

Fiem Industries: Powering Ahead with LEDs

June 3, 2025 | CMP: INR 1,742 | Target Price: INR 1,875

Expected Share Price Return: 7.6% | Dividend Yield: 1.2% | Expected Total Return: 8.8%

Sector View: Neutral

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)	1,782/1,117
Mkt Cap (Bn)	INR 45.8 / \$0.5
Shares o/s (Mn)	26.3
3M Avg. Daily Volume	47,927

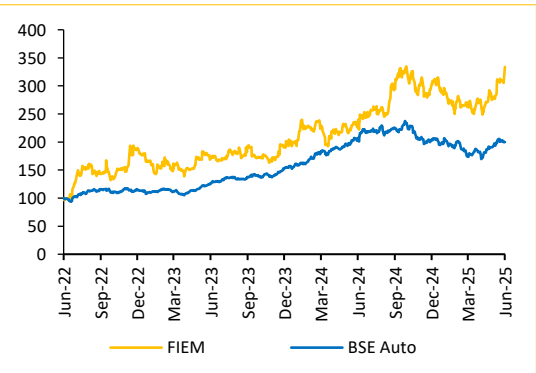
Change in CEBPL Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	28.2	27.3	3.2	32.2	31.1	3.4
EBITDA	3.8	3.7	2.4	4.3	4.2	3.4
EBITDAM %	13.4	13.5	(10.0)bps	13.5	13.5	(0.0)bps
PAT	2.3	2.3	3.8	2.7	2.6	4.6
EPS (INR)	89.3	86.1	3.8	103.5	99.0	4.6

Actual vs Consensus			
INR Mn	Q4FY25A	CEBPL Est.	Dev.%
Revenue	6,394.2	6,137.7	4.2
EBITDA	853.6	810.2	5.4
EBITDAM %	13.4	13.2	15bps
APAT	560.3	500.9	11.9

Key Financials					
INR Bn	FY23	FY24	FY25	FY26E	FY27E
Revenue	18.5	20.3	24.2	28.2	32.2
YoY (%)	17.5	9.8	19.4	16.3	14.2
EBITDA	2.5	2.7	3.2	3.8	4.3
EBITDAM %	13.5	13.2	13.3	13.4	13.5
Adj PAT	1.4	1.7	2.0	2.3	2.7
EPS (INR)	53.1	63.0	76.9	89.3	103.5
ROE %	18.4	18.7	19.7	19.7	19.8
ROCE %	24.3	23.7	24.8	25.4	25.7
PE(x)	32.8	27.7	22.7	19.5	16.8
EV/EBITDA	17.7	16.3	13.3	11.1	9.5

Shareholding Pattern (%)			
	Mar-25	Dec-24	Sep-24
Promoters	58.96	58.96	58.96
FIIs	2.99	3.22	3.70
DIIIs	7.05	6.04	5.77
Public	31.00	31.78	31.57

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Auto	99.6	57.6	(3.8)
FIEM	233.7	95.3	39.1



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FIEM Delivers Strong Performance; New business Wins & Increase in LED Share to Drive Future Growth

Growing share of high-value LED lighting: The percentage of total automotive lighting revenue derived from LED lighting increased significantly to 59.3% in FY25, up from 52% in FY24. Realizations for LED lighting are at least 2x higher compared to conventional lighting. The company's future new project pipeline is 100% LED. **We believe this shift towards LED will contribute to a higher revenue scale potential.**

Management believes that there is currently no significant impact from China's export restrictions on rare earth magnets, as electric vehicles currently account for only 5% of total volume.

Strong New Business Wins: FIEM is a dominant player in the 2W industry and maintains strong relationships with key OEMs. The company has secured wins on multiple new models across key customers, including being a single source for certain lamps on the Honda Activa EV, supplying full lighting solutions for new Hero Xtreme 250 and TVS Apache 4G models, and being the single source for all deluxe models of TVS Jupiter 125.

Given this, **we revise our FY26/27 EPS estimates upwards by 3.8%/4.6% to come up with a revised target price of INR 1,875;** valuing the company at 18x (previously 15x) on FY27E EPS and maintaining our 'ADD' rating.

FIEM beats expectations on all fronts

- Revenue for Q4FY25 was at INR 6,394Mn, up 14.7% YoY and up 7.8% QoQ (vs CEBPL est. at INR 6,138Mn).
- EBITDA for Q4FY25 was at INR 854Mn, up 13.9% YoY and up 10.1% QoQ (vs CEBPL est. at INR 810Mn). EBITDA margin was down 9bps YoY and up 27bps QoQ to 13.4% (vs CEBPL est. at 13.2%).
- APAT for Q4FY25 was at INR 560Mn, up 21.2% YoY and up 19.2% QoQ (vs CEBPL est. at INR 501Mn).

