

# Result Update

Q3 FY26

**Fiem Industries Limited**

Institutional  
Research

# Fiem Industries Limited



BP WEALTH

Auto Components | Q3FY26 Result Update

16th February 2026

## Strong margin anchors performance; Outlook remains structural

Fiem Industries delivered a slightly mixed Q3FY26 performance, with revenue at Rs. 690 crores (up 13.6% YoY / down 3.5% QoQ), supported by a healthy recovery in the two-wheeler industry, which grew ~15% YoY during the quarter. The sequential decline in sales can be attributed to the model mix and fluctuations in export volumes. Gross profit rose 21.0% YoY to Rs. 278 crores, with gross margin expanding sharply by 248 bps YoY to 40.3%, driven by operating leverage, improved efficiency measures, favorable product mix and escalation benefits from customers. EBITDA increased 21.1% YoY to Rs. 98 crores, and EBITDA margin expanded 88 bps YoY to 14.2%, marking the first time the company has crossed the 14% margin threshold. Reported PAT stood at Rs. 63 crores, up 26.4% YoY, with PAT margin improving 93 bps YoY to 9.2%, supported by higher operating profitability and stable cost structure. The company highlighted progress in passenger vehicle initiatives, including supplies to Mahindra & Mahindra and ongoing engagement with global OEMs, positioning itself for gradual diversification beyond the core two-wheeler business.

## Valuation and Outlook

Fiem Industries delivered a decent performance marked by steady revenue growth and record operating margins. While topline growth remained broadly aligned with the two-wheeler industry recovery, the key highlight was margin expansion, with EBITDA crossing the 14% mark for the first time. Despite a marginal sequential decline in revenue due to seasonal and model-specific variation, profitability metrics improved both YoY and QoQ. Capacity utilization remains healthy at around the high-70% range, providing headroom for growth without immediate large-scale expansion. The company continues to deepen its electronics capabilities, with the new EMC and EMI lab enhancing in-house R&D and testing infrastructure. Management reiterated that the focus on higher electronic content within lighting systems is expected to improve value addition over time. On the passenger vehicle front, the company is gradually building credibility through smaller lighting supplies and ongoing engagements with OEMs, including advanced discussions with global players, although meaningful revenue contribution will take time. Looking ahead, management has maintained a 15%–20% growth outlook over the next 12–24 months, supported by a positive two-wheeler industry trajectory and increasing electronic content per vehicle. The targeted 14%+ EBITDA margin appears sustainable given continued efficiency improvements and operating leverage benefits.

## Key Highlights

Particulars (Rs. Cr.)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	690	607	13.6%	715	-3.5%
Gross profit	278	230	21.0%	276	1.0%
Gross margin (%)	40.3%	37.9%	248 bps	38.5%	181 bps
EBITDA	98	81	21.1%	99	-1.3%
OPM (%)	14.2%	13.3%	88 bps	13.8%	32 bps
Reported PAT	63	50	26.4%	64	-0.4%
PAT Margin (%)	9.2%	8.3%	93 bps	8.9%	29 bps

Source: Company, BP Equities Research

## Sector Outlook

Positive

## Stock

CMP (Rs.)	2,217
BSE code	532768
NSE Symbol	FIEMIND
Bloomberg	FIEM IN
Reuters	FIIN.BO

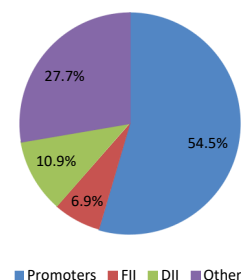
## Key Data

Nifty	25,683
52 Week H/L (Rs.)	2,555/1,255
O/s Shares (Cr)	2.6
Market Cap (Rs. Cr)	5,830
Face Value (Rs.)	10

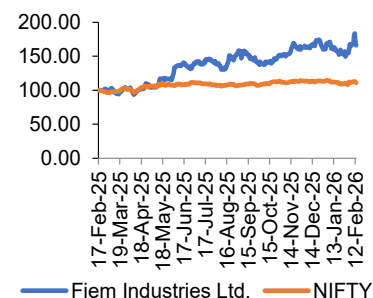
## Average Volume

3 months	79,260
6 months	115,811
1 year	91,361

## Share Holding Pattern (%)



## Relative Price Chart



## Research Analyst

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## Key Concall Highlights

### Industry and Demand Outlook

Management highlighted that the two-wheeler industry grew ~15% YoY in Q3FY26, with 9MFY26 production already at 19.6 million units, positioning the sector to potentially surpass the previous FY19 peak.

