

SCHAEFFLER INDIA

RESULT UPDATE



KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	4,030
12 month price target (INR)	4,700
52 Week High/Low	4,393/2,823
Market cap (INR bn/USD bn)	630/7.1
Free float (%)	25.9
Avg. daily value traded (INR mn)	221.1

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	74.13%	74.13%	74.13%
FII	4.46%	4.57%	4.49%
DII	16.13%	15.97%	16.30%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

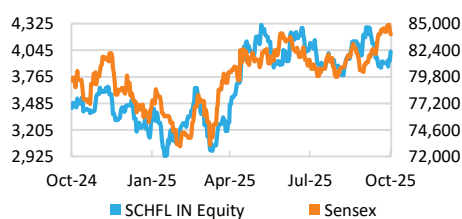
(INR mn)

Year to March	CY24A	CY25E	CY26E	CY27E
Revenue	82,324	93,191	104,011	114,359
EBITDA	14,454	17,505	20,167	22,741
Adjusted profit	9,389	11,359	13,303	15,090
Diluted EPS (INR)	60.1	72.7	85.1	96.5
EPS growth (%)	3.9	21.0	17.1	13.4
RoAE (%)	18.5	20.1	21.0	21.2
P/E (x)	66.9	55.3	47.2	41.6
EV/EBITDA (x)	42.5	34.9	30.2	26.7
Dividend yield (%)	0.7	0.8	1.0	1.1

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	CY25E	CY26E	CY25E	CY26E
Revenue	93,191	104,011	(1)	(1)
EBITDA	17,505	20,167	1	1
Adjusted profit	11,359	13,303	(1)	0
Diluted EPS (INR)	72.7	85.1	(1)	0

PRICE PERFORMANCE



Q3 EBITDA beat; upbeat momentum endures

Revenue expanded 15% YoY to INR24.3bn, 3% above our estimates. Revenue growth was driven by a 59% surge in vehicle lifetime solutions, 37% growth in exports and 19% growth in Automotive technologies. EBITDA soared 24% to INR4.6bn, 6% above estimates due to revenue beat and lower-than-expected operating expenses.

Schaeffler has consistently outpaced peers and its own underlying segments historically. We reckon a revenue CAGR of 12% over CY24–27E on order-wins, product launches, deeper aftermarket penetration and robust exports. Furthermore, EBITDA is likely to grow at a faster 16% CAGR, benefiting from increased localisation and scale. Maintain 'BUY' with an unchanged TP of INR4,700 based on 50x Sep-27E EPS.

Q3CY25 revenue and EBITDA beat expectations

Revenue expanded 15% YoY to INR24.3bn (our estimate: INR23.7bn) led by a 59% jump in vehicle lifetime solutions (VLS), 37% surge in exports and 19% expansion in Automotive technologies (AT), whereas Bearings and Industrial solutions (BIS) inched down 4%. EBITDA surged 24% YoY to INR4.6bn, above our estimate of INR4.3bn due to revenue beat and lower-than-expected operating expenses. EBITDA margin expanded 130bp to 18.7%. EBITDA margin improved owing to higher volume and fixed cost absorption. Other income inched up 3% YoY to INR284mn. All in all, adjusted PAT soared 22% YoY to INR2.9bn, in line with our estimate of INR2.9bn.

Order wins in Q3: In AT, order-wins included hydraulic tensioners in the PV segment, HD clutches in the CV segment along with dampers and LV clutches across PVs and CVs. In BIS, order-wins were secured for slewing ring in the off-road segment, business nomination for roller and ball screws, condition monitoring solutions, CRBs, and TRBs ACBBs in raw material sector. Meanwhile, in VLS, orders were received for wipers and centre joint support.

Consistent outperformer; healthy double-digit growth to sustain

Schaeffler has outpaced peers and underlying Auto/Industrial over past three/five/ten years. Healthy revenue showing is likely to sustain with a 12% revenue CAGR over CY24–27E led by: i) Robust exports due to entry in new markets (SEA, Japan, Korea and few countries in Europe) and capacity additions (industrial bearings). ii) Healthy 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 large win for e-axes). iv) BIS growth led by traction in power transmission, railways and raw materials (steel, cement, mining). EBITDA CAGR likely to be higher at 16% over CY24–27E on localisation benefits and scale-up.

