Rolex Rings Ltd.

About the Company:

Rolex Rings Ltd., established in 1980, is one of India's leading manufacturers of forged and machined bearing rings and precision automotive components. Over four decades, the company has evolved into a global Tier-1 supplier with a presence across 14+ countries, backed by strong engineering capabilities and a forging capacity of 165,000 MTPA.

Investment Thesis:

- **Growth recovery backed by execution normalization:** Q1FY27 growth was impacted by temporary labour shortages rather than demand weakness. With operations normalized from June, July recording the company's highest-ever monthly revenue, and management reiterating mid-teen FY27 revenue growth, improving execution and a healthy order book should drive stronger growth over the remaining quarters.

- **Export-led product mix to support earnings:** Export auto components continue to be the primary growth engine, with management guiding ₹425–450 crore export auto component revenue in FY27, supported by Allison's recovery, new program ramp-ups and increasing wallet share from existing customers. A richer mix of higher value-added products is expected to sustain margin expansion.

- **Structural margin improvement despite near-term headwinds:** Management expects FY27 EBITDA margins of 21–22%, with a further ~50 bps expansion in FY28, driven by increasing contribution from export auto components and value-added machining. While elevated ocean freight costs remain a near-term headwind, customer reimbursement and operating leverage should support profitability.

- **Strong balance sheet provides optionality for long-term growth:** With a debt-free balance sheet, healthy cash generation and only ₹30–40 crore annual capex, Rolex Rings has ample flexibility to reward shareholders through dividends/buybacks while pursuing strategic JVs, higher value-added manufacturing, and new opportunities in defence and aerospace, creating additional long-term growth avenues.

- **Key monitorables:** Timely execution of the strong order book, recovery in industrial bearing demand, sustained export momentum, normalization of freight costs, successful ramp-up of new customer programs, and progress on the proposed JV and defence initiatives remain key factors for sustaining earnings growth.

Outlook

We remain positive on Rolex Rings' long-term prospects, supported by a healthy order pipeline, an improving product mix and a strong, debt-free balance sheet, providing ample flexibility to fund future growth while maintaining prudent capital allocation. Management has reiterated mid-teen FY27 revenue growth, guided for 21–22% EBITDA margins in FY27 with ~50 bps margin expansion in FY28, and expects export auto component revenue of ₹425–450 crore, driven by recovery in US exports, continued momentum in Europe and the ramp-up of higher-value automotive programs. Key monitorables remain execution of the order pipeline, improvement in capacity utilisation to 70–72%, and external risks including geopolitical tensions, tariff-related uncertainties and elevated freight costs. Based on these growth and profitability expectations, we arrive to a price objective of ₹181/share.

CMP: ₹155
Rating: Positive
Price Objective: ₹181

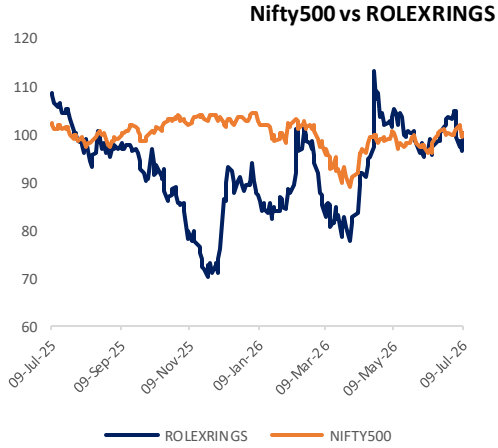
Stock Info	
BSE	543325
NSE	ROLEXRINGS
Sector	Auto Components
Face Value (₹)	1
Equity Capital (₹ Cr)	27.2
Mkt Cap (₹ Cr)	4,082
Avg volume (1 year)	20,49,802
Dividend yield (%)	0.00
52w H/L (₹)	176 / 99

Source: NSE, PESB research

Shareholding Pattern (June 2026)	
Promoters	52%
FII	5%
DII	29%
Public	14%

Source: NSE, PESB research

Nifty500 vs ROLEXRINGS



Source: NSE, PESB research

Previous report (link):

Rolex Rings Ltd.

