



BLAZING PICKS

FREQUENCY	ALLOCATION	DURATION	APPROX RETURNS	RISK	MAX OPEN CALLS
Every Monday	20% of capital on every call	3 months	15-20%	<10%	5

SALIENT FEATURES:

- 👍 Allocation based product – 20% of capital on every call
- 👍 For Short to Medium term clients
- 👍 Mid Cap & Large Cap quality stocks
- 👍 Company with growth prospects and compliance free
- 👍 Moderate risk product

FIEM INDUSTRIES LTD



Buy LTP: Rs 1347, Add on dips to Rs 1300 | TGT Rs 1560 (16%)

► **Company Profile (FIL):** FIEM is one of the leading manufacturers Amongst the Automotive Lighting , Signaling Equipment's and Rear View Mirrors in India. FIEM is among first companies in India introducing LED lights in two wheelers. It has diversified its product portfolio by entering into LED luminaries for Indoor , Outdoor applications and Integrated Passenger Information System for Railways & Buses.

► **Strong Clientele to Drive Growth:** With 32 years of Experience, FIEM has relationship with almost all OEM's. With its strong grip on LED light manufacturing, It supplies LED Lights to OLA electric and Heromotocorp Electric vehicle arm. We believe, In India the road for electrification goes through two wheeler segment provided its economical viability and faster adaption trend through Tier-2 and Tier-3 cities. Hence, In turn as a Ancillary to OEM, FIEM to benefit from the growth.

► **A Strong Q3FY22 Expected:** We expect to post a FIEM to post a 10% top line growth on QoQ basis to Rs 504 cr, as electric vehicle sales for the November 2021 stood at 42,000 units vs. 38715 units in October 2021. the sales in December 2021 stood 50,866 with 21% m-o-m growth and 240% jump on YoY basis. FIEM as supplier to OLA and Heromotocorp and other OEM's to registered the revenue in line with the industry growth rate.

► **Strategically Located facilities:** Its State-of-the-art manufacturing facilities are located close to the OEM Customers offering Logistic cost saving and just in-time delivery. Company has three world class R&D / Design Centres located in India, Italy and Japan having more than 120 personnel in Designing, Optical Simulation and Guest Engineering facilities for development of the lamp assembly and LED luminaries as per Indian and Global standards. It has 9 manufacturing Unit spread across India.

► **Q2 FY22 Performance:** In Q2, FIL, registered 12.20% YoY sales growth to Rs 31128.83 Cr. The expenditure grew by 14.3% to Rs 367.5 Cr. EBITDA rised by -178 bps to 12.26% at Rs 51.39 Cr. The PAT margin declined by -13 bps in same period. PAT rised to Rs 26.33 cr. From 10.9 cr in Q1FY22.

► **Recommendation:** FIL's stock is trading PE (x) of 20 TTM. We estimate 16% growth in PAT. Stock is trading at PE (x) of 11 for FY25E. We recommend a **BUY** on **FIEMIND** with the Price target of Rs.1560.

KEY DATA

NSE BSE Code	FIEMIND 532768
Sector	Auto Ancillaries
Industry	Automobile
Face value / Book Value (Rs per share)	10/ 445
Dividend yield (%)	1.20
52 H/L (Rs)	1358/525
Market Cap. (Rs Cr)	1,759
No of Share Issued (Cr)	1.31
20 Day Avg Traded Volume	63,336

KEY RATIOS

	Mar_18	Mar_19	Mar_20	Mar_21
P/E (x)	22.0	12.1	4.4	15.7
P/B (x)	2.6	1.4	0.6	1.3
EV/Sales	1.1	0.6	0.3	0.6
EV/EBITDA	9.0	5.3	2.4	4.9
ROCE	12.2	12.2	15.7	8.6
ROE	16.8	17.4	16.4	12.2

EARNINGS SUMMARY

(In Rs Cr)	Mar_18	Mar_19	Mar_20	Mar_21
Net Sales	1240	1449	1380	1221
Sales Growth(%)	22%	17%	-5%	-12%
Operating Profit (Ex OI)	140.7	157.0	156.9	133.8
Operating Prof. Mar.	11%	11%	11%	11%
PAT	53	56	75	47
PAT Margin (%)	4%	4%	5%	4%
EPS (Rs)	39.94	42.29	56.66	35.48

QUARTER SUMMARY

(In Rs cr)	Q2FY22	Q2FY21	QoQ Var%	Q1FY22
Net Sales	419.22	374.27	53%	274.68
Total Expenditure	367.84	321.71	51%	243.51
PBIDT (Excl OI)	51.39	52.57	65%	31.17
PAT	26.33	24.47	142%	10.9
PBIDTM% (Excl OI)	12.26	14.04	+91 bps	11.35
PBIDTM%	12.48	14.11	+101 bps	11.47
PATM%	6.39	6.52	+227 bps	4.12
EPS (Annualized) (Rs)	80.02	74.38	142%	33.13

Source: Company, ACE Equity, Dealmoney Research

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