Financials

Year to March	3Q CY25	3Q CY24	YoY (%)	2Q CY25	QoQ (%)
Net Revenue	24,347	21,164	15.0	23,526	3.5
EBITDA	4,559	3,688	23.6	4,301	6.0
Adjusted Profit	2,893	2,364	22.4	2,871	0.7
Diluted EPS (INR)	18.5	15.1	22.4	18.4	0.7

Financial Statements

Income Statement (INR mn)

Year to December	CY24A	CY25E	CY26E	CY27E
Total operating income	82,324	93,191	104,011	114,359
Gross profit	30,755	35,879	40,252	44,486
Employee costs	5,422	5,998	6,582	7,152
Other expenses	10,879	12,376	13,504	14,592
EBITDA	14,454	17,505	20,167	22,741
Depreciation	2,816	3,403	3,719	4,041
Less: Interest expense	44	45	46	48
Add: Other income	1,183	1,397	1,576	1,739
Profit before tax	12,778	15,454	17,977	20,391
Prov for tax	3,389	4,095	4,674	5,302
Less: Other adjustment	0	0	0	0
Reported profit	9,389	11,359	13,303	15,090
Less: Excp.item (net)	0	0	0	0
Adjusted profit	9,389	11,359	13,303	15,090
Diluted shares o/s	156	156	156	156
Adjusted diluted EPS	60	73	85	97
DPS (INR)	28.0	32.7	38.3	43.4
Tax rate (%)	26.5	26.5	26.0	26.0

Important Ratios (%)

Year to December	CY24A	CY25E	CY26E	CY27E
Gross profit margin (%)	37.4	38.5	38.7	38.9
Staff cost % sales	6.6	6.4	6.3	6.3
Other expenses % sales	13.2	13.3	13.0	12.8
EBITDA margin (%)	17.6	18.8	19.4	19.9
Net profit margin (%)	11.4	12.2	12.8	13.2
Rev. Growth (% YoY)	13.5	13.2	11.6	9.9
EBITDA growth (% YoY)	9.4	21.1	15.2	12.8
Adj. profit growth (%)	3.9	21.0	17.1	13.4

Assumptions

Year to December	CY24A	CY25E	CY26E	CY27E
Auto. Technologies rev. (INRmn)	25,179.4	28,830.4	33,010.8	36,807.1
Auto Aftermarket rev. (INRmn)	11,723.9	14,185.9	16,171.9	17,789.1
Industrials rev. (INRmn)	34,624.6	36,355.8	39,627.9	43,194.4
Exports and others rev. (INRmn)	10,795.9	13,818.8	15,200.6	16,568.7

Valuation Metrics

Year to December	CY24A	CY25E	CY26E	CY27E
Diluted P/E (x)	66.9	55.3	47.2	41.6
Price/BV (x)	11.8	10.5	9.4	8.4
EV/EBITDA (x)	42.5	34.9	30.2	26.7
Dividend yield (%)	0.7	0.8	1.0	1.1

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to December	CY24A	CY25E	CY26E	CY27E
Share capital	313	313	313	313
Reserves	53,032	59,279	66,596	74,895
Shareholders funds	53,344	59,592	66,908	75,208
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	11,281	12,770	14,253	15,671
Other liabs & prov	3,415	4,583	5,900	7,138
Total liabilities	68,618	77,599	87,791	98,820
Net block	17,204	20,556	22,351	25,825
Intangible assets	1,513	1,513	1,513	1,513
Capital WIP	5,470	3,714	5,200	6,686
Total fixed assets	24,186	25,783	29,064	34,023
Non current inv	0	0	0	0
Cash/cash equivalent	13,500	16,802	19,648	21,829
Sundry debtors	12,929	14,636	16,335	17,960
Loans & advances	0	0	0	0
Other assets	16,108	18,234	20,351	22,376
Total assets	68,618	77,599	87,791	98,820

Free Cash Flow (INR mn)

Year to December	CY24A	CY25E	CY26E	CY27E
Reported profit	11,595	14,057	16,401	18,653
Add: Depreciation	2,816	3,403	3,719	4,041
Interest (net of tax)	(847)	45	46	48
Others	1,181	662	701	935
Less: Changes in WC	(3,203)	(1,408)	(1,259)	(1,237)
Operating cash flow	8,399	12,723	15,004	17,215
Less: Capex	(7,440)	(5,000)	(7,000)	(9,000)
Free cash flow	959	7,723	8,004	8,215

