Equity Research

Equity Research Report **Auto Components** **Date: Feb 25, 2026**

Schaeffler India Ltd

Analyst Recommendation: Buy

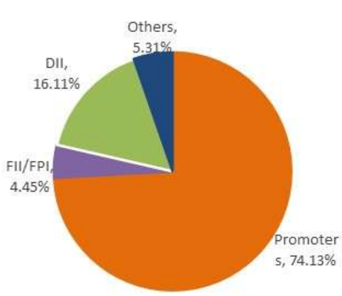
BSE Code: 505790 **NSE: SCHAEFFLER**

CMP:	**Rs 4,264**
2 Year Target:	**Rs 4,900**

Face Value	2.0
Market Cap (Rs Crores)	66,700
52 week high/low	4409/2823
Beta	0.79
Shares O/S (Cr)	15.6
Book Value per Share (Rs)	387
Sensex	82,276
Nifty	25,497

1 yr. Price Chart of Stock and Nifty

Shareholding pattern as on 31st Dec 2025



Investor's Rationale

➢ Q4CY25 results above expectations

Revenue soared 28% YoY to INR27.2bn (our estimate: INR24.2bn), above estimates owing to revenue beat in Automotive technologies (AT) and exports. Revenue growth was driven by a 49% surge in exports, 42% surge in AT, 23% surge in vehicle lifetime solutions (VLS) and 13% growth in bearings and industrials (BIS). Adjusted EBITDA soared 36% YoY to INR5.1bn, above our estimate of INR4.5bn due to revenue localisation. Other income surged 24% YoY to INR433mn. All in all, adjusted PAT soared 45% YoY to INR3.4bn, above our estimate of INR2.9bn due to higher-than-expected operating profit and other income.

➢ Consistent outperformer; healthy double-digit growth to sustain

Schaeffler has outpaced peers and underlying Auto/Industrial over the past three/five/ten years. We forecast a 10% revenue CAGR over CY25–27E led by:

i) Higher exports due to better penetration in new markets (SEA, Japan, Korea and few countries in Europe) and capacity additions (industrial bearings).
ii) Sustained growth in VLS due to new products (including white label), better penetration (also using e-commerce) and market share gains.
iii) AT growth due to order-wins (recent largewin for e-axles).
iv) BIS growth led by traction in power transmission, railways and raw materials (steel, cement and mining). EBITDA CAGR is likely to be higher at 12% over CY25–27E on localisation and higher scale.

Valuation

Schaeffler has outpaced peers and underlying Auto/Industrial over the past three/five/ten years. We reckon revenue/EBITDA CAGR of 10%/12% over CY25–27E with RoIC of ~29%. Maintain 'BUY' with a TP of INR4,900 based on 50x CY27E EPS. The stock trades at CY26E/27E PE of 49x/44x.

(Rs Million)	CY24A	CY25E	CY26E	CY27E
Total operating income	82324	96859	107162	117368
EBITDA	14454	17840	20169	22474
Adjusted profit	9389	11714	13493	15182
Adjusted diluted EPS	60	75	86	97
Diluted P/E (x)	71	56.9	49.4	43.9
RoE (%)	18.5	20.6	21.1	21.4
RoCE (%)	25.3	27.9	28.3	28.6

Q4CY25 conference call: Key takeaways

- CY26 export outlook: Management expects exports to grow at 5–10% in CY26, post a high base of CY25.

- New business wins: In automotive technologies, new business wins include hydraulic cam phasers, clutches, and DMF in the PV segment, and dampeners and LV clutches. In bearings and industrial solutions, business wins include DGBB, NRB in the 2W segment, business nomination for needle bearings, lift mast rollers in the off-road segment, and 4R and 2R CRBs, SRBs, TRBs in the raw material sector. In vehicle lifetime solutions, order wins include FEAD/Timing kit in the PV segment.

- Wind energy in CY25 grew 17–18% YoY.

- Q4CY25 adjusted operating margins expanded 120bp YoY due to localisation benefits, volume gains and focus on capital efficiency.

