

Result Update

Q1 FY26

Fiem Industries Ltd.

Institutional
Research

Fiem Industries Ltd.



BP WEALTH

Auto Ancillary | Q1FY26 Result Update

18th August 2025

Improving LED penetration and better mix drives robust performance

Fiem Industries delivered a strong Q1FY26 performance, with revenue rising 14.1% YoY (up 3.0% QoQ) to Rs. 6,589 million, supported by healthy demand traction from key OEMs such as TVS, Royal Enfield, and Yamaha, along with higher content per vehicle and growing LED penetration, which now forms ~64% of total sales. The growth was also aided by premiumisation, particularly from newer model launches like TVS Jupiter and Apache, as well as strong export traction for Yamaha. Gross profit grew 16.5% YoY (up 5.1% QoQ) to Rs. 2,572 million, with margins expanding 81 bps YoY and 78 bps QoQ to 39.0%, benefiting from an improved LED mix and richer product portfolio, while cost pass-through arrangements with OEMs ensured stability in raw material margins. EBITDA increased 13.9% YoY (up 4.8% QoQ) to Rs. 895 million, with margins largely stable on an annual basis at 13.6% and improving sequentially by 23 bps, despite being weighed down by the higher development and sales-related expenses linked to new projects. While Fiem's operating performance was strong, the reported PAT came in at Rs. 575 million. This marked a significant 17.7% rise YoY, but a minor 2.3% decrease compared to the previous quarter. The corresponding PAT margin was 8.7% (up 27 bps YoY / down 48 bps QoQ).

Valuation and Outlook

Fiem's Q1FY26 performance continues to mark its ability to consistently grow ahead of the underlying 2W industry, aided by rising LED adoption, premiumisation, and content gains across key OEM partners. The company delivered margin stability, underlining the strength of its cost pass-through mechanisms and richer product mix. Importantly, the management highlighted that LED contribution has already reached ~64% of sales and is expected to scale to 75–80% over the next two years, which should structurally enhance profitability. Looking ahead, Fiem remains well-positioned to sustain its growth trajectory, supported by continued LED adoption, content gains from new model launches, and deeper penetration with leading OEMs. The company's entry into the four-wheeler segment through orders from Force Motors and Mahindra, coupled with its ongoing investments in SMT lines and the upcoming EMC/EMI validation lab and growing RFQ pipeline, provides visibility on medium-term diversification and technological leadership. With management reiterating its 15-20% annual sales growth guidance, a good festive demand outlook, and a stable margin profile aided by cost pass-through mechanisms, we expect Fiem to deliver steady earnings growth, supported by both operating leverage and structural improvements in its product mix.

Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	6,589	5,777	14.1%	6,394	3.0%
Gross profit	2,572	2,208	16.5%	2,446	5.1%
Gross margin (%)	39.0%	38.2%	81 bps	38.2%	78 bps
EBITDA	895	786	13.9%	854	4.8%
OPM (%)	13.6%	13.6%	-2 bps	13.4%	23 bps
Reported PAT	575	489	17.7%	589	-2.3%
PAT Margin	8.7%	8.5%	27 bps	9.2%	-48 bps

Source: Company, BP Equities Research

Sector Outlook

Neutral

Stock

CMP (Rs.)	1,980
BSE code	500878
NSE Symbol	FIEMIND
Bloomberg	FIEM IN
Reuters	FIIN.BO

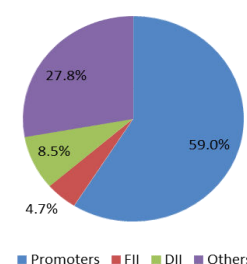
Key Data

Nifty	24,877
52 Week H/L (Rs.)	2,055/1,255
O/s Shares (Mn)	26
Market Cap (Rs. bn)	52
Face Value (Rs.)	10

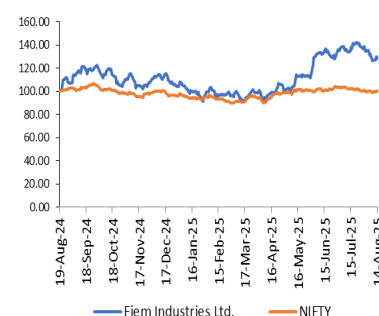
Average Volume

3 months	83,710
6 months	66,020
1 year	74,950

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

Guidance

The company maintained its guidance for 15-20% sales growth (organic).

The CapEx plan of Rs. 200 crores over the next three years remains intact, excluding any specific investments for the four-wheeler segment, which will be additional. For the current year, the total CapEx is estimated to be around Rs. 75-100 crores, covering a new facility, SMT lines, and other investments.

LED lighting share is expected to increase from the current 64% to 75-80% over the next couple of years.