Key Ratios

Year to December	CY24A	CY25E	CY26E	CY27E
RoE (%)	18.5	20.1	21.0	21.2
RoCE (%)	25.3	27.4	28.5	28.8
Inventory days	99	100	101	102
Receivable days	52	54	54	55
Payable days	77	77	77	78
Working cap (% sales)	17.2	16.5	15.8	15.3
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(25.3)	(28.2)	(29.4)	(29.0)
Interest coverage (x)	266.9	314.0	355.6	392.5

Valuation Drivers

Year to December	CY24A	CY25E	CY26E	CY27E
EPS growth (%)	3.9	21.0	17.1	13.4
RoE (%)	18.5	20.1	21.0	21.2
EBITDA growth (%)	9.4	21.1	15.2	12.8
Payout ratio (%)	46.6	45.0	45.0	45.0

Exhibit 1: Order wins continue across segments

Period	Segment	Order wins
Q3CY25	Automotive Technologies	Hydraulic tensioners in PV segment HD clutches in CV segment Dampers and LV clutches across PVs and CVs
	Bearings and Industrial Solutions	CRBs, TRBs ACBBs in raw material sector. Slewing ring in the off-road segment. Roller and ball screws and condition monitoring systems in industrial lifetime solutions.
	Vehicle Lifetime Solutions	Wipers and centre joint support Launch of automotive lube vending machine at Maneja facility
Q2CY25	Automotive Technologies	HLA, RFF and Fead Drive Double clutches for PV Heavy duty clutches for CV
	Bearings and Industrial Solutions	DGBBs for power transmission and raw material sector SRBs and CRBs for raw material sector Condition monitoring across sectors
	Vehicle Lifetime Solutions	Wipers and centre joint support FEAD/Timing Kit in PV
Q1CY25	Automotive Technologies	One-way clutch systems for CV Heavy duty clutches for CV
	Bearings and Industrial Solutions	DGBBs, TRBs and CRBs for railways New business win in the Industrial Automation segment for condition monitoring Business wins for CRBs in the raw material segment and for linear ball bearings in the 2W segment
	Vehicle Lifetime Solutions	Wipers and centre joint support FEAD/ Timing Kit, TRBs in PV
Q4CY24	Automotive Technologies	Planetary gear shafts for PVs Clutches for CV Clutches and damper systems for PV
	Bearings and Industrial Solutions	Liner guides for Industrial Automation sector Angular contact ball bearings for off-road sector Plain bearings and DGBBs in the railways and 2W
	Vehicle Lifetime Solutions	Chassis parts range FEAD/Timing kit, wipers and lubrications
Q3CY24	Automotive Technologies	Double clutch systems for CVs CRS and dampers for PV HD valve bridge and clutches for PV
	Bearings and Industrial Solutions	Needle roller bearings for 2W Spherical roller bearings and adapter sleeves for raw material sector Cylindrical roller bearings for Off-Road sector
	Vehicle Lifetime Solutions	Steering and suspension product FEAD/ Timing Kit, wipers and lubrications
Q2CY24	Automotive Technologies	Double clutch systems for CV Hydraulic lash adjuster for PV FEAD drive systems and HD valve bridge for CV
	Bearings and Industrial Solutions	Deep groove ball bearings, taper, cylindrical and needle roller bearings for Off-Road segment Bearing applications in E-2W Cylindrical roller bearings for raw material sector
	Vehicle Lifetime Solutions	Steering and suspension product FEAD/Timing kit, wipers and lubrications
Q1CY24	Automotive Technologies	Clutches for PV double clutch systems for CV heavy duty clutches for CV
	Bearings and Industrial Solutions	DGBBs for 2W and off-road segment PSC gearbox in the industrial automation sector Cylindrical roller and tapered roller bearing units for railways
	Vehicle Lifetime Solutions	Wipers and centre joint support FEAD/timing kit, TRBs for PV