- Q4CY25 other expenses: Other expenses increased by INR720mn sequentially. The increase was attributed to the bunching of cost from previous quarters.

- Capex outlook: Post the moderate capex in CY25, the company shall step up its capex to CY22–24 levels. CY26 capex is likely to be ~INR5bn.

- KSRV: Over the past two years, the company has focused on building a strong infrastructure base, which is now largely in place. With this foundation established, the priority has shifted toward achieving break-even. Management is concentrating on optimising the services and product mix, improving process efficiencies and driving higher business volumes across all operating locations. There is sharper focus on execution and measurable deliverables from each invested location to enhance productivity and returns.

- The relocation of the clutch manufacturing line from the UK facility to the Hosur plant has been successfully completed. However, the full operational and financial benefits of this transition are likely to be realised in CY26.

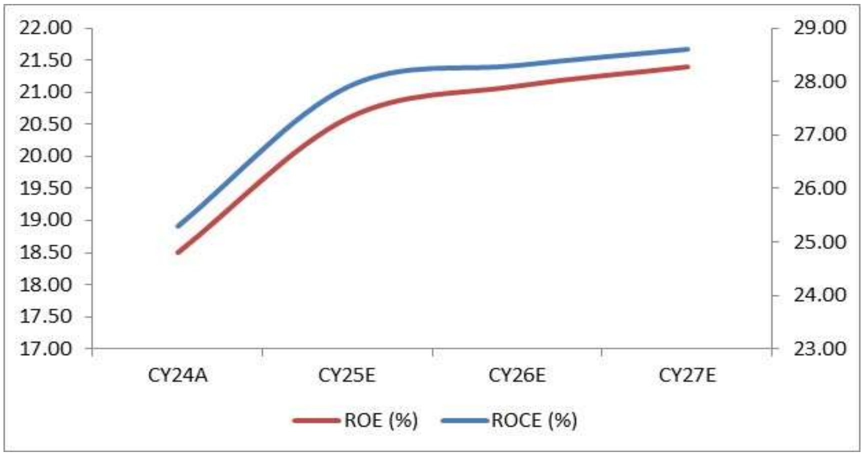
- E-axle: The company has exceeded its projected e-axle targets for CY25, reflecting strong execution and demand traction. Building on this momentum, it has already commenced the next phase of localisation. Furthermore, with customer vehicles performing well in the marketplace, the company is reporting increasing traction for new platforms and has initiated engagements with additional OEMs.

- Currently, import duty is in the range of 7.5–15% on import of raw materials from Europe.

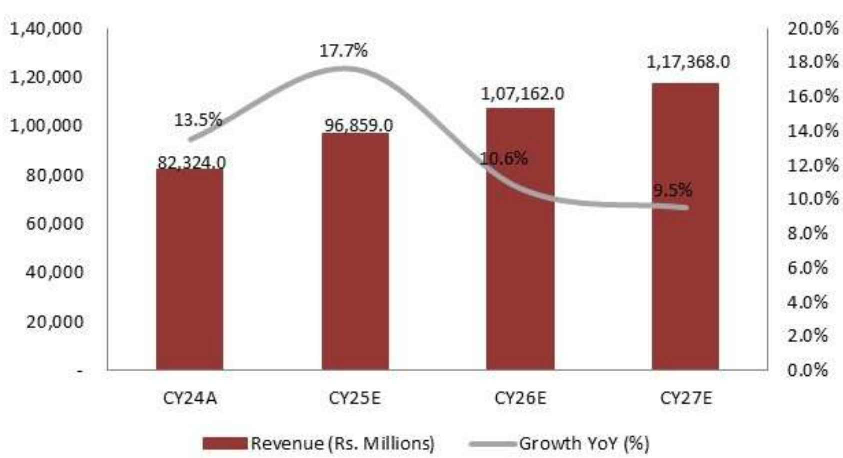
- Duty levied by Europe on products exported by Schaeffler India is in the range of 0–2%.

