

Sales Note

Fiem Industries Ltd.

CMP: Rs. 2101 | TARGET PRICE: Rs. 2,650.2 (26.2%)

Company Profile

Fiem Industries Ltd. is one of India's leading manufacturers of automotive lighting and signalling equipment. The company has a well-diversified product portfolio with core focus areas spanning automotive lighting systems, rear-view mirrors, sheet metal parts, and plastic moulded components. Its offerings include headlamps, tail lamps, signalling lamps, roof lamps, rear-view mirrors, wheel covers, warning triangles, rear fender and frame assemblies, mudguards, a wide range of sheet metal and plastic parts, as well as advanced products such as canisters and bank (lean) angle sensors. FIEMIND has built long-standing relationships with marquee OEMs in both domestic and international markets, with key clients including Honda, TVS, Yamaha, Eicher Royal Enfield, Force Motors, and others. The company operates nine state-of-the-art manufacturing facilities strategically located across India's major automotive hubs, supported by dedicated R&D and design centres in India, Italy, and Japan, reinforcing its innovation and global competitiveness.

Investment Rationale

Strong Liquidity Supports FIEMIND's Capital Expenditure Plans: Fiem Industries incurred a capital expenditure of ₹138 crore in FY2025, with ₹58 crore spent at its Rai Industrial plant in Sonapat and the balance across other facilities, including R&D equipment. Its LED lighting business is witnessing strong growth, and to support this momentum, the company plans to add 10 new SMT lines over the next couple of years, supplementing the existing 10 machines. Over the next three years, Fiem intends to invest a total of ₹200 crore in capex, excluding the four-wheeler segment. Specifically, for FY2026, the company anticipates capex in the range of ₹75-100 crore. Additionally, around ₹200 crore has been earmarked for the four-wheeler business over the next 3-4 years. With a cash balance of approximately ₹300 crore as of FY2025, Fiem has ample liquidity to fund its expansion plans and pursue inorganic growth opportunities through acquisitions.

Targeted Growth in Four-Wheeler Market Through New Product Development : FIEMIND is diversifying its product portfolio by developing products including LED lighting, lamps, etc. for the four-wheeler vehicles. The company has laid down a three pillar strategy to expand its presence in the four wheeler segment. This includes working on new technology and developing new products for current models. In Q4 FY2025, the company started the production of its first product, LED License Plate Lamp for Mahindra & Mahindra (M&M). This product is approved for all the models of M&M. It also received confirmation of development of three new projects for their highest selling model, Bole-ro. Furthermore, in Q1 FY26 the company also received development orders for three additional products from Force Motors. The company has received second order from Mercedes for their new Development Car Project which is a prototype. A new independent plant for the four wheeler segment will only be planned when there are new orders upwards of INR 200 crores.

Company Detail

Industry	Auto Ancillary
BSE Code	532768
NSE Code	FIEMIND
Bloomberg Code	FIEM IN
Market Cap (INR Cr)	5,570
Promoter Holding (%)	58.96%
52wk Hi/Lo	2275 / 1255
Avg. 20 Daily Volume (NSE)	0.6 Mn

Shareholding Pattern (%)

Category	Sept-2025	June-2025
Promoter	54.51	58.96
FII	7.19	4.68
DII	10.05	8.51
Public	28.23	27.83

