

**Rolex Rings Ltd.**
**Sector**
**Castings & Forging**
**Issue Highlights**

<b>Issue Open</b>	July 28, 2021
<b>Issue Close</b>	July 30, 2021
<b>Issue Price</b>	Rs. 880 - Rs. 900 /Share
<b>Total Issue Size</b>	Rs. 731 cr
Of which	
<b>Offer for Sale</b>	Rs. 675 cr
<b>Fresh Issue</b>	Rs. 56 cr
<b>Face Value</b>	Rs. 10 /share
<b>Market Lot</b>	16 Equity Shares
<b>Issue Type</b>	Book Built Issue

**Offer Structure**

<b>QIB Category</b>	50%
<b>Retail category</b>	35%
<b>Non-Institutional</b>	15%

**Lead Book Running Managers**

- Equirus Capital Pvt. Ltd.
- IDBI Capital Markets & Securities Ltd.
- JM Financial Ltd.

**Registrar To The Offer**

- Link Intime India Private Ltd

**About the Company**

Rolex Rings (Rolex) is one of the top five forging companies in India in terms of installed capacity and a manufacturer and global supplier of hot rolled forged and machined bearing rings, and automotive components. It supply domestically and internationally to large marquee customers including some of the leading bearing manufacturing companies, tier-I suppliers to global auto companies and some auto OEMs. Its product portfolio includes a wide range of bearing rings, parts of gear box and automotive components, among others. Rolex supplies bearing rings and automotive components to over 60 customers in 17 countries, primarily located in India, United States of America and in European countries such as Germany, France, Italy, and Czech Republic, and Thailand. In terms of revenue, Rolex earns 56% of its overall revenue from exports. Rolex has 3 manufacturing plants in Rajkot and has 22 forging lines with a combined installed capacity of 1,44,750 MTPA, machining facilities consisting of 528 spindles with a combined installed capacity of 69 million parts per annum and other machinery including heat treatment furnaces, cold rolling machines and other infrastructure.

**Objects of the Issue**

- Funding long-term working capital requirements
- General corporate purposes

**Valuation**

The Indian bearing market is estimated at Rs. 12,000 cr and it constitutes less than 4% of the global bearing demand. In terms of consumption, about 60% requirement is met through domestic production while the remaining is met through imports. OEMs