The demand environment remains constructive, supported by improving rural sentiment, GST rationalization and stable macro conditions.

For the next 12–24 months, management guided for 15%–20% growth, broadly in line with historical outperformance versus industry trends.

*“Four-wheeler revenue contribution remains small but management plans to share a structured roadmap in the upcoming investor meet.”*

### Margins & Profitability Commentary

Management indicated confidence in sustaining 14%+ EBITDA margins going forward, despite ongoing investments in four-wheeler initiatives and R&D.

Input costs remain stable and are largely pass-through in nature, with no major supply-side disruptions currently.

### Electronics & Technology Focus

The new EMC and EMI laboratory in Gurgaon has commenced trials and validation, strengthening in-house electronics and testing capabilities.

Increasing electronic content within lighting systems is a key focus area, including advanced technologies such as laser systems, adaptive driving beam (ADB) and matrix lighting.

*“Electronics integration is expected to enhance content per vehicle and support both revenue growth and value addition over time.”*

### Passenger Vehicle (PV) Business Update

Currently supplying smaller lighting components (number plate lamp, rear reflector, fog lamp) to Mahindra & Mahindra, with additional products under development.

Force Motors RFQ has converted and is under development.

Mercedes' senior global team visited and approved Fiem as a potential supplier for small lamps; RFQs expected in FY27, though commercialization may take 18–24 months.

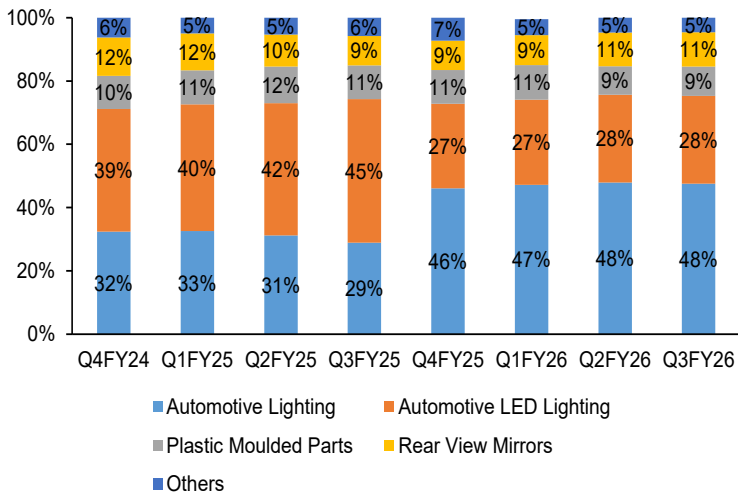
### Other Updates

FY26 CapEx guided at ~Rs. 100 crores; ~Rs. 200 crores planned over the next 24 months to support expansion and technology investments

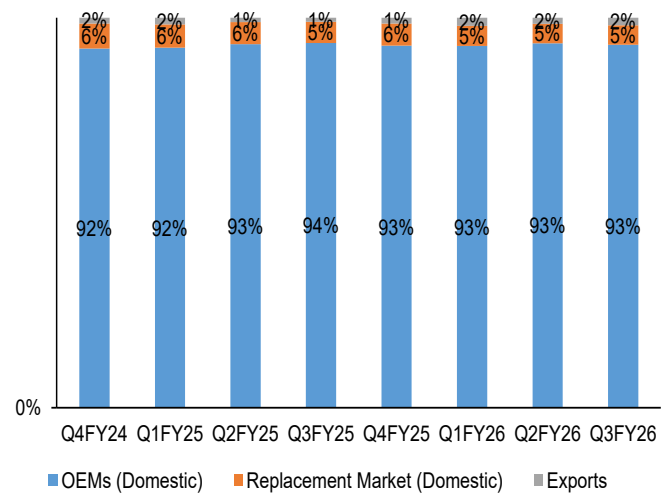
Cash balance stood at ~Rs. 222 crores as of December 31, 2025.