Share Price Performance



Vidnyan Sawant

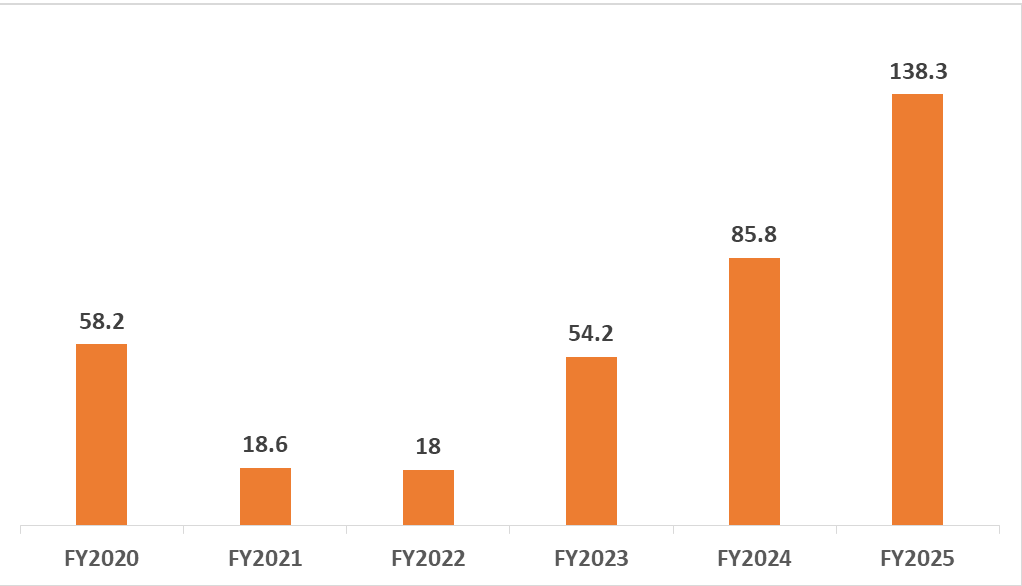
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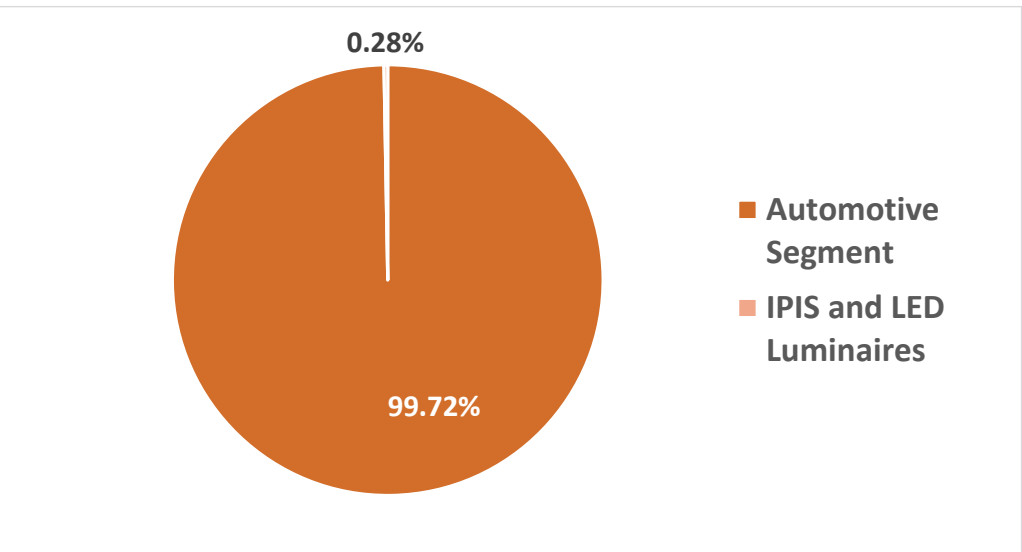
GST Rate Rationalization to Drive Affordability and Demand in the Auto Sector : The GST Council had unveiled the long-anticipated rate rationalization in September 2025, offering significant relief across multiple product categories, including automobiles. Most vehicles will now move from the earlier 28% plus cess regime to a uniform 18% GST structure. Larger vehicles, those exceeding 4 meters in length with petrol engines above 1200 cc or diesel engines above 1500 cc will attract a revised GST rate of 40%, lower than the previous effective range of 43-50%. Additionally, motorcycles up to 350 cc will see GST reduced from 28% to 18%, making two-wheelers more affordable. Coupled with the expected boost from an expanded income tax slab, the upcoming 8th Pay Commission revision in 2026, and potential RBI rate cuts, the policy is likely to spur robust demand in the automobile sector. The reduction in tax rates is expected to boost consumer spending across the automobile sector, driving demand for both two-wheelers and four-wheelers. This, in turn, should benefit auto ancillary players like Fiem Industries, as higher OEM sales translate into greater need for automotive components.