- Capacity utilisation across plants was 85%-plus.

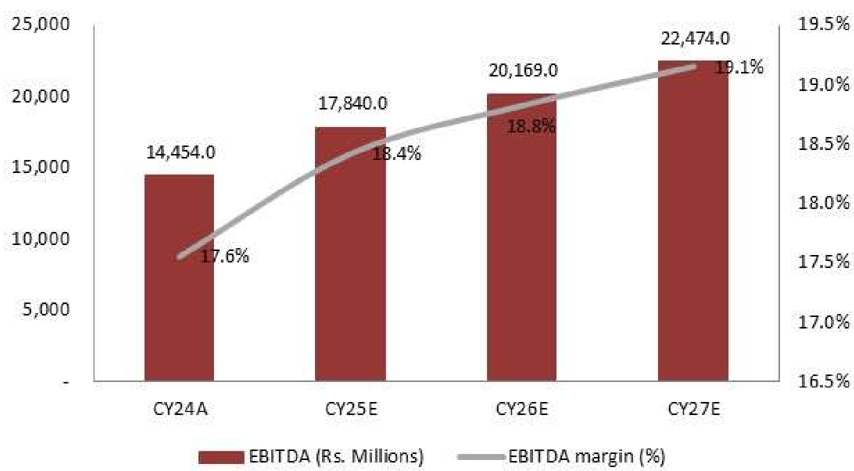
Return ratios to show growth in future



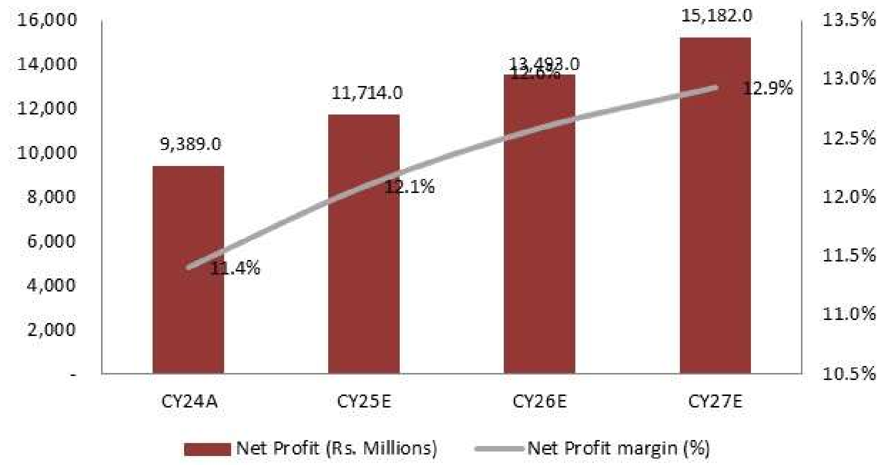
Revenue will experience growth



EBITDA will experience strong growth



Net profit will experience a growth trajectory



Outlook and Valuation

Schaeffler has outpaced peers and underlying Auto/Industrial over the past three/five/ten years. We reckon revenue/EBITDA CAGR of 10%/12% over CY25–27E with RoIC of ~29%. Maintain 'BUY' with a TP of INR4,900 based on 50x CY27E EPS. The stock trades at CY26E/27E PE of 49x/44x.

Schaeffler- Company Overview

Schaeffler India Ltd is engaged in the development, manufacturing and distribution of high-precision roller and ball bearings, engine systems and transmission components, chassis applications, clutch systems and related machine building manufacturing activities. The company owns and operates 4 production facilities across India. It regularly upgrades the technology across its facilities to manufacture best-in-class products.

Its manufacturing units are located in Vadodara and Savli in Gujarat, Puna (Maharashtra) and Hosur (Tamil Nadu).