Strategic Investments in Technology and Diversification Efforts: FIEM has made significant investments in a new innovation and R&D center in Gurugram, consolidating mechanical, optical, and electronics capabilities. FIEM is also setting up a state-of-the-art EMC EMI electronic validation laboratory, for integrated electronic development. FIEM has also diversified into the 4W segment with production starting for the first LED product for Mahindra & Mahindra and confirmation for three new development projects for the Mahindra Bolero. We believe this pursuit will help reduce 2W dependency and make 4W an important business in the future.

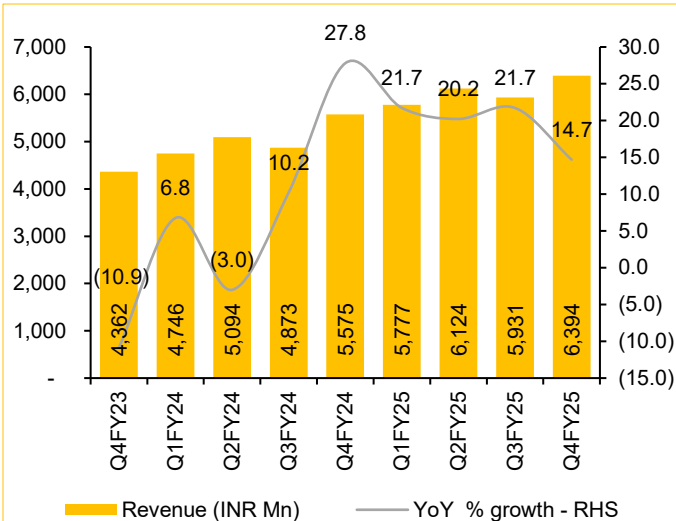
FIEM Industries Ltd.	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Net Sales	6,394	5,575	14.7	5,931	7.8
Material Expenses	3,949	3,443	14.7	3,683	7.2
Employee Expenses	836	761	9.9	833	0.4
Other Operating Expenses	756	621	21.6	639	18.2
EBITDA	854	749	13.9	776	10.1
Depreciation	167	164	2.2	165	1.4
EBIT	686	586	17.2	611	12.4
Interest Cost	4	4	2.9	4	0.8
PBT	736	617	19.3	645	14.0
RPAT	588	462	27.3	470	25.2
APAT	560	462	21.2	470	19.2
Adj EPS (INR)	22.4	17.6	27.3	17.9	25.2

Margin Analysis	Q4FY25	Q4FY24	YoY (bps)	Q3FY25	QoQ (bps)
Material Exp. % of Sales	61.8	61.8	(1.0)	62.1	(34.9)
Employee Exp. % of Sales	13.1	13.7	(57.0)	14.0	(95.9)
Other Op. Exp % of Sales	11.8	11.1	67.0	10.8	103.6
EBITDA Margin (%)	13.4	13.4	(8.9)	13.1	27.2
Tax Rate (%)	25.1	24.9	17.2	27.1	(208.1)
APAT Margin (%)	8.8	8.3	47.2	7.9	83.6

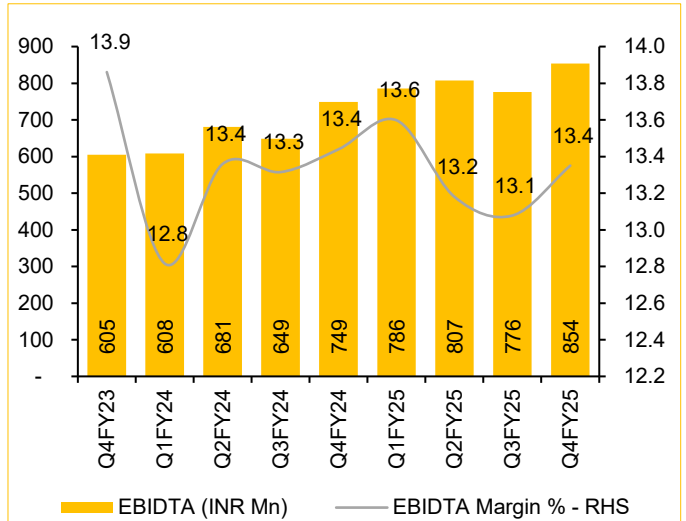
- The two-wheeler industry has shown strong growth, growing 11% FY25. FIEM has outperformed the industry, achieving 19.4% sales growth in FY25.
- FIEM launched products for various models including Honda Activa EV, Royal Enfield Classic 350 facelift model, Yamaha and new Hero Xtreme 250.