Exhibit 1: Capital Expenditure (in crores)



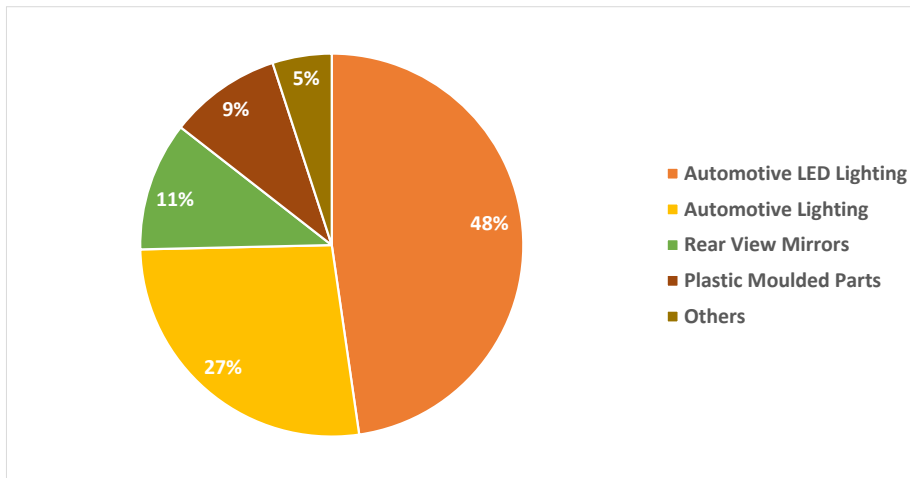
Source: GEPL Capital, Company data

Exhibit 2: Segment-wise Revenue Breakup



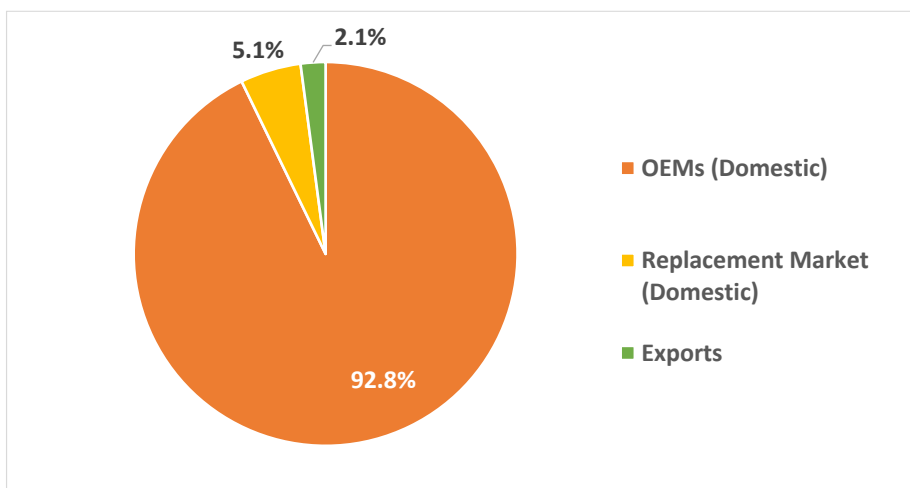
Source: GEPL Capital, Company data

Exhibit 3: Revenue breakup based on Products — Automotive Segment



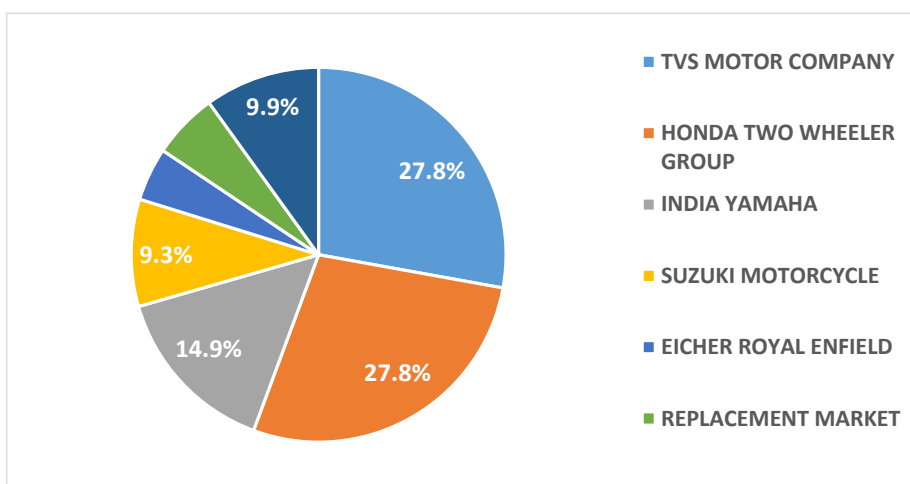
Source: GEPL Capital, Company data

Exhibit 4: Domestic & Exports — Automotive Segment



Source: GEPL Capital, Company data

Exhibit 5: FY25 Top Clientele Contribution — Automotive Segment



Source: GEPL Capital, Company data

Exhibit 6: Fiem Industries Product Portfolio