Source: Company, Nuvama Research

Q3CY25 conference call: Key takeaways

- **New products:** The company has expanded its industrial solutions portfolio by launching new products such as large size SRBs, cast steel housings and accessories. This will further help in improving localisation. The products will find application in steel, cement, mining, power plants, and paper and pulp sectors.
- **New business wins:** In automotive technologies, new business wins include hydraulic tensioners in the PV segment, HD clutches in the CV segment, and dampeners and LV clutches across PVs and CVs. In bearings and industrial solutions, business wins include slewing ring in the off-road segment, roller and ball screws, and condition monitoring systems in industrial lifetime solutions, and CRBS, TRBs ACBBs in the raw material sector. In vehicle lifetime solutions, order business wins include wipers and centre joint support.
- **The industrial aftermarket** inched up 4% in 9MCY25. The growth was supported by 2W, rail, wind, and off-road.
- **US tariff impact:** US tariff is not affecting the company. The order book from the US remains strong. Revenue from the US is ~INR1bn per year.
- **Q3CY25 industrial segment performance:** Revenue inched down 4% YoY due to volatility in project execution in the wind energy segment.
- **Relocation of clutch line from UK to Hosur plant in India:** The relocation is progressing well from UK to India. Revenue from this project will start reflecting in revenue from CY25-end/early-CY26. Domestic sales are likely to contribute 80% and exports at remaining 20%.
- **Localisation** was 79% in Q3CY25 and is likely to gradually move to 80%. Localisation in the automotive segment is in the range of 85–90%. In the Industrial segment, localisation stands at 60% (40% is imports).
- **Koovers** (B2B e-commerce platform) is likely to become profitable from the fourth /fifth year of acquisition. Currently, the focus is on improving operational efficiency and reducing losses.
- **Capacity utilisation** of the Savli plant was ~90% in Q3CY25.
- **Capex:** In CY25, the company will prioritise capital efficiency and optimal asset utilisation while a ramp-up in capex is likely CY27 onwards.
- **FCF** during the quarter was INR2.2bn. Capex during the quarter was INR843mn.

Exhibit 2: Change in estimates

INR mn	Old estimates			New estimates			Variance (%)		
	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E	CY25E	CY26E	CY27E
Net revenues	93,877	105,185	116,182	93,191	104,011	114,359	(1)	(1)	(2)
EBITDA	17,385	20,028	22,604	17,505	20,167	22,741	1	1	1
Adjusted Profit	11,476	13,265	14,989	11,359	13,303	15,090	(1)	0	1
Diluted EPS (INR)	73.4	84.9	95.9	72.7	85.1	96.5	(1)	0	1

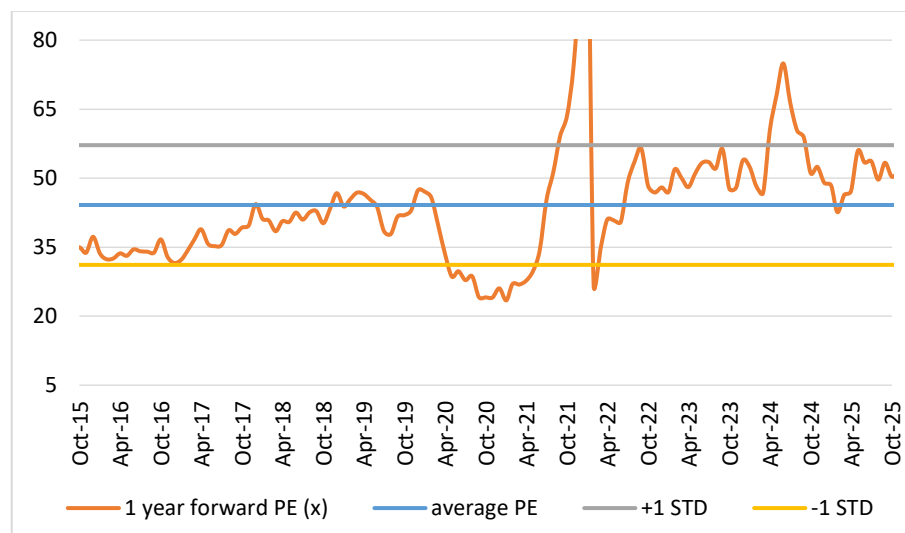
Source: Nuvama Research

Exhibit 3: Key revenue assumptions: 12% CAGR over CY24–27E (INR mn)