Management Call - Highlights

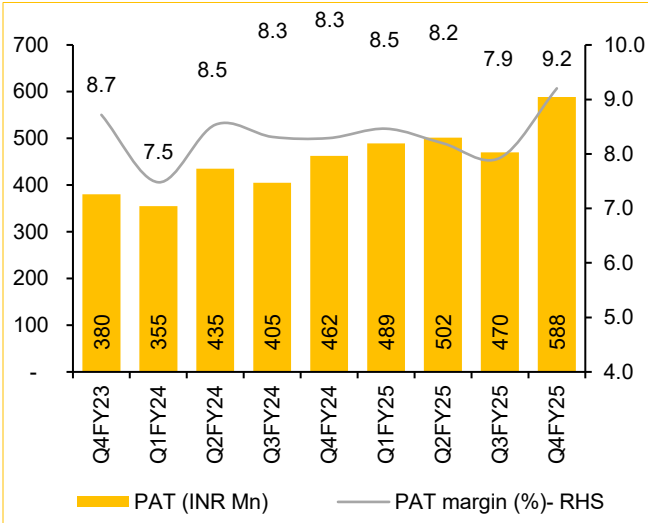
- The two-wheeler industry has shown strong growth, growing 11% FY25. FIEM has outperformed the industry, achieving 19.4% sales growth in FY25.
- A new innovation and R&D center has been established in Gurugram, consolidating mechanical, optical, and electronics.
- A state-of-the-art EMC EMI electronic validation laboratory is being set up, described as the first of its kind in the Indian lighting industry for integrated development of new electronic products.
- The company is making investments to strengthen its electronic capabilities, including advanced design software and electronic manufacturing facilities.
- FIEM Industries aims to outperform industry, targeting a 15-20% growth.
- The percentage of total automotive lighting revenue from LED lighting is 59.3% in FY25, up from 52% in FY24.
- FIEM launched products for various models including Honda Activa EV, Royal Enfield Classic 350 facelift model, Yamaha and new Hero Xtreme 250.
- Production has commenced for the first LED license plate product for Mahindra and Mahindra. Received confirmation for development of three new projects for the Mahindra Bolero.
- Four-wheeler revenue is currently insignificant but growing, with the intent to become a reasonably important business by FY30.

