Fiem Industries Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The thesis remains firmly on track as Fiem continues to outperform the 2-wheeler industry volume growth through aggressive LED premiumization and a tangible breakthrough into the 4-wheeler segment with Mahindra and Force Motors.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue grew 17.1% YoY (□711 Cr) vs industry production growth of 10.6%.	□
Earnings Quality	High (Core driven)	PAT grew 28% YoY; EBITDA expansion driven by operating leverage and product mix.	□
Guidance Confidence	Strong	Reiterated 15-20% revenue growth for FY26; 4W orders moving to mass production.	□
Management Credibility	Strong	Transparent on fire impact (□49 Cr) and specific on new customer wins (Force, Norton).	□
Business Quality Signal	Improving	LED mix reached a record 63.9%; content-per-vehicle expansion remains the primary alpha.	□
Key Q&A Exchange	Q5 - 4W Expansion	Force Motors added as a client with 3 products; validation of 4W scalability beyond M&M.	□
The Street's Primary Anxiety	Fire Impact/Margins	Fear of margin drag from fire was dismissed; EBITDA improved to 13.93% (up 72 bps YoY).	□
Capital Cycle Stage	Investment	Active capex (□100 Cr FY26 target) to support 20 additional SMT lines and 4W growth.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins touching 14% ceiling; ROCE at 26.2% remains superior.	□
Pricing Power	Stable	Mix shift to LED (3x realization of halogen) acts as a structural pricing upgrade.	↑
FCF Conversion & Quality	Adequate	H1 PAT of □120 Cr; WC drag from rising receivables offset by payable management.	□
Competitive Moat Signals	Widening	First-mover in "Animation Lighting" for Norton; in-house EMC/EMI lab reduces time-to-market.	□
Balance Sheet Strength	Strong	Net cash position preserved despite □38 Cr H1 capex; zero long-term debt.	□
Working Capital Efficiency	Stable	Inventory levels managed well (□248 Cr) despite fire-related disruptions.	□
Mgmt Guidance Track Record	Reliable	Consistent outperformance of the 2W industry cycle.	□
Key Vulnerability / Red Flag	Customer Concentration	Top 3 (TVS, Honda, Yamaha) now constitute 71.6% of total revenue.	□
Management Tone	Confident	Bullish on "highest ever" production year for 2W and 4W tech adoption.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** Structural transition to LED is accelerating, now making up 64% of lighting sales (vs 61.3% in Q1), which provides a massive ASP buffer against volume volatility. The 4W diversification is no longer a "one-client" story; adding Force Motors and moving to mass production for M&M's Bolero/Scorpio highlights a multi-year growth runway. Technology leadership was showcased via CAN-based animation lighting for Norton, positioning Fiem as a global-spec supplier. * **Negatives:** Heavy dependence on TVS (31.7%) and Honda (25.1%) remains a concentration risk. While the fire loss (₹49 Cr) is fully insured, the claim settlement process is a balance sheet overhang (booked as a receivable). * **Street Concern:** Analysts were focused on the sustainability of the 14% margin and the 4W timeline. Management clarified that operating leverage and higher-spec export models (Yamaha Tracer, Norton) are the key margin drivers, while 4W will see a "differentiated product" ramp-up by year-end. * **Forward Watchpoint:** The conversion of the ₹700 Cr-₹1,000 Cr RFQ pipeline into firm SOP (Start of Production) timelines, particularly for the unnamed "global" projects mentioned in the call.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: PPT figures primary. Concall used for commentary.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	₹711.42 Cr	+17.12%	+10.0%	↑	Driven by strong demand from TVS, RE, and Yamaha; outpaced 10.6% industry growth.
Volume (2W Industry)	6.9 Mn Units	+10.6%	N/A	↑	Rural recovery and urban demand remain robust; Fiem outperformed industry.
ASP (Lighting Est.)	~₹1,250	↑	↑	↑	Shift from Halogen to LED (2x-4x realization) driving value growth.
LED Mix (% Light Sales)	63.92%	+454 bps	+260 bps	↑	100% of new projects are LED; focus on high-spec "Animation" lighting.
Domestic Revenue (H1)	₹1,273.4 Cr	+15.5%	N/A	↑	Strong traction in TVS Jupiter and Royal Enfield Classic models.
Export Revenue (H1)	₹87.1 Cr	+10.2%	N/A	↑	Growth from Yamaha global models (Brazil/Europe) and Norton launches.
Key OEM Conc. (%)	71.60%	+280 bps	+137 bps	↑	Concentration at TVS and Honda remains high; RE mix slightly lower QoQ.
EBITDA (₹Cr)	₹99.10 Cr	+23.46%	+13.4%	↑	Expansion driven by operating leverage and better product mix.
EBITDA Margin %	13.93%	+72 bps	+43 bps	↑	Approaching 14% target range; aided by efficiency in existing plants.
PAT (₹Cr)	₹63.78 Cr	+28.00%	+13.8%	↑	Highest ever quarterly PAT; profit growth exceeding revenue growth.
ROCE (%)	26.22%	+126 bps*	N/A	↑	High capital efficiency maintained via zero debt.
Net Debt / (Cash)	(₹270.6 Cr)	↓	↓	↓	Net cash company; Cash decreased from ₹298 Cr (FY25) due to ₹38 Cr capex.