Quarterly Snapshot

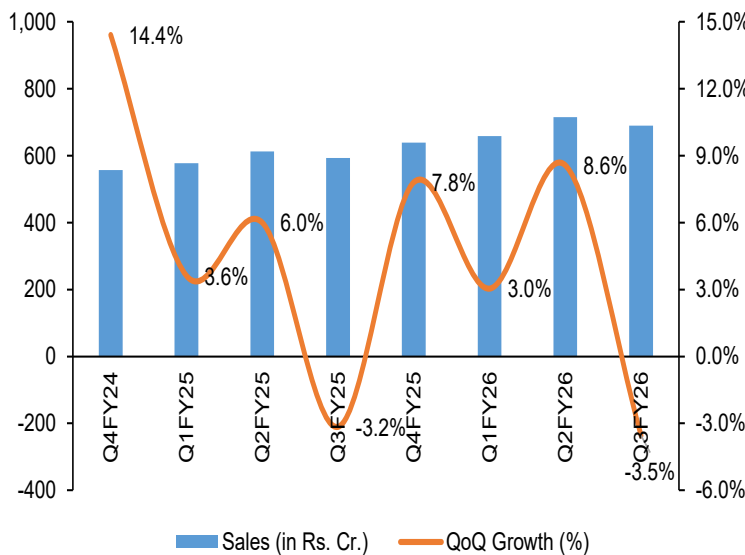
Product Mix



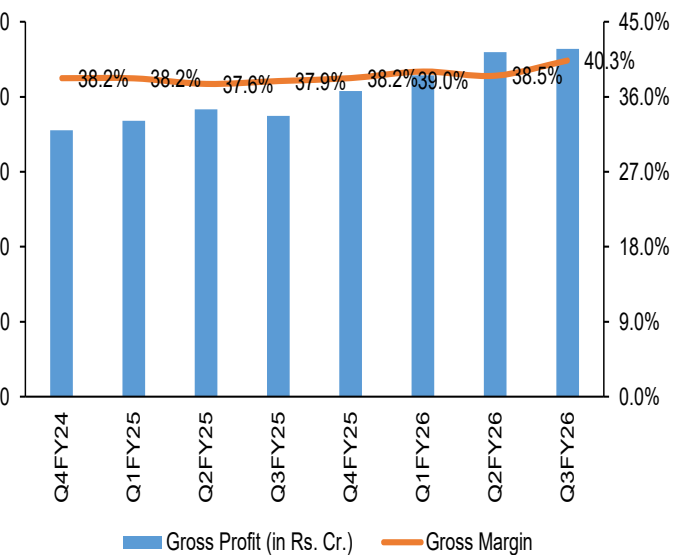
Revenue Breakup



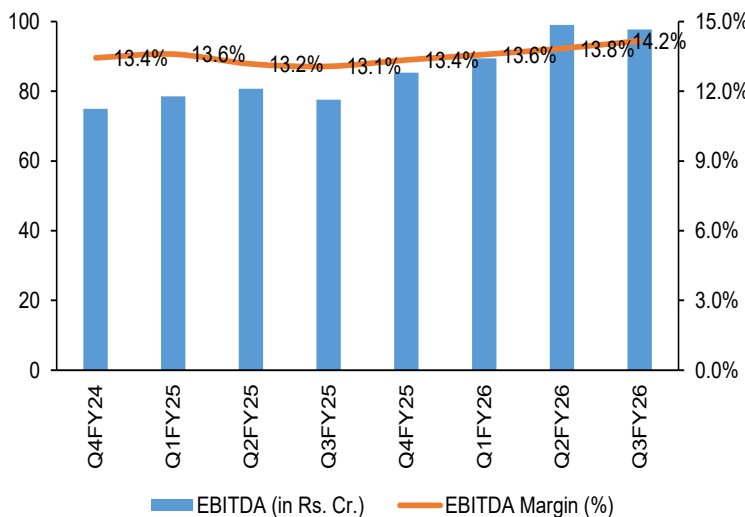
Sequential moderation temper momentum



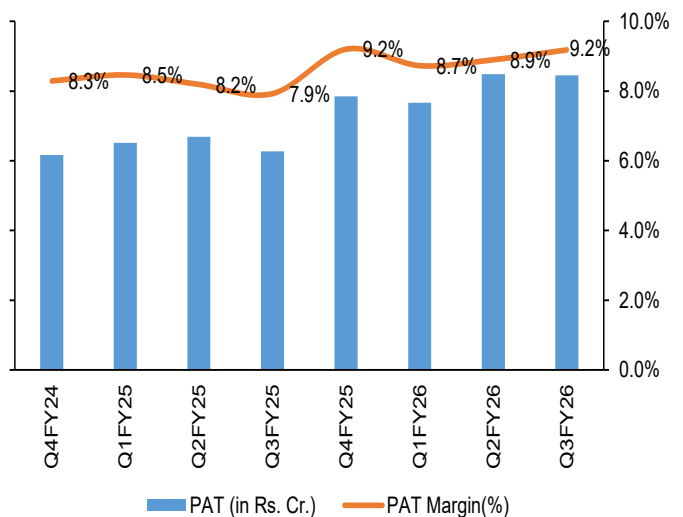
Favorable mix drives margin



Operational efficiency underscores profitability



Momentum remains steady



Source: Company, BP Equities

## Key Financials

YE March (Rs. Cr.)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Revenue</b>	<b>1,572</b>	<b>1,848</b>	<b>2,029</b>	<b>2,423</b>	<b>2,847</b>	<b>3,387</b>
<i>Revenue Growth (Y-o-Y)</i>	-87.1%	17.5%	9.8%	19.4%	17.5%	19.0%
<b>EBITDA</b>	<b>194</b>	<b>249</b>	<b>269</b>	<b>322</b>	<b>393</b>	<b>481</b>
<i>EBITDA Growth (Y-o-Y)</i>	-85.5%	28.1%	8.1%	19.9%	21.9%	22.4%
<b>Net Profit</b>	<b>95.3</b>	<b>140</b>	<b>166</b>	<b>205</b>	<b>256</b>	<b>315</b>
