

FIEM INDUSTRIES LTD.

Buy at CMP: Rs 1723 | Target: Rs 1972 (14%) | SL: Rs 1620

Sector

Sep 16, 2024

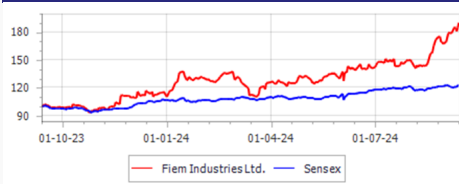
Automobile & Ancillaries

Script Details

BSE Group	B
BSE Code	532768
NSE Code	FIEMIND
Bloomberg Code	FIEM IN
Market Cap (INR Cr.)	4,397
Free Float (%)	41.0%
52wk Low/High	1717/822
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	10/1.2
Total paid Up Shares (Mn.)	26.3

Share Holding Pattern (%)

Promoters	Public	Others
59.0%	41.0%	-

Share Price Relative Performance

Fiem Industries Ltd is one of the leading manufacturers of automotive lighting & signaling equipment's and rear view mirrors. The company's product portfolio includes 2W - lighting & signaling equipment's and rear view mirrors. 4W - lighting & signaling equipment's and rear view mirrors. AUXILLARY LAMPS,WARNING TRIANGLES ,REFLEX REFLECTORS,LED LAMPS,etc.

Investment Rationale

- ◆ **Leading market position in auto light segment with diverse product portfolio:** Feim holds a leading market position in the automotive lighting industry, specializing in lighting parts, signaling equipment, and rearview mirrors for both two-wheelers and four-wheelers. The company offers over seven types of lights in its portfolio, with the lighting segment contributing 76% of total revenue. Feim commands a 27-30% market share in the 2W and 4W lighting markets, having grown at a 57% CAGR over the past six years. The management anticipates increased adoption of LED lamps, which is expected to improve capacity utilization, boost operating leverage, and expand margins.
- ◆ **New product launched likely to drive revenue and margins growth in coming years:** The automobile industry is shifting to LED lamps due to better safety, durability, and flexible designs. LED headlights provide wider vision, save costs over time, and are becoming standard in new vehicles. LEDs are bright, energy-efficient, and long-lasting. The company sees great potential in India's 2-wheeler EV segment and aims to capture more market share, expecting 20%-25% growth in the coming years. Higher kit value of LED lamps will boost revenue, and margins for conventional and LED lamps remain the same, as per management.
- ◆ **FIEM expands into electric 2W components, partnering with Gogoro India for new product lines:** FIEM has expanded into electric 2W components, adding Hub Motors and Motor Control Units (MCUs). In FY23, it partnered with Gogoro India to manufacture Hub Motors, ECUs, and MCUs, with plans to localize production. Though in early stages, this opens a new product line for FIEM. Already a leading player in India's automobile lighting, FIEM is growing its market share with quality products and gaining new customers domestically and internationally.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 11%/12% and estimate FIEMIND to clock PAT of Rs 210 Cr by FY27E. FIEMIND is trading at forward PE (x) of 21 and we value at 24(x) FY27E and Recommend BUY on FIEMIN with Target Price of Rs. 1,972 (14%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	2,132	286	179	24.6	13.9
FY25E	2,388	310	167	26.3	56.5
FY26E	2,674	348	187	23.5	50.4
FY27E	2,995	389	210	21.0	45.0

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- FIEMIND exhibits a robust price structure across all timeframes. On the monthly scale, the stock continues to form higher tops and bottoms, trading at historic highs, indicating strong bullish momentum.
- On the weekly scale, the stock exhibits a well-established bullish mean reversion, with every minor dip being bought up near the key 20-week and 50-week EMAs, indicating a healthy trend. Additionally, a recent surge in volume, surpassing the 10-week average, highlights growing investor interest in the stock.
- The ADX trend strength indicator further validates this momentum, with an ADX reading of 34 and a +DI of 36 on the weekly chart, highlighting the stock's increasing strength and its readiness to continue its upward trajectory.
- The ratio chart of FIEMIND against the NIFTY reinforces the stock's readiness for continued outperformance, as the ratio line is on the verge of breaking out from the multiyear 2016 swing high. This breakout signals a potential for further relative strength compared to the broader market.

FIEMIND [N13710] 1725.35, 6.09%
Price Avg2(E,20,E,50)



Inference & Expectations

- Considering these factors, it can be inferred that FIEMIND stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1972 level.
- The stop loss must be at 1620 level, strictly on the closing basis.

Invest Now

Source: Tradingview.in, GEPL Research



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