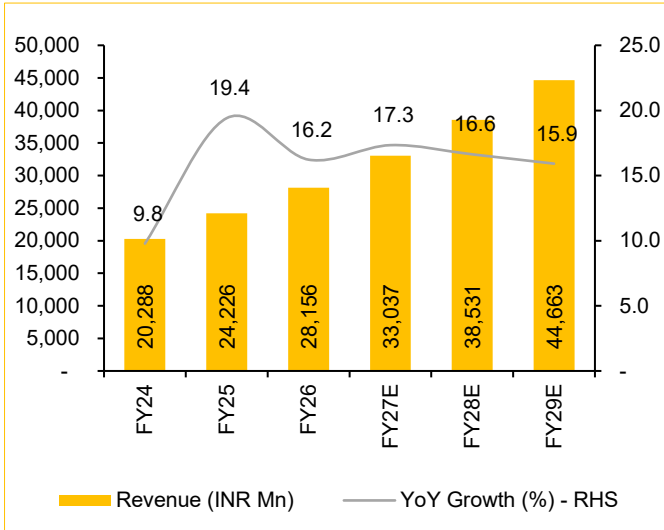
Source: FIEM, Choice Institutional Equities

Segment mix (%)



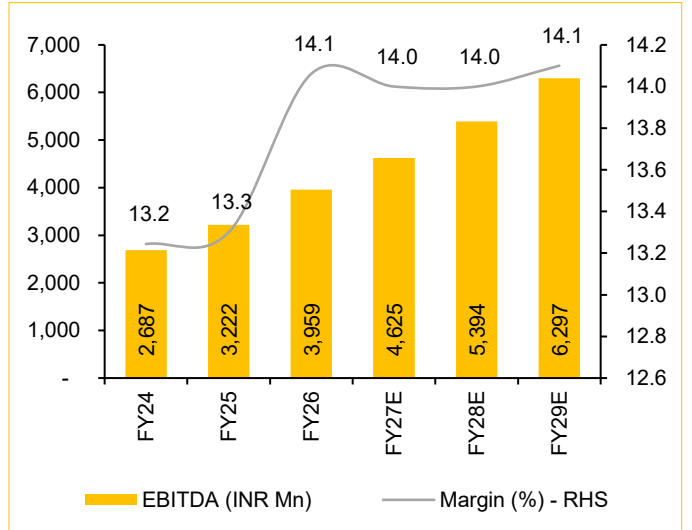
Source: FIEM, Choice Institutional Equities

Revenue expected to expand at 16.6% CAGR over FY26–29E



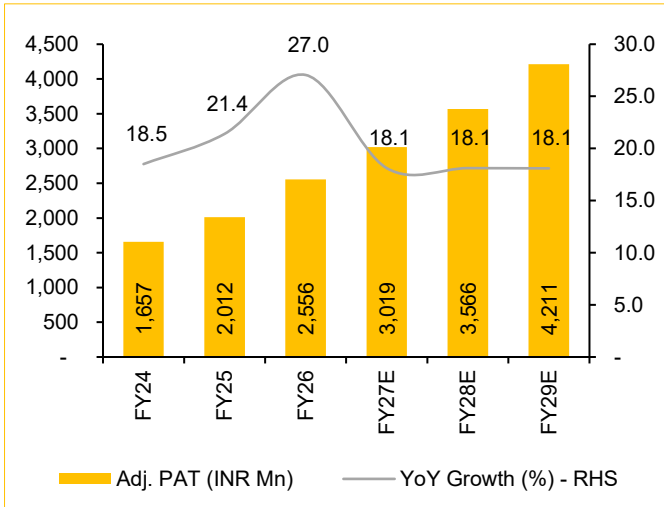
Source: FIEM, Choice Institutional Equities

EBITDA projected to increase at 16.7% CAGR over FY26–29E



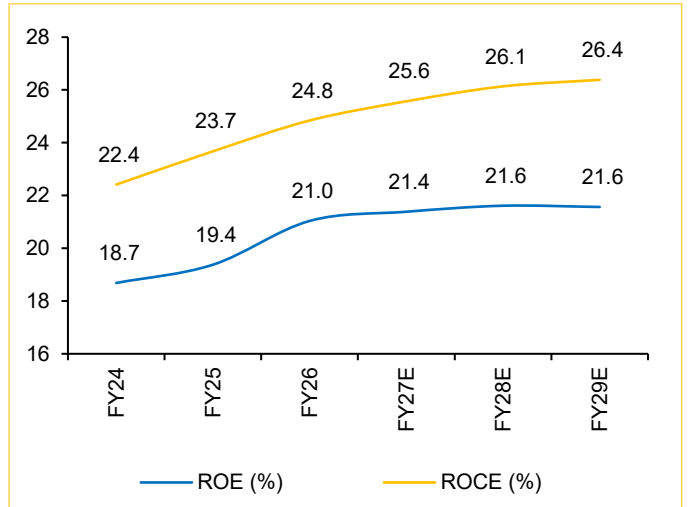
Source: FIEM, Choice Institutional Equities

PAT anticipated to expand at 18.1% CAGR over FY26–29E



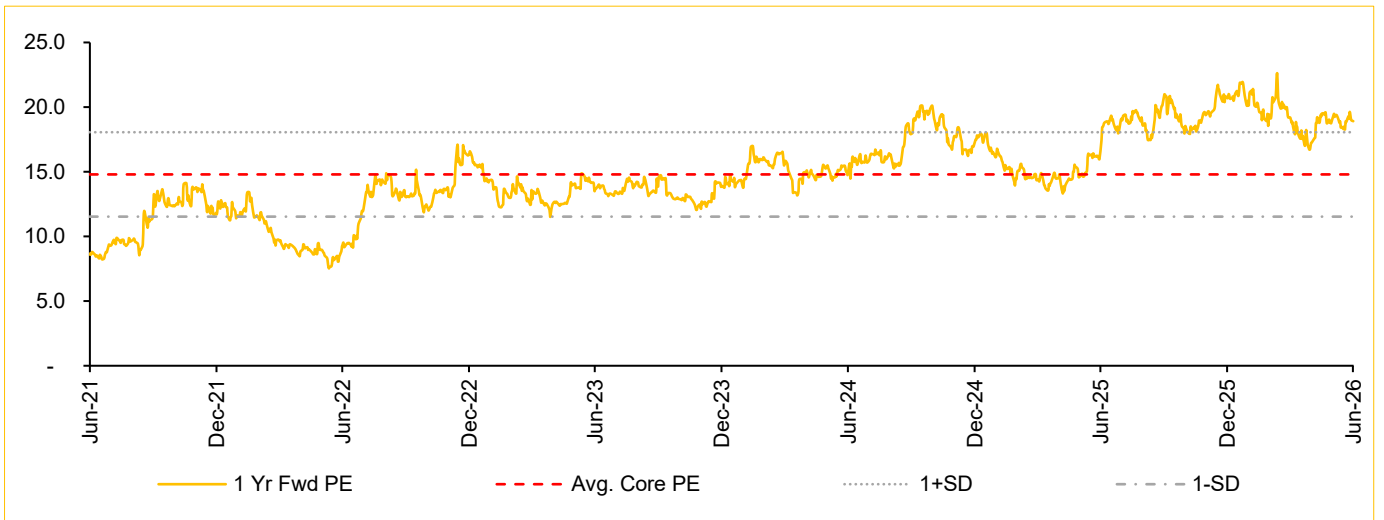
Source: FIEM, Choice Institutional Equities

ROE (%) and ROCE (%) trend



Source: FIEM, Choice Institutional Equities

1-year forward PE band



Source: FIEM, Choice Institutional Equities

Income Statement (INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Revenue	24,226	28,156	33,037	38,531	44,663
Gross Profit	9,201	11,061	12,884	15,027	17,418
EBITDA	3,222	3,959	4,625	5,394	6,297
Depreciation	643	725	793	855	916
EBIT	2,579	3,234	3,832	4,539	5,381
Interest Expenses	15	28	28	28	28
Other Income	161	208	229	252	272
Exceptional Item	37	0	0	0	0
Reported PAT	2,049	2,556	3,019	3,566	4,211
Share of Associate	0	0	0	0	0
Adjusted PAT	2,012	2,556	3,019	3,566	4,211
EPS (INR)	76.5	97.1	114.8	135.6	160.1

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	19.4	16.2	17.3	16.6	15.9
EBITDA	19.9	22.9	16.8	16.6	16.7
PAT	21.4	27.0	18.1	18.1	18.1
Margins (%)					
EBITDA	13.3	14.1	14.0	14.0	14.1
PAT	8.3	9.1	9.1	9.3	9.4
Profitability (%)					
ROE	19.4	21.0	21.4	21.6	21.6
ROCE	23.7	24.8	25.6	26.1	26.4
ROIC	18.3	19.7	20.2	20.4	20.6
Working Capital					
Inventory Days	35	35	36	36	36
Debtor Days	37	50	36	36	36
Payable Days	35	37	35	35	35
Cash Conversion Cycle	37	48	37	37	37
Valuation Metrics					
PE(x)	29.2	23.0	19.5	16.5	14.0
EV/EBITDA (x)	17.3	14.1	11.6	9.7	7.9
Price to BV (x)	5.7	4.8	4.2	3.6	3.0
EV/OCF (x)	23.9	34.7	13.0	13.6	11.2

Source: FIEM, Choice Institutional Equities

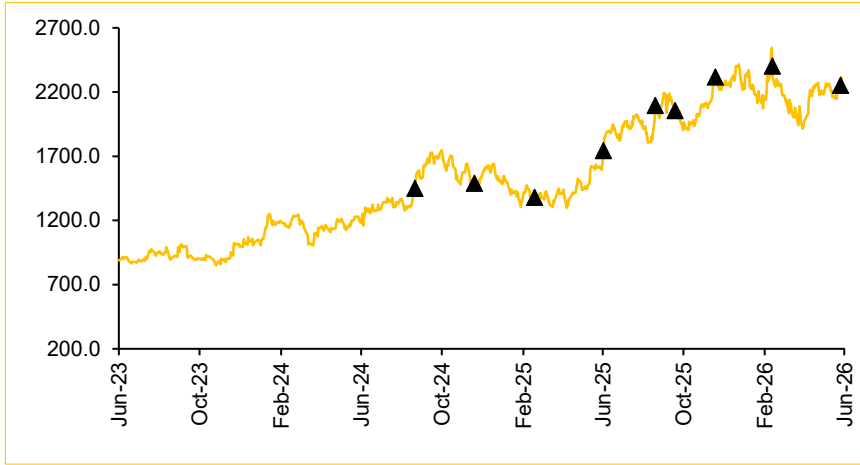
Balance Sheet (INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	10,382	12,150	14,117	16,499	19,526
Trade Payables	2,305	2,863	3,143	3,667	4,254
Total Debt	-	-	-	-	-
Other Non-current Liabilities	513	869	869	869	869
Other Current Liabilities	1,037	1,123	1,123	1,123	1,123
Total Net Worth & Liabilities	14,238	17,005	19,252	22,159	25,773
Net Block	5,501	6,004	6,211	6,356	6,440
Capital WIP	203	149	149	149	149
Investments	0	1	1	1	1
Cash & Bank Balance	2,984	2,796	4,897	6,524	8,790
Trade Receivables	2,424	3,875	3,233	3,772	4,376
Inventory	2,335	2,668	3,233	3,772	4,376
Other Non-current Assets	280	455	419	419	419
Other Current Assets	511	1,058	1,111	1,166	1,224
Total Assets	14,238	17,005	19,252	22,159	25,773

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	2,331	1,613	4,145	3,839	4,477
Cash Flows from Investing	(857)	(972)	(964)	(1,000)	(1,000)
Cash Flows from Financing	(552)	(841)	(1,080)	(1,211)	(1,211)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	72.8%	74.9%	74.9%	74.9%	74.9%
Interest Burden	107.1%	105.6%	105.2%	104.9%	104.5%
EBIT Margin	10.6%	11.5%	11.6%	11.8%	12.0%
Asset Turnover	1.7	1.7	1.7	1.7	1.7
Equity Multiplier	1.4	1.4	1.4	1.3	1.3
ROE	19.4%	21.0%	21.4%	21.6%	21.6%

Historical Price Chart: FIEM



Date	Rating	Target Price (INR)
Aug 16, 2024	BUY	1,569
Nov 15, 2024	BUY	1,791
Feb 14, 2025	ADD	1,485
Jun 03, 2025	ADD	1,875
Aug 18, 2025	ADD	2,100
Sep 15, 2025	REDUCE	2,200
Nov 14, 2025	ADD	2,270
Feb 13, 2026	ADD	2,700
Jun 02, 2026	BUY	2,700

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CHOICE RATING DISTRIBUTION & METHODOLOGY

Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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