

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Auto Ancillaries	Rs 1626	Buy in Rs 1610-1645 band and add on dips in Rs 1445-1475 band	Rs 1778	Rs 1915	2-3 quarters

HDFC Scrip Code	FIEINDEQNR
BSE Code	532768
NSE Code	FIEMIND
Bloomberg	FIEM IN
CMP Sep 6, 2024	1626.4
Equity Capital (Rs Cr)	26.3
Face Value (Rs)	10
Equity Share O/S (Cr)	2.6
Market Cap (Rs Cr)	4277
Book Value (Rs)	337.0
Avg. 52 Wk Volumes	157,200
52 Week High	1630.0
52 Week Low	822.0

Share holding Pattern % (Jun, 2024)	
Promoters	59.0
Institutions	6.6
Non Institutions	34.4
Total	100.0



* Refer at the end for explanation on Risk Ratings

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Our Take:

Fiem Industries Ltd. (FIL) is one of the established names in Automotive Lighting & Signalling Equipment space with a history of around four decades. The company is associated with some of the most prestigious OEM customers in India and has a strong client base of more than 50 OEMs. It is also exporting automotive lighting to Honda Japan, Harley Davidson (USA & Thailand), Kubota Japan (Tractors & Farm equipments) besides exporting to other OEMs in Austria, UK, Germany, Thailand, Indonesia & Vietnam. Automotive lights are witnessing a shift towards LEDs due to better energy savings, safety, and enhanced design capabilities. Being a leading player, this is likely to drive higher kit value for the company.

FIL has expanded its electric vehicle (EV) portfolio and is catering to ~35 EV players including well-known brands like Hero Electric, Okinawa, Ola, Revolt, Ampere, Tork, Polarity, and Bounce. FIL is working on new lighting products like laser technology (2W&4W), night vision (A and B segment car) and ambient lighting technology which is likely to increase its kit value.

The company is making inroads in 4W lighting and has also received orders from 4W OEMs including full LED headlamp for a high-end European car. The higher kit value of 4W is likely to accelerate topline growth.

Valuation & Recommendation:

FIL has been able to maintain strong growth in the lighting segment. The management has guided for ~15% topline growth for FY25 despite the expectations of slower growth in the industry. The partnership with Gogoro is likely to expand its product portfolio and increase the kit value. Continued dominance in 2W EV segment and diversification into PV are key positives for the company.

We expect FIL's Revenue/EBITDA/PAT to grow at 16/18/20% CAGR over FY24-FY26E, led by higher volume in 2W segment and increasing contribution from 4W segment. We believe investors can buy the stock in Rs 1610-1645 band and add on dips in Rs 1445-1475 band (16x FY26E EPS) for a base case fair value of Rs 1778 (19.5x FY26E EPS) and bull case fair value of Rs 1915 (21x FY26E EPS) over the next 2-3 quarters.