Retail Note | Auto Ancillary

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

5 March 2026

Capitalizing on Export Growth & High-Value Components

Company Background

Rolex Rings Limited is one of India's leading manufacturers of forged and machined components, with over five decades of operating excellence. Headquartered in Rajkot, Gujarat, the company specializes in automotive bearing rings while also serving railway, aerospace, wind energy, and oil & gas industries.

Its fully integrated manufacturing facility combines forging, heat treatment, machining, grinding, and surface treatment capabilities, enabling production of over 75 million parts annually with a forging capacity of 165,000 MTPA. Backed by advanced CNC automation and stringent quality systems, Rolex Rings serves a global customer base across Europe, North America, and Asia, while maintaining a strong domestic presence.

What We Think:

Rolex Rings is entering a phase of accelerated, export-led growth after several years of muted performance. Rising international demand—particularly from Europe—combined with a shift toward higher-value automotive components and strong operating leverage from underutilized capacity positions the company for sustained double-digit revenue growth and margin expansion. A clean balance sheet, strong customer stickiness, and visible order pipeline further enhance earnings visibility.

Why We Think So

1. Strong Competitive Moat & Sole-Supplier Positioning:

Approximately 75% of Rolex Rings' product portfolio is supplied on an exclusive basis, creating high entry barriers due to stringent quality, traceability, and switching costs. Long-standing relationships with global bearing leaders such as Timken, SKF, and Schaeffler anchor revenue stability and reinforce its defensible niche.

2. Export-Led Growth with High-Margin Product Mix:

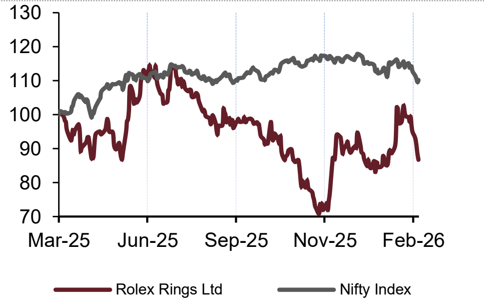
Europe accounts for nearly 65% of the new order intake, largely driven by complex, high-value automotive components such as transmission parts supplied to global OEM ecosystems. International revenues are expected to contribute roughly 47–49% over the medium term, supporting structurally stronger margins than traditional bearing rings.

Rating	TP (Rs)	Up/Dn (%)
BUY	150	21

Market data		
Current price	**Rs**	**123**
Market Cap (Rs.Bn)	(Rs Bn)	33
Market Cap (US$ Mn)	(US$ Mn)	363
Face Value	Rs	1
52 Weeks High/Low	Rs	166.12 / 99.3
Average Daily Volume	('000)	538
BSE Code		532134
Bloomberg		ROLEXRIN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	53	53
Public	47	47
Total	**100**	**100**

Source: Bloomberg

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3. Scalable Operations with Minimal Capex:

Current capacity utilization of ~62–64% provides ample headroom to support targeted 15% growth without major capital investments. As utilization rises toward 80–90%, operating leverage is expected to lift EBITDA margins from 21% toward 22–23%. Maintenance capex remains modest at ₹20–35 crore over the next two years.

4. Strategic Shift Toward High-Value Automotive & EV Components

Passenger vehicle exposure has increased steadily, now accounting for over 50% of revenues, while EVs and hybrid applications already contribute over 7%. This evolving mix enhances margin quality and aligns Rolex Rings with long-term global electrification trends.

Financial & Outlook Highlights

Rolex Rings is expected to deliver strong earnings momentum with Revenue, EBITDA, and PAT CAGR of 11%, 14%, and 16% respectively over FY25–28E, supported by improving product mix, export recovery, and operating leverage. Management guides for 15% annual revenue growth from FY27, while EBITDA margins are projected to expand to around 22%-23% by FY28E. The balance sheet is set to turn debt-free by FY26, strengthening cash flows and financial flexibility.

Valuation

Rolex Rings currently trades at 12.45x FY28E EPS, which appears attractive given its mid-to-high-teens growth visibility, strong order pipeline, and margin expansion outlook. Applying a target multiple of **15x FY28E earnings yields a target price of ₹150 per share, implying an upside potential of approximately 21% from current levels.**

Key Risks

- **Global Economic Slowdowns:** Particularly in Europe, which is a major growth engine
- **Execution Risk:** Growth targets depend on customer forecasts and order ramp-ups
- **Legacy CDR Liabilities:** Ongoing settlement discussions could impact financials if resolved unfavourably.

The company faces an ongoing CDR dispute of ₹227 crore, with management comfortable settling around ₹150 crore (₹50.5 crore provided plus ₹100 crore additional); any higher payout could pressure cash flows and valuation.

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