Anupama Bhootra
Analyst
Siyaa Deshmukh
Associate

Concall Highlights

- Management reiterated its mid-teen FY27 revenue growth guidance, stating that Q1 underperformance was entirely due to temporary labour shortages rather than weak demand. The execution bottleneck has been resolved, July recorded the company's highest-ever monthly revenue, and FY28 revenue growth is expected to be closer to 20%.Export auto components remain the key growth driver, supported by the recovery in Allison's business, ramp-up of new customer programs and higher sourcing from existing customers. Management expects export auto component revenue to reach ₹425–450 crore in FY27, while the Dana opportunity is expected to start contributing after 12–18 months.

- Industrial bearing demand continues to remain weak due to softness at a large customer and sluggish European industrial markets, although management expects marginal improvement over the next few quarters. In contrast, automotive bearing demand remains healthy with higher wallet share and new component additions from existing customers.

- Management expects FY27 EBITDA margins of 21–22%, despite elevated ocean freight costs and container shortages, while FY28 margins could improve by around 50 bps as export auto components and value-added products increase in the revenue mix. Customers have also shown willingness to reimburse part of the abnormal freight costs.

- Capacity utilisation currently stands at 63–65% and is expected to increase to 70–72% by FY27-end, with annual capex remaining modest at ₹30–40 crore, allowing growth without significant capacity expansion.

- The company intends to deploy its growing cash flows through a combination of shareholder returns (dividends/buybacks) and strategic JVs with overseas players to add higher value-added processes and access new OEM customers. Management expects tangible progress on the JV front over the next 6–9 months.Rolex Rings has initiated registrations and certifications for the defence and aerospace segments and expects the defence business to start contributing within the next 12 months, leveraging its existing forging capabilities without major investments.

- Management acknowledged that ocean freight rates remain 2–2.5x higher than normal and container availability continues to be tight due to geopolitical disruptions, which may impact near-term execution. However, demand remains healthy, export duty refunds have begun, and logistics-related cost pressures are expected to be partially recovered from customers.

Management Outlook and Guidance:

Management reiterated its mid-teen revenue growth guidance for FY27, despite a weak Q1, as labour availability has normalized and execution is expected to improve from Q2 onwards. The company expects FY27 EBITDA margins of 21–22%, with a further ~50 bps expansion in FY28, while capacity utilisation is targeted to increase from 63–65% currently to 70–72% by year-end. Export auto components are expected to remain the key growth driver, with export auto component revenue guided at ₹425–450 crore in FY27, supported by new program ramp-ups and improving export demand.

Q1FY27 Result

Particulars (₹ Mn)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Revenue from Operations	3,043	2,916	4%	3,057	0%
Costs	1,350	1,437	-6%	1,383	-2%
Employee Exp	196.1	176	11%	189	4%
Other Exp	810	686	18%	923	-12%
EBITDA	**687**	**616**	**12%**	**562**	**22%**
EBITDA Margin	***23%***	***21%***	***146bps***	***18%***	***419bps***
Depreciation & Amortization	90	90	0%	94	-4%
EBIT	**597**	**526**	**14%**	**469**	**27%**
EBIT Margin	***20%***	***18%***	***158bps***	***15%***	***428bps***
Finance Cost	2	2	30%	4	-34%
Other Income	198	156	27%	29	591%
Exceptional Items	0	0		492	-100%
EBT	**793**	**680**	**17%**	**2**	**46536%**
Tax Expense	191	188	2%	3	5901%
PAT	**601**	**492**	**22%**	**-1.49**	**40260%**
PAT Margin	***20%***	***17%***	***290bps***	***0%***	***1981bps***

Source: Company filings, PESB research

Disclosures and Disclaimers:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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