<i>Net Profit Growth (Y-o-Y)</i>	-79.7%	46.8%	18.4%	23.7%	25.0%	23.0%
<b>Diluted EPS</b>	<b>36.2</b>	<b>53.2</b>	<b>63.0</b>	<b>77.9</b>	<b>97.4</b>	<b>119.8</b>

## Profitability Ratios

<b>EBITDA (%)</b>	<b>12.3%</b>	<b>13.5%</b>	<b>13.2%</b>	<b>13.3%</b>	<b>13.8%</b>	<b>14.2%</b>
<b>NPM (%)</b>	6.1%	7.6%	8.2%	8.5%	9.0%	9.3%
<b>ROE (%)</b>	<b>14.8%</b>	<b>18.4%</b>	<b>18.7%</b>	<b>19.7%</b>	<b>21.3%</b>	<b>22.5%</b>
<b>ROCE (%)</b>	19.0%	22.6%	22.4%	23.7%	24.9%	26.4%

## Valuation Ratios

<b>P/E (x)</b>	<b>61.2x</b>	<b>41.7x</b>	<b>35.2x</b>	<b>28.4x</b>	<b>22.8x</b>	<b>18.5x</b>
<b>EV/EBITDA (x)</b>	29.9x	22.8x	21.0x	17.2x	14.1x	11.5x
<b>Market Cap/Sales (x)</b>	<b>3.7x</b>	<b>3.2x</b>	<b>2.9x</b>	<b>2.4x</b>	<b>2.0x</b>	<b>1.7x</b>

Source: Company, BP Equities, Bloomberg Estimates

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

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