Strategic Developments

The company has received development orders for three additional products from Force Motors.

The company is installing a state-of-the-art EMC/EMI electronic validation laboratory, which will be the first of its kind in the Indian automotive lighting industry.

"For the current year, the total CapEx is estimated to be around INR 75-100 crores, covering a new facility, SMT lines, and other investments26. "

Business Update

The non-LED portfolio has been stable around Rs. 170-180 crores, but the LED share, currently at 64%, will continue to grow as all new models in the pipeline are 100% LED.

Fiem's growth with HMSI is largely in line with HMSI's production, and the company has not lost any market share. Volume performance with HMSI has been flat.

New orders from Hero are on track, although projects under the Harley Davidson flagship have been slow. Fiem will soon launch products for the Hero 125cc segment, featuring all-LED lighting.

TVS saw increased content per vehicle due to recent launches like Jupiter (with new front and rear lighting) and Apache.

The RFQs, previously valued at Rs. 700 crores, are progressing to technical study phases. Force Motors is the only new four-wheeler customer onboarded this quarter. Fiem is focusing on passenger vehicles, commercial vehicles, and off-road segments within four-wheelers.

"The company remains largely unaffected by the US tariffs, as the direct trade with the states is marginal and is not liable to bear any additional costs."

Rare Earth Metal Impact

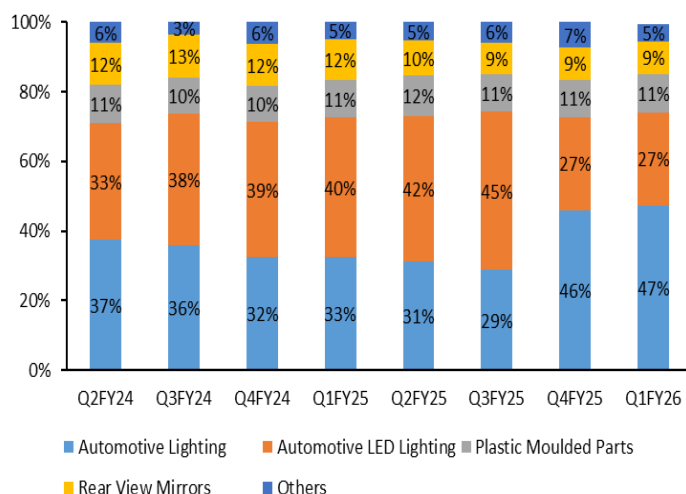
Fiem does not anticipate any significant impact from potential rare earth metal challenges, as their exposure is primarily on the EV side, which is still a small component of the industry, particularly in two-wheelers.