**YoY comparison vs FY25 full year ROCE.*

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Avg	Key Development
Automotive Lighting	₹474.9*	+18.2%	High	↑	Above	LED mix at 64%; mass production of Projector lamps for Hero.
Rear View Mirrors	₹71.1*	+10.1%	Medium	→	Below	Stable; maintaining market share across key OEMs.
Plastic Moulded Parts	₹64.0*	+12.4%	Medium	→	Below	Captive support for lighting assemblies; standalone growth in Unit 8/9.
Others (IPIS/ BAS)	₹101.4*	+18.5%	Low	↑	Below	Traction in Bank Angle Sensors and Canisters for 2W.

**Estimated based on historical segment weights and Q2 revenue.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	15-20% growth for FY26.	H1 growth at 15.2%; needs ~₹1,450 Cr in H2. Highly feasible given festive start.	Delivered (Q2 at 17%).	Low
Guidance	Margins	13-14% corridor.	Currently at 13.93%. Needs to maintain efficiency despite higher RM.	Delivered (Upper end).	Low
Guidance	Capex Plan	₹100 Cr for FY26.	₹38 Cr spent in H1; ₹62 Cr remaining for H2. On track.	On track.	Low
Strategy	4W Expansion	"Graduating from plate lamps to headlamps."	Force Motors RFQs and SOP for Mahindra Bolero/Scorpio.	SOP started this Q.	Moderate
Strategy	Tech Adoption	Animation Lighting via CAN software.	Successfully launched with TVS Norton and Yamaha Tracer 7.	New technology SOP.	Low
Macro	2W Cycle	"Highest production year" expected.	Industry needs to sustain >10% growth in H2. Feasible via rural recovery.	Trend is positive.	Low
Strategy	Fire Impact	No loss of revenue from fire.	Verified via Q2 revenue outperformance.	Fully mitigated.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	3.5	Shubham Sehgal / SiMPL	Provisions	Financials	"Could you throw some light on the provision reversal that you have taken for bad debt and warranties?"	Management explained that □2.5-3 Cr was reversed as debts were recovered and no warranty claims materialized. This indicates conservative provisioning and high asset quality.	None	5.0	Clear and quantified
2	4.0	Shubham Sehgal / SiMPL	RE Growth	Business Overview	"How do we see this panning out as RE contributes now 6%... stable or increasing?"	Management confirmed a >90% share of business in RE's Classic model and expects an "uptick" on the 6% contribution via new models under development. RE is becoming a high-margin value driver beyond the core TVS/ Honda base.	Specific model names	4.0	Directional evidence
3	4.5	Shubham Sehgal / SiMPL	New Tech	Business Overview	"Update on newer technologies... when can we see any of them getting monetized?"	Fiem introduced "Animation" lighting via CAN software for TVS Norton, a first for 2Ws in India. This shifts Fiem from a component maker to a software-integrated electronics provider,	None	5.0	Specific & Consistent

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						expanding margins.			
5	5.0	Vijay Pandey / Nuvama	Fire Loss	Financials	"Inventory write-off related to the fire incident... recorded to the P&L as well?"	Management clarified that the □21 Cr inventory and □28 Cr asset damage was booked as a "receivable" because they have a valid insurance policy. Net EBITDA was not impacted, though balance sheet liquidity is temporarily tied in the claim.	None	4.0	Accounting clarity
6	4.5	Vijay Pandey / Nuvama	PV Mix	Business Overview	"Passenger vehicle contribution has come down... 2.3%... any particular reason?"	The drop is "mathematical" as 2W sales grew exponentially; 4W orders (Mahindra) are in the "under development" stage and yet to reflect in revenue. SOP for M&M's high-mounted stop lamps for Bolero/Scorpio is the next trigger.	None	4.0	Plausible
7	4.0	Aangi Sheth / Array	Margins	Financials	"What is the contributing factor to this rise in margins?"	Operating leverage from higher volumes and a rich product mix (LED) helped hit the ~14% mark. Management hopes to sustain the	None	4.0	Clear signal

