

## Schaeffler India Limited

Date: 26/07/2024

CMP: 4040 • Target: 4500-5000 • Stoploss: 3600

Time Frame: 3-6 months

### Schaeffler -Weekly Chart



### Schaeffler -Daily Chart



Chart as on 25<sup>th</sup> July 2024

## Technical Outlook

- On a weekly scale, the stock has broken out of the symmetrical triangle pattern shown in the chart above. Following the breakout, the stock registered a high of 4951 before retracing back to near the previous breakout mark. Symmetrical triangle pattern forecasts a target of around 5000 levels.
- On the weekly scale the stock is on the verge of forming a bullish engulfing candlestick pattern with volume and on daily scale index has formed double bottom pattern. Once the stock cross the hurdle of 4170 then stock could test the levels of 4500 in the short to medium term.
- The 21-DEMA support is located about 3800 levels. Thus, any dip near 3800 will provide a buying opportunity for the stock. The 200-DEMA support is placed near 3600 levels, providing significant support for the stock.
- RSI on a weekly scale is placed above the center line, indicating strength. Moreover, the RSI on a daily basis has reversed from the previous support zone.
- Based on the aforesaid technical set up, we recommend accumulating SCHAEFFLER between 4000-4050 and on dips around 3800-3850 with a stop loss of 3600 on a closing basis for a medium-term price target of 4500-5000.

## Fundamental Rationale

- Schaeffler India Limited was incorporated in 1962 and 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.
- It is one of the India's biggest original equipment manufacturers (OEMs) and bring reliable offerings and solutions across all the three segments of Industrial, Automotive Technologies, and Automotive Aftermarket. It caters to wide range of sectors includes Cements, Power transmission, Mining, Wind, Agriculture & Industrial Automation etc.
- The Company has expanded their horizons and entered new growth areas including robotics, construction equipment, escalators, elevators, forklifts, food and beverages, defence, aerospace, and mineral processing.
- It is committed to sustainable technology and its goal is to enhance the efficiency of Internal Combustion Engines (ICE), while also providing hybrid and electric drivetrain solutions for the automotive industry.
- The company's focus on localization has proven beneficial in reducing its business risk and increasing operational flexibility. With India aspiring to become a regional manufacturing hub, the company's four plants are well-positioned to cater to growing customer demands, aligning with strategic priorities.
- The Company has managed to improve its performance in the last few quarters aided by recovery in automotive and industrial segment. We continue to remain positive on Schaeffler India due to consistent performance, EV push, rising export, increasing localization, positive outlook on the domestic PV segment, traction in the railway business, and strong presence in the aftermarket segment to drive growth momentum going forward.
- Based on robust financial performance with revenue and profitability growing at a CAGR of about 24% and 46% respectively from CY20 to CY24, alongside promising prospects across all business segments tied to emerging opportunities, we recommend an "**ACCUMULATE**" rating for the stock.

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