Head and Rear Lights



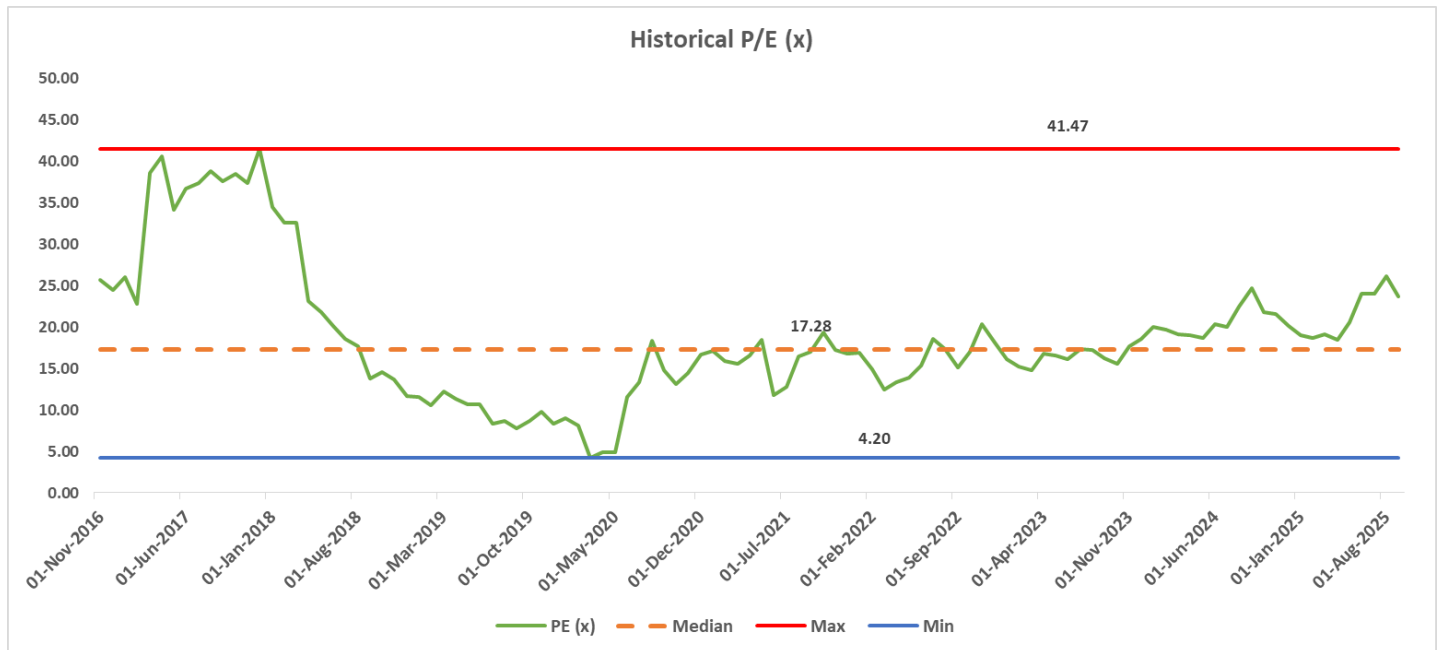
Rear View Mirrors



Plastic Moulded Parts

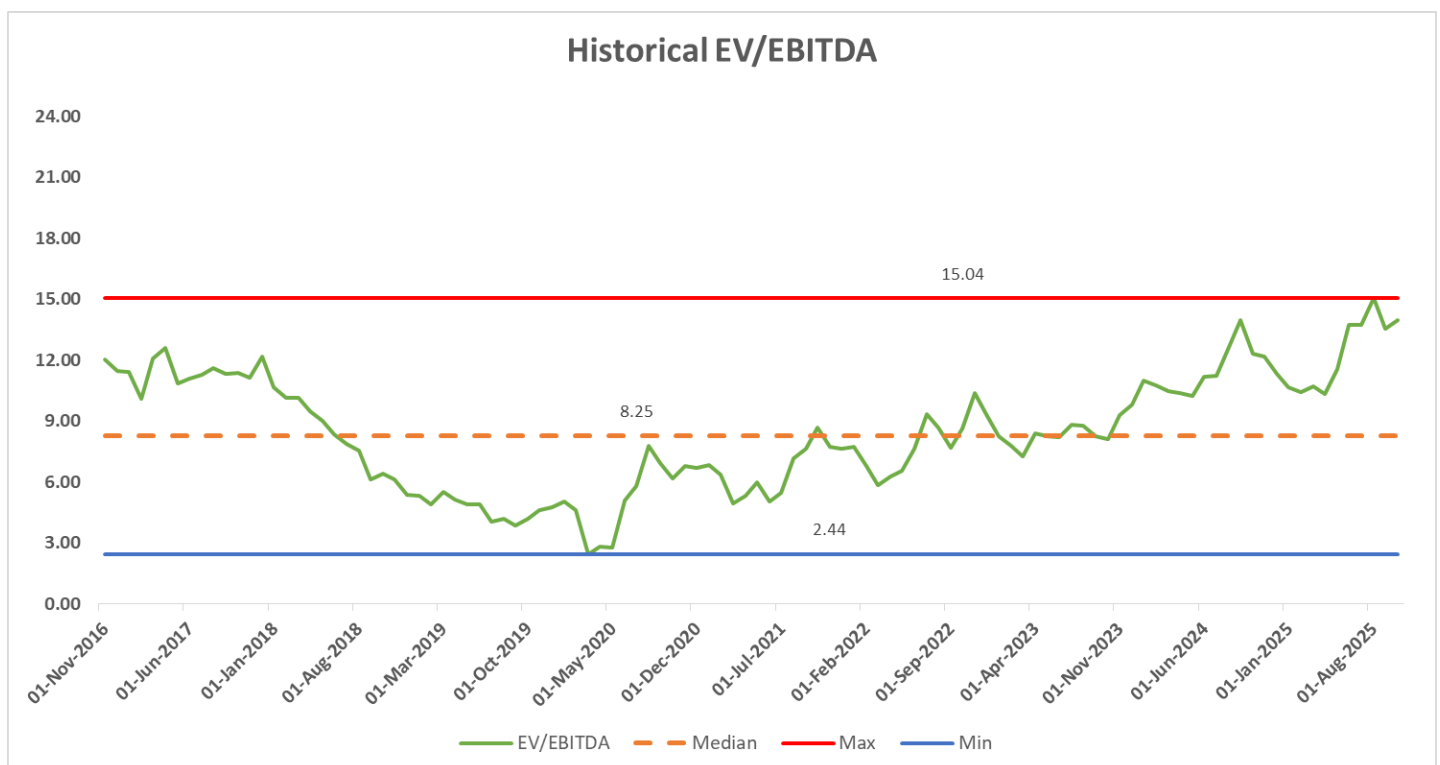


P/E trading close to historical median levels aids comfort.



Source: GEPL Capital, Ace Equity

Historical EV/EBITDA levels



Source: GEPL Capital, Ace Equity

Profit and Loss Statement

Particulars (Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue from operations	1,572	1,848	2,029	2,423	2,910	3,549	4,339
Growth (%)		18%	10%	19%	20%	22%	22%
Cost of Materials Consumed	986	1,131	1,243	1,502	1,789	2,192	2,668
Gross Profits	586	717	786	920	1,120	1,358	1,670
GPM%	37.3%	38.8%	38.7%	38.0%	38.5%	38.3%	38.5%
Employee benefit expense	208	241	291	335	407	488	597
Other expenses	185	227	227	263	320	390	477
EBITDA	194	249	269	322	393	479	597
EBITDA%	12.3%	13.5%	13.2%	13.3%	13.5%	13.5%	13.8%
Other Income	3	11	16	16	29	35	43
Depreciation and amortization expense	59	63	59	64	43	52	62
EBIT	138	196	226	274	379	463	578
Financial costs	9	7	3	2	2	2	45
Exceptional Items	-	-	-	4	-	-	-
Profit before tax	129	189	223	276	377	461	533
Taxes	34	49	57	71	-98	-120	-139
Profit for the year	94	140	166	205	279	341	395
Earnings Per Share (Basic) Rs.	35.6	53.1	63.0	77.9	105.9	129.6	150.0
Growth (%)		49%	19%	24%	36%	22%	16%