Revenue up 14.7% on a YoY basis

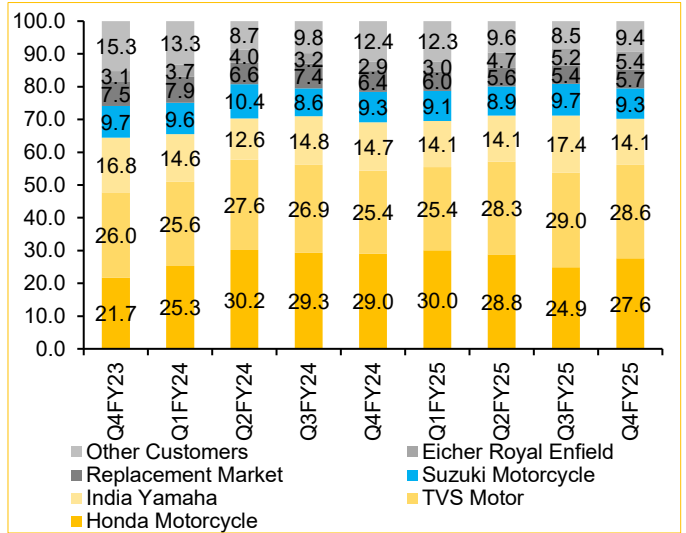
Source: Company, CEBPL

EBITDA Margin down 9bps on a YoY basis

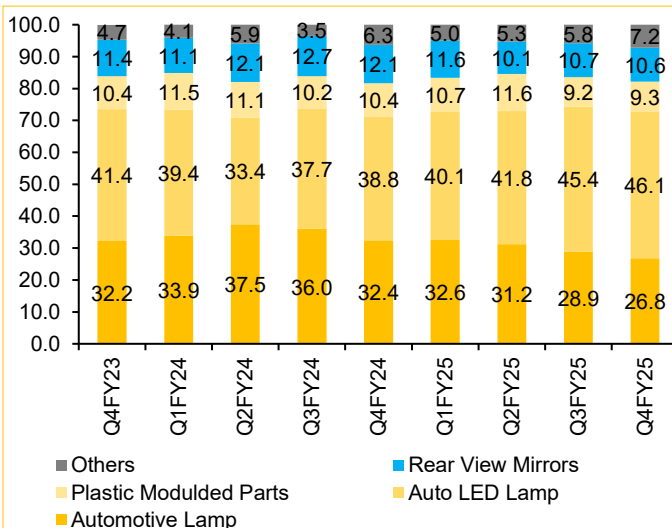
Source: Company, CEBPL

PAT up 27.3% on a YoY basis

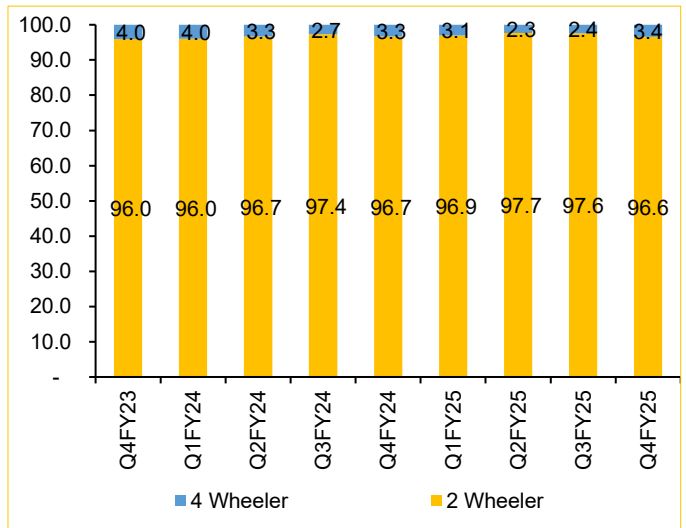
Source: Company, CEBPL

Client mix (%)

Source: Company, CEBPL

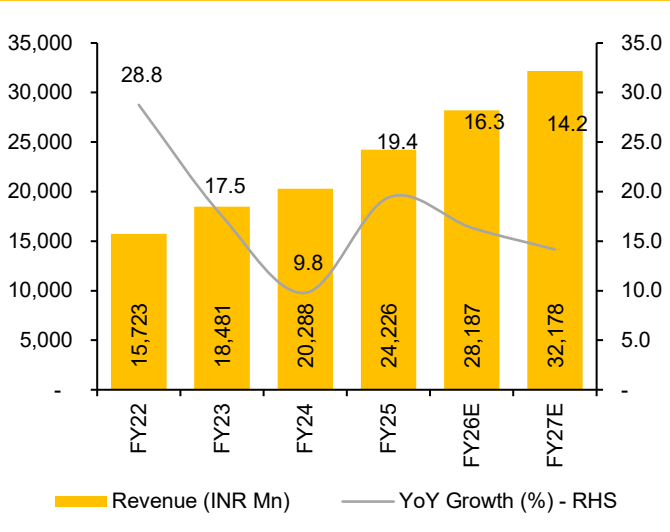
Product Mix (%)

Source: Company, CEBPL

Segment Mix (%)