Balance sheet (Consolidated)

(Rs Million)	CY24A	CY25E	CY26E	CY27E
Share capital	313	313	313	313
Reserves	53032	60167	66914	74504
Shareholders funds	**53344**	**60480**	**67226**	**74817**
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	11281	16826	18616	20389
Other liabs & prov	3415	3946	5493	6577
Total liabilities	**68618**	**81802**	**92088**	**102607**
Net block	17204	20535	21789	24053
Intangible assets	1513	1414	1414	1414
Capital WIP	5470	3345	4322	5042
Total fixed assets	**24186**	**25294**	**27525**	**30509**
Non current inv	0	0	0	0
Cash/cash equivalent	13500	18456	22322	25834
Sundry debtors	12929	16573	18336	20082
Loans & advances	0	0	0	0
Other assets	16108	19621	21440	23481
Total assets	**68618**	**81802**	**92088**	**102607**

Profit & Loss Account (Consolidated)

(Rs Million)	CY24A	CY25E	CY26E	CY27E
Total operating income	82324	96859	107162	117368
Gross profit	30755	37533	41740	45950
Employee costs	5422	5876	6453	7043
Other expenses	10879	13817	15118	16434
EBITDA	**14454**	**17840**	**20169**	**22474**
Depreciation	2816	3437	3769	4016
Less: Interest expense	44	52	55	58
Add: Other income	1183	1483	1694	1842
Profit before tax	**12778**	**15834**	**18039**	**20242**
Prov for tax	3389	4120	4546	5061
Less: Other adjustment	0	0	0	0
Reported profit	9389	11714	13493	15182
Less: Excp.item (net)	0	0	0	0
Adjusted profit	**9389**	**11714**	**13493**	**15182**
Diluted shares o/s	156	156	156	156
Adjusted diluted EPS	60	75	86	97
DPS (INR)	28	35	43.2	48.6
Tax rate (%)	26.5	26	25.2	25

Cash Flow (Consolidated)

Y.E March (Rs Million)	CY24A	CY25E	CY26E	CY27E
Reported profit	11595	14351	16345	18400
Add: Depreciation	2816	3437	3769	4016
Interest (net of tax)	-847	-938	55	58
Others	1181	1699	418	998
Less: Changes in WC	-3203	-1404	-560	-994
Operating cash flow	8399	13110	15391	17316
Less: Capex	-7440	-4638	-6000	-7000
Free cash flow	959	8472	9391	10316

Key Ratios & Valuations (Consolidated)

Y.E March (Rs Million)	CY24A	CY25E	CY26E	CY27E
RoE (%)	18.5	20.6	21.1	21.4
RoCE (%)	25.3	27.9	28.3	28.6
Inventory days	99	100	104	105
Receivable days	52	56	59	60
Payable days	77	86	99	100
Working cap (% sales)	17.2	15.6	14.2	13.7
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	-25.3	-30.5	-33.2	-34.5
Interest coverage (x)	266.9	275.9	299.2	320.7
Diluted P/E (x)	71	56.9	49.4	43.9
Price/BV (x)	12.5	11	9.9	8.9
EV/EBITDA (x)	45.2	36.3	31.9	28.5
Dividend yield (%)	0.7	0.8	1	1.1
EPS growth (%)	3.9	24.8	15.2	12.5
RoE (%)	18.5	20.6	21.1	21.4
EBITDA growth (%)	9.4	23.4	13.1	11.4
Payout ratio (%)	46.6	46.7	50	50

Equity Research

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	**Buy**	More than equal to 15%
Hold	Between 10% & -5%	**Accumulate***	Upside between 10% & 15%
Reduce	Less than -5%	**Hold**	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*

Member: BSE, NSE, MCX, MCX-SX, CDSL

Reg. office: PG-4, Rotunda Bldg, Bombay Samachar Marg, Fort, Mumbai-400001, Maharashtra, India

Corp Office: 24/26 Cama Bldg, 3rd Floor, Dalal Street, Fort Mumbai-400001, Maharashtra India

Tel: 91-22-67378001 Fax: 91-22-22646410

Dealing: 91-22-67378011 **Institutional Dealing:** 91-22-6737833

Email: research@mjpdirect.com **Website:** www.mjpdirect.com

Registration Number: SEBI- INZ000218338