Quarterly Snapshot

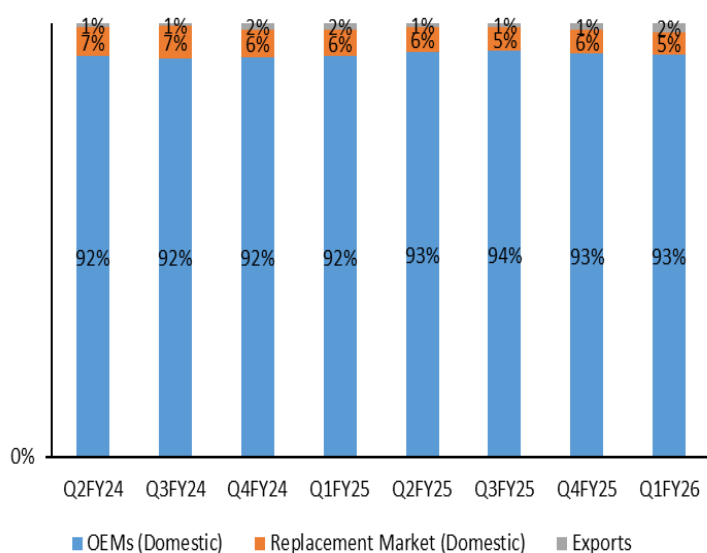
Topline momentum remains steady



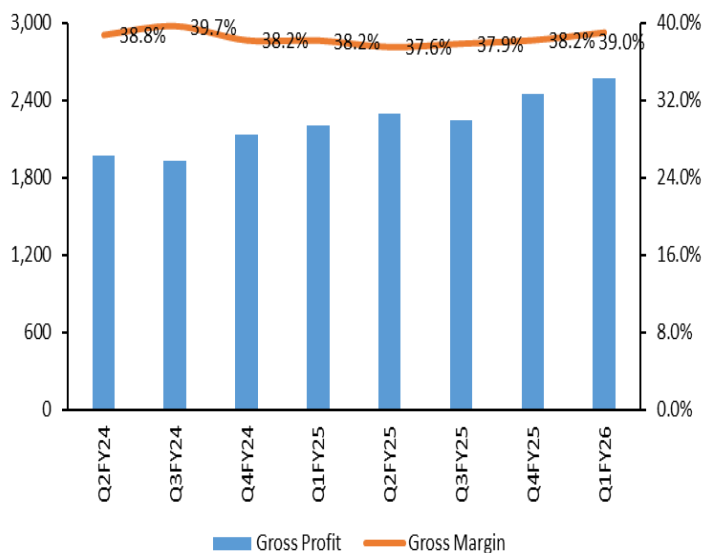
Product Mix



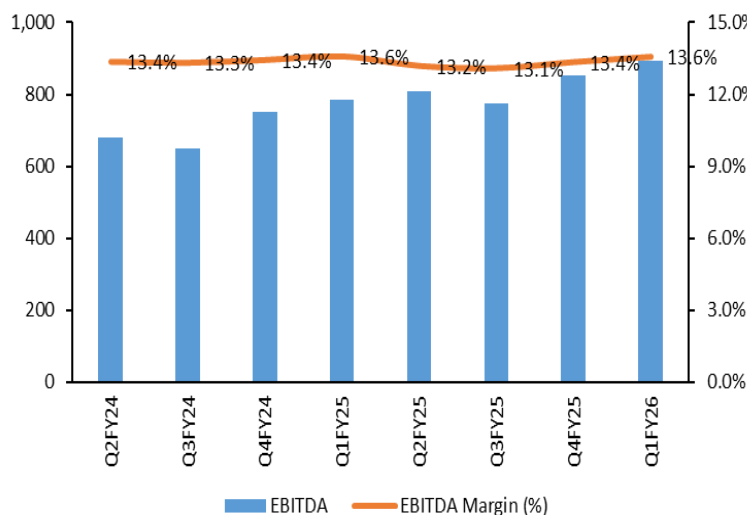
Revenue Breakup



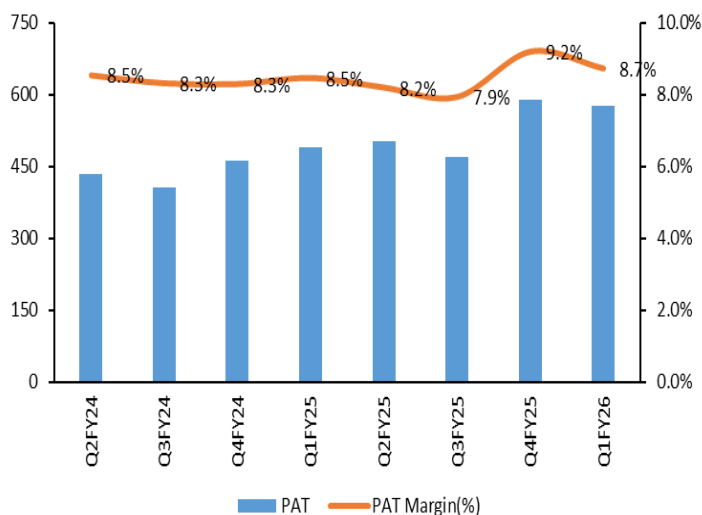
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



PAT and PAT Margin



Source: Company, BP Equities

Key Financials						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	15,723	18,481	20,288	24,226	28,466	33,874
Revenue Growth (Y-o-Y)	28.8%	17.5%	9.8%	19.4%	17.5%	19.0%
EBITDA	1940	2,486	2,687	3,222	3,843	4,675
EBITDA Growth (Y-o-Y)	45.0%	28.1%	8.1%	19.9%	19.3%	21.6%
Net Profit	953	1,399	1,657	2,049	2,505	3,083
Net Profit Growth (Y-o-Y)	103.2%	46.8%	18.4%	23.7%	22.2%	23.1%
Diluted EPS	36.2	53.2	63.0	77.9	95.2	117.2
Profitability Ratios						
EBIDTA (%)	12.3%	13.5%	13.2%	13.3%	13.5%	13.8%
NPM (%)	6.1%	7.6%	8.2%	8.5%	8.8%	9.1%
ROE (%)	14.8%	18.4%	18.7%	19.7%	20.9%	22.2%
ROCE (%)	20.3%	24.3%	23.1%	24.3%	25.3%	26.8%
Valuation Ratios						
P/E (x)	54.6x	37.2x	31.4x	25.4x	20.8x	16.9x
EV/EBITDA (x)	26.6x	20.2x	18.7x	15.3x	12.8x	10.5x
Market Cap/Sales (x)	3.3x	2.8x	2.6x	2.1x	1.8x	1.5x

Source: Company, BP Equities

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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