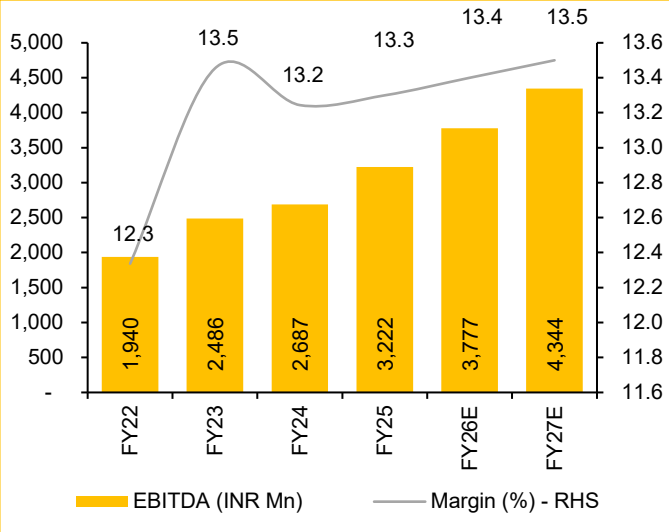
Source: Company, CEBPL

Revenue to grow at 15.2% CAGR over FY25-27E



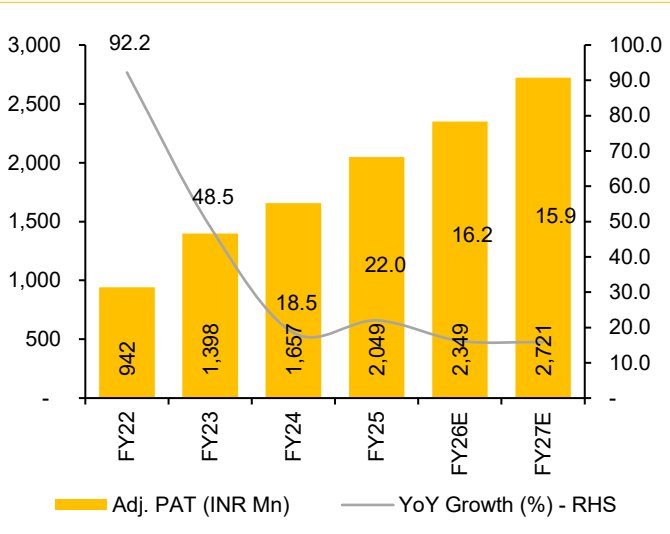
Source: Company, CEBPL

EBITDA to grow at 16.1% CAGR over FY25-27E



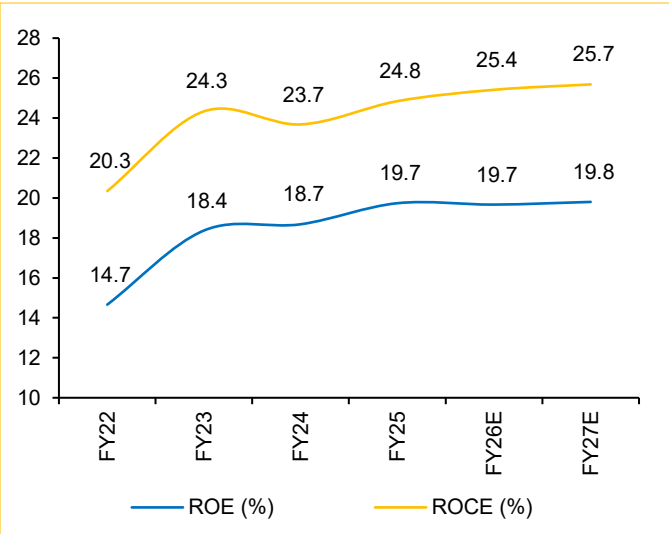
Source: Company, CEBPL

PAT to grow at 15.2% CAGR over FY25-27E



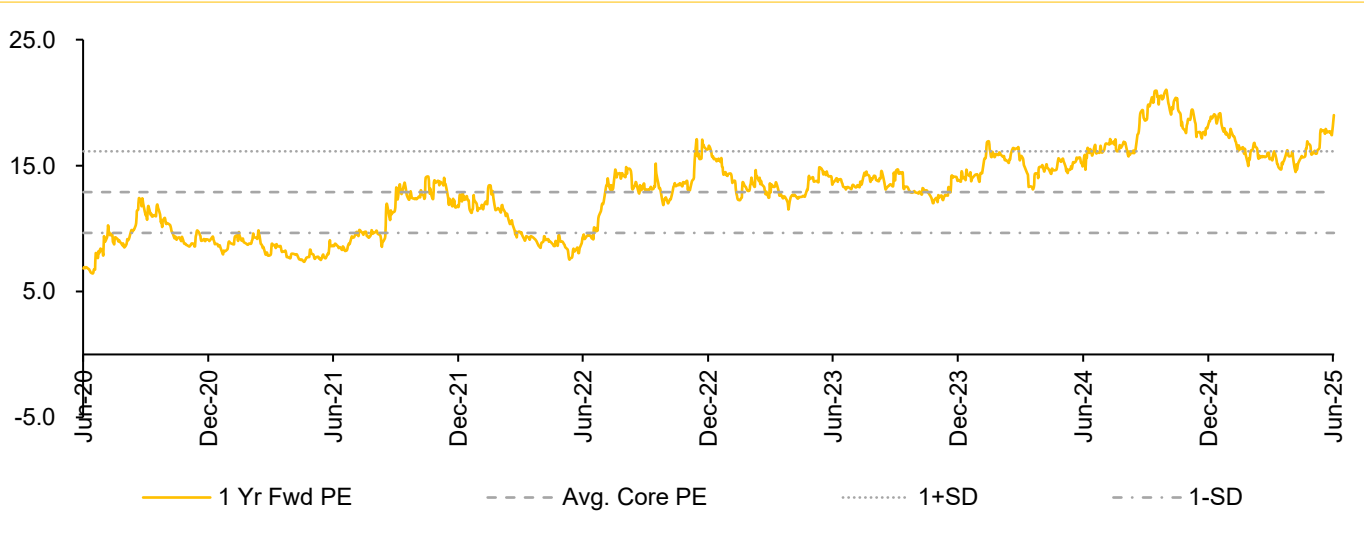
Source: Company, CEBPL

ROE (%) and ROCE (%) Trend



Source: Company, CEBPL

1 Year Forward PE Band



Source: Company, CEBPL

Income Statement (INR Mn)

Particular	FY23	FY24	FY25	FY26E	FY27E
Revenue	18,481	20,288	24,226	28,187	32,178
Gross profit	7,166	7,861	9,201	10,711	12,228
EBITDA	2,486	2,687	3,222	3,777	4,344
Depreciation	634	587	643	742	814
EBIT	1,852	2,100	2,579	3,035	3,530
Interest Expenses	74	29	15	30	30
Other Income	108	160	161	169	178
Exceptional Item	-	-	37	-	-
Reported PAT	1,398	1,657	2,049	2,349	2,721
Share of Associate	-	-	-	-	-
Adjusted PAT	1,398	1,657	2,049	2,349	2,721
EPS (INR)	53.1	63.0	76.9	89.3	103.5

Ratio Analysis	FY23	FY24	FY25	FY26E	FY27E
Growth Ratios (%)					
Revenue	17.5	9.8	19.4	16.3	14.2
EBITDA	28.2	8.1	19.9	17.2	15.0
PAT	48.5	18.5	22.0	16.2	15.9
Margins (%)					
EBITDA	13.5	13.2	13.3	13.4	13.5
PAT	7.6	8.2	8.5	8.3	8.5
Profitability (%)					
ROE	18.4	18.7	19.7	19.7	19.8
ROCE	24.3	23.7	24.8	25.4	25.7
ROIC	29.1	22.4	26.4	28.0	29.7
Working Capital					
Inventory Days	35	37	35	36	36
Debtor Days	28	35	37	36	36
Payable Days	33	34	35	35	35
Cash Conversion Cycle	30	37	37	37	37
Valuation metrics					
PE(x)	33	27.7	22.7	19.5	16.8