By segments	CY21	CY22	CY23	CY24	CY25E	CY26E	CY27E	CAGR (%) CY24-27E
Automotive Technologies	21,860	27,065	30,230	25,179	28,830	33,011	36,807	13%
Growth (%)	50	24	12	(17)	15	15	12	
Auto Aftermarket	5,019	5,936	7,061	11,724	14,186	16,172	17,789	15%
Growth (%)	50	18	19	66	21	14	10	
Industrial	21,566	24,247	25,478	34,625	36,356	39,628	43,194	8%
Growth (%)	39	12	5	36	5	9	9	
Exports and others	7,160	11,427	9,740	10,796	13,819	15,201	16,569	15%
Growth (%)	71	60	(15)	11	28	10	9	
Total revenues	55,605	68,674	72,509	82,324	93,191	104,011	114,359	12%
Growth (%)	48	24	6	14	13	12	10	

Source: Company, Nuvama Research

Exhibit 4: One year P/E; ten-year average at 44x



Source: Bloomberg, Nuvama Research

Exhibit 5: Quarterly snapshot (consolidated); EBITDA above estimates (INR mn)

Year to March	3Q CY25	3Q CY24	YoY (%)	2Q CY25	QoQ (%)
Net revenues	24,347	21,164	15.0	23,526	3.5
Raw material	14,909	13,225	12.7	14,285	4.4
Staff costs	1,511	1,405	7.6	1,515	(0.3)
Other expenses	3,368	2,846	18.3	3,425	(1.7)
Total expenditure	19,787	17,476	13.2	19,225	2.9
EBITDA	4,559	3,688	23.6	4,301	6.0
Depreciation	879	733	19.9	807	8.9
EBIT	3,681	2,955	24.6	3,494	5.3
Less: Interest Expense	10	11	(8.5)	11	(10.2)
Add: Other income	284	276	3.0	430	(34.0)
Add: Prior period items					
Add: Exceptional items	0	0		0	
Profit before tax	3,955	3,220	22.8	3,914	1.1
Less: Provision for Tax	1,062	856	24.1	1,042	1.9
Less: Minority Interest	0	0		0	
Add: Share of profit from associates					
Reported Profit	2,893	2,364	22.4	2,871	0.7
Adjusted Profit	2,893	2,364	22.4	2,871	0.7
No. of Diluted shares outstanding	156	156	0.0	156	0.0
Adjusted Diluted EPS	18.5	15.1	22.4	18.4	0.7
As a % revenues					
Year to March	3Q CY25	3Q CY24	bps change (YoY)	2Q CY25	bps change (QoQ)
Gross margins	38.8	37.5	125	39.3	(52)
Raw material	61.2	62.5	(125)	60.7	52
Staff costs	6.2	6.6	(43)	6.4	(23)
Other expenses	13.8	13.4	38	14.6	-72.7
EBIDTA	18.7	17.4	130	18.3	44
Adjusted net profit	11.9	11.2	71	12.2	(32)
Tax rate (% PBT)	26.9	26.6	28	26.6	22

Source: Company, Nuvama Research

Company Description

Schaeffler India Limited, a part of the Germany-based Schaeffler Group—a global leader in motion technology with revenues of EUR18.2bn as of CY24—operates as a key player in the Indian bearings and motion solutions market. Schaeffler AG holds a 74.1% stake in the company. In 2018, INA Bearings India Pvt. Ltd. and LuK India Pvt. Ltd. merged with Schaeffler India Ltd. (formerly FAG Bearings India Ltd.), in a strategic move to consolidate the group's India operations and unlock synergies across businesses. The merged entity offers a complementary and diversified product portfolio, catering to a broad base of industrial and automotive customers. Schaeffler India manufactures a wide range of components for engine, transmission, and chassis systems, and provides tailored aftermarket repair solutions along with a growing portfolio of industrial maintenance and service products.

Investment Theme

Schaeffler has outpaced peers, and underlying Auto/Industrial over past 3/5/10 years. Healthy revenue performance is expected to sustain, with 12% revenue CAGR over CY24-27E, led by: 1) Robust exports due to entry into new markets (in South East Asia, Japan, Korea and few countries in Europe) and capacity additions (in industrial bearings), 2) Robust growth in VLS due to new products (including white label), better penetration (also using e-commerce) and market share gains, 3) Positive growth in AT due to order wins (recent large win for e-axles). 4) Positive growth in BIS, led by traction in power transmission, railways and raw materials includes Steel, Cement, Mining, etc).

