

FIEM INDUSTRIES (FIEM) - BUY

Q3FY26 Result Update

Current Market Price (CMP) Rs. 2183	Fair Value (FV) Rs.2809
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Rationale:

- FIEM continues to post healthy revenue/EBITDA/PAT growth.
- The company aims for annualized revenue growth of ~15-20% and to outperform the industry growth and maintain EBITDA margin in excess of 14%.
- We expect the domestic two-wheeler growth to continue in the coming quarters.
- Company continues to outperform the two-wheeler industry's volume growth, and we expect this to continue in the coming years.
- FIEM's focus on four-wheeler LED lighting segment presents huge growth opportunity; company is also making gradual inroads in this segment.
- We expect earnings per share growth of 16.7% in FY27E and 16.8% in FY28E.
- We retain BUY with revised fair value of Rs2809, valued at 22x PE on FY28E earnings.

👍 Positives:

- FIEM's gross margin improved 245 bps yoy and 186 bps qoq in Q3FY26.
- EBITDA margin was up 110bps yoy and 30 bps qoq to 14.2% (our estimate was 13.7%).
- Net profit of Rs63 cr (+33.8% yoy, 2.1% above our estimate).
- Company generates healthy cash flows and has net cash in its balance sheet.

👎 Negatives:

- Standalone revenue was Rs690 cr in Q3FY26 (-3.5% qoq), 3.2% below our estimate.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization; PAT: Profit After Tax; PE: Price/Earnings; LED: Light-Emitting Diode)



The content of this document has been derived from Kotak Securities PCG research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months