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						14% level going forward, signaling a new margin floor.			
9	4.5	Anubhav Mukherjee	Hero Ramp-up	Business Overview	"Are these the new models that we will be supplying to... Vida, Glamour X 125?"	Fiem is supplying projector headlamps for Glamour X 125 and LED winkers for Xtreme. While Hero is currently <10% of revenue, the premiumization of their portfolio is finally driving Fiem's wallet share.	None	4.5	Specific wins
10	4.5	Anubhav Mukherjee	4W RFQs	Management Outlook	"Progressed in getting any RFQs or orders from any other passenger vehicle OEMs?"	Management confirmed RFQs are at an "advanced stage" with Force Motors and Mercedes-Benz. Force Motors orders have already moved to the "nomination" phase for 3 products.	Specific product values	4.0	Clear Milestone
12	4.0	Devesh Kayal	HMSI Share	Business Overview	"HMSI forms 25%... fair to say that in Honda, we have lower share of LED?"	Management refuted this, stating they have "maintained our market share" and the LED mix is in line with the overall portfolio. Fears of competitive displacement at Honda	None	4.0	Reassuring

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						appear unfounded.			
15	4.0	Vinay Nadkarni	Capacity	Capex and Allocation	"Has the capacity utilization improved?"	Utilization is moving into the "80s," prompting a □100 Cr capex plan for FY26. 10 new SMT lines are being added to support the 100% LED pipeline for new projects.	None	5.0	Quantified
17	4.5	Anubhav Mukherjee	Localization	Business Overview	"What is our level of localization now?"	Electronics are fully localized except for the LED chip; Fiem does in-house SMT, assembly, and testing. This high backward integration is the source of their ~14% EBITDA margin advantage.	None	5.0	Moat Signal
18	4.0	Sahil Sanghvi	Ambient Light	Management Outlook	"Major progress... ambient lighting front?"	Management has demonstrated Proof-of-Concept (POC) to a major customer and expects to be "in the panel" as a supplier soon. This marks Fiem's entry into "interior" 4W lighting.	Customer name	4.0	Directional
19	4.5	Sahil Sanghvi	Safety MOU	Management Outlook	"MOU with a Swedish company... Allight Lighting?"	The JV/MOU is for "Adaptive Lighting" that stabilizes the beam when a	None	5.0	Specific timeline

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						2W turns, reducing accidents. This technology is being pitched for the next generation of premium 2W safety regulations.			
23	3.5	Vijay Pandey	PV Content	Business Overview	"Content per vehicle (CPV) for passenger vehicle?"	A fully loaded LED car lamp set can cost □60,000, vs □2,000-□5,000 for a 2W set. The 4W entry offers a 4x-10x multiplier on CPV, confirming the massive scale potential of the PV pivot.	None	4.0	Value-driven

PATTERN FLAGS & SENTIMENT * **The 4W Pivot is Real:** Multiple analysts probed the 4W strategy. Management’s posture was highly confident, moving from "we are trying" in previous quarters to "we have started SOP for Mahindra and have Force Motors nominations." The transition from peripheral lamps (license plate) to core lamps (Headlamps/HMSL) for Bolero/Scorpio is a major credibility boost. * **LED as the Growth Floor:** Questions on volume vs. value revealed that LED transition is decoupled from 2W industry cycles. Analysts were satisfied that even in a flat volume environment, Fiem grows via the 2x-4x ASP delta of LED. * **Analyst Sentiment:** Overwhelmingly positive. The "highest ever sales/PAT" numbers neutralized most skepticism. Friction was minimal, limited to the "mathematical" drop in 4W percentage, which management explained logically.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **4W Revenue Mix** | Expectations of rapid 4W revenue share increase. | Mix fell to 2.3% due to high 2W growth. | Short-term dilution of 4W as a % of sales. | Low (Absolute growth is intact). | | **Fire Impact** | Potential disruption risks. | Zero revenue loss; fully mitigated via insurance. | No operational gap; only a balance sheet receivable. | None. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
LED Mix	61.32%	63.92%	↑ Structural Shift
4W Customer Base	Mahindra (Development)	Added Force Motors (3 products nominated)	↑ Scalability
Mahindra SOP	Testing/Development	**Mass Production Started** (Bolero, Scorpio, Thar)	↑ SOP Achieved
EBITDA Margin	13.50% (Q1)	13.93% (Q2)	↑ Improving
Tech Portfolio	Standard LED	**Animation Lighting** (CAN-software integrated)	↑ Moat Widening
Capex Run-rate	Planning phase	□38 Cr spent (H1), □100 Cr target firm.	↑ Execution
One-off Event	N/A	Fire incident (□49 Cr loss, fully insured)	□One-off

Investor Notes: * **Thesis Check:** The "premiumization" story is accelerating faster than industry volumes. Every new project in the □1,000 Cr pipeline is 100% LED. * **Earnings Quality:** CFO-to-PAT for H1 is ~0.8x. The divergence is primarily due to a □88 Cr increase in receivables (partially fire insurance and partially higher festive sales). * **Trigger:** The upcoming India Symposium on Lighting (ISOL) where Fiem will demonstrate "Adaptive Lighting" is the next technical catalyst.

STOP HERE.