EBITDA CAGR is likely to be higher at 16% over CY24-27E due to localisation benefits and higher scale. We maintain Buy with a TP of INR4,700, based on 50x Sep-27E EPS.

Key Risks

- Lower than expected growth in the underlying domestic and global automotive and industrial segments leading to cut in revenue assumptions
- Slower than expected ramp up in new facilities
- Adverse currency movement
- Spike in commodity prices

Additional Data

Management

Chairperson	Eranti V. Sumithasri
MD & CEO	Harsha Kadam
Director - Finance and CFO	Hardevi Vazirani
Vice President (R&D) & CTO	Madhurisha Vippatoori
Auditor	Walker Chandiok & Co

Holdings – Top 10*

	% Holding		% Holding
Kotak Mahindra	3.25	Fundrock	0.96
SBI Mutual Fund	2.54	Nippon Life	0.89
Axis AMC	1.73	UTI AMC	0.88
DSP Investment managers	1.39	Canara Rebecco	0.71
Vanguard	1.03	Aditya Birla AMC	0.55

*Latest public data

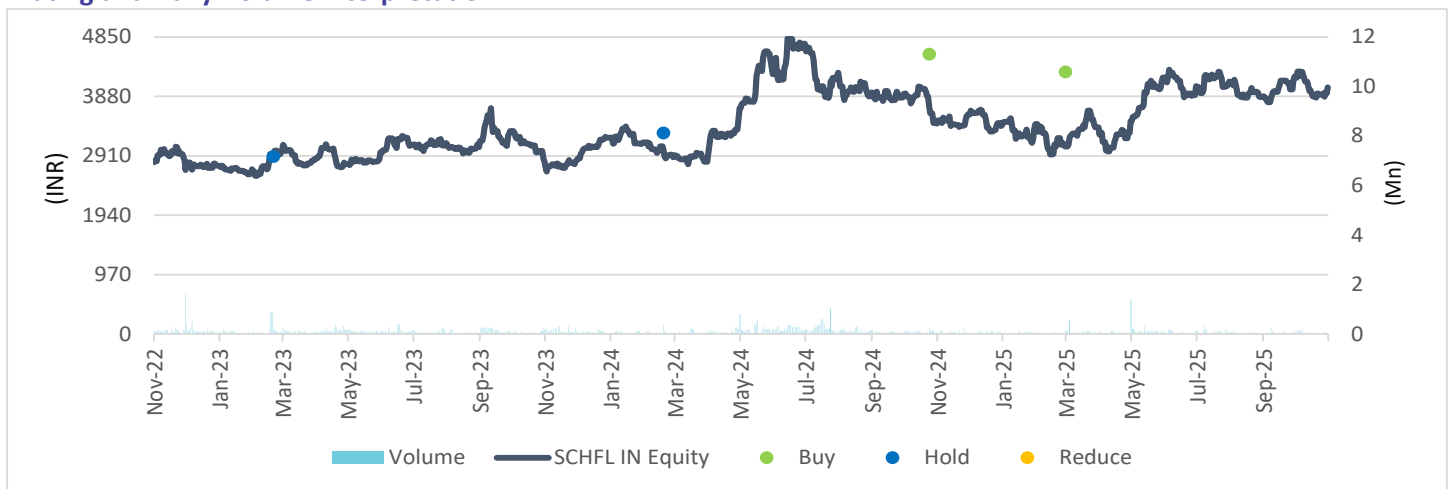
Recent Company Research

Date	Title	Price	Reco
25-Jul-25	In-line Q2; upbeat momentum rolls on; <i>Result Update</i>	4,033	Buy
30-Apr-25	Exports revive; margins improve; <i>Result Update</i>	3,472	Buy
28-Feb-25	Good quarter; exports picking up; <i>Result Update</i>	3,076	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
31-Oct-25	Maruti Suzuki	Q2 EBITDA beat; miles to go ahead; <i>Result Update</i>
30-Oct-25	Hyundai Motor India	Steady ride in Q2; launches to drive gro; <i>Result Update</i>
28-Oct-25	TVSL	In line Q2; outlook remains intact; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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