Source: GEPL Capital, Company data

Balance Sheet

ASSETS (Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Property, Plant & Equipment	474	461	464	522	628	758	905
Right of Use- Assets	32	31	29	28	27	25	24
Capital Work-In-Progress	1	5	5	20	20	20	20
Other Non Current Assets	21	24	26	28	34	53	65
Total Non Current Assets	528	521	525	598	708	856	1,014
Inventories	185	176	204	233	316	357	462
Trade receivables	175	141	194	242	236	347	366
Cash, Cash equivInt., Bank balance	145	184	207	299	422	553	784
Other Current Assets	15	32	89	51	73	96	117
Total Current Assets	520	532	694	825	1,047	1,353	1,729
TOTAL ASSETS	1,048	1,053	1,218	1,424	1,755	2,210	2,742
LIABILITIES (Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	13	13	26	26	26	26	26
Other Equity	629	748	861	1,012	1,291	1,632	2,026
Equity Attributable to shareholder	642	761	887	1,038	1,317	1,658	2,053
Total Equity	642	761	887	1,038	1,317	1,658	2,053
Liabilities							
Borrowings	8	-	-	-	-	-	-
Lease Liabilities	24	23	22	21	23	25	28
Provisions	5	13	7	8	10	10	10
Other liabilities	33	22	22	23	27	33	41
Total Non Current Liabilities	69	59	50	51	60	69	79
Borrowings	14	-	-	-	-	-	-
Lease Liabilities	1	1	1	1	1	1	1
Trade Payables	261	165	190	231	294	403	503
Other Liabilities	53	58	32	39	29	24	38
Provisions	5	10	9	6	5	5	8
Current tax Liabilities (Net)	4	-	49	58	48	50	61
Total Current Liabilities	337	233	281	334	377	483	611
TOTAL EQUITY AND LIABILITIES	1,049	1,053	1,218	1,424	1,755	2,210	2,742

Source: GEPL Capital, Company data

Cash Flow Statement

Particulars (Rs Crs.)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax and extraordinary items	129	189	223	276	377	461	533
Add: Depreciation	59	63	59	64	43	52	62
Add: Finance Costs	-2	7	3	2	2	2	45
Others	12	9	-24	-29	-10	-10	-10
<i>Operating Profit Before Working Capital Changes</i>	<i>197</i>	<i>268</i>	<i>260</i>	<i>313</i>	<i>412</i>	<i>505</i>	<i>630</i>
Adjustment For :							
Core Working Capital	-69	-74	-65	-12	-12	-44	-24
Tax Payment	-36	-63	-60	-68	-98	-120	-139
Net Cash From Operating Activities (A)	92	131	135	233	302	341	468
Cash Flow From Investing Activities							
Purchase Of Property ,Plant And Equipment, Intangibles Etc	-19	-55	-84	-130	-147	-180	-207
Others	-57	83	0	28	10	10	10
Interest Income on term deposits and others	2	11	15	16	0	-	-
Net Cash Used In Investing Activities (B)	-74	39	-69	-86	-137	-170	-197
Cash Flow From Financing Activities							
Repayment of Borrowing	-30	-20	-	0	-	-	-
Payment of Finance lease	-2	-2	-2	-2	-	-	-
Dividend Paid	-21	-26	-39	-53	-40	-40	-40
Net Cash Used In Financing Activities (C)	-61	-55	-43	-55	-40	-40	-40
Net Increase/ (Decrease) In Cash And Cash Equivalents (A + B + C)	-42	114	23	92	125	131	231
Cash And Cash Equivalents As At (Opening Balance)	110	68	183	206	298	422	553
Cash And Cash Equivalents As (Closing Balance)	68	183	206	298	422	553	784

Source: GEPL Capital, Company data

VALUATION & RECOMMENDATION

- Fiem Industries Ltd's stock is trading at P/E multiple of 14.1(x) of forward PAT for FY28E.
- We estimate a CAGR of 16% growth in Total Revenue during FY 25-FY28E period.
- PAT of Rs 395 crore is estimated for FY28E. We Applied a P/E (x) multiple of 17.8 (x) and arrive at a Market Capitalization of Rs. 7,019 cr. (current Market Capitalization Rs 5,570 cr).
- A 26.2% upside is visible as per valuations.
- We have a 'BUY' rating on 'Fiem Industries Ltd' with a fair price of Rs. 2,650.2/share.

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Notes

Recommendation Rating	Expected Absolute Return (%) over 12 months
BUY	>=15%
ACCUMULATE	>=10% and < 15%
NEUTRAL	>=-5% and < 10%
REDUCE	>=-20% and < -5%
SELL	<-20%

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