EV/EBITDA (x)	18	16	13	11	9
Price to BV (x)	6.0	5.2	4.4	3.8	3.3
EV/OCF (x)	34	32	18	16	13

Source: Company, CEBPL

Balance Sheet (INR Mn)

Particular	FY23	FY24	FY25	FY26E	FY27E
Net worth	7,612	8,869	10,382	11,942	13,742
Minority Interest	-	-	-	-	-
Deferred tax	222	216	228	228	228
Total debt	-	-	-	-	-
Other liabilities & provisions	363	286	285	285	285
Total Net Worth & Liabilities	8,197	9,371	10,895	12,455	14,256
Net Fixed Assets	4,936	4,958	5,534	5,959	6,345
Capital Work in progress	53	53	203	203	203
Investments	2	1	0	0	0
Cash & bank balance	1,830	2,060	2,983	3,707	4,693
Loans & Advances & other assets	218	236	247	247	247
Net Current Assets	2,986	4,122	4,911	6,046	7,461
Total Assets	8,197	9,371	10,895	12,455	14,256

Cash Flows (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
Cash Flows From Operations	1,309	1,349	2,331	2,711	3,136
Cash Flows From Investing	385	(686)	(857)	(1,168)	(1,200)
Cash Flows From Financing	(550)	(431)	(552)	(819)	(951)

DuPont Analysis (INR Mn)	FY23	FY24	FY25	FY26E	FY27E
ROE	18.4%	18.7%	19.7%	19.7%	19.8%
Net Profit Margin	7.6%	8.2%	8.5%	8.3%	8.5%
Asset Turnover	2.3	2.2	2.2	2.3	2.3
Financial Leverage	1.1	1.1	1.0	1.0	1.0

Source: Company, CEBPL

Historical share price chart: Fiem Industries Limited



Date	Rating	Target Price
Feb 13,2024	ADD	1,297
May 23,2024	BUY	1,569
Aug 16,2024	BUY	1,569
Nov 15,2024	BUY	1,791
Feb 14,2025	ADD	1,485
Jun 3,2025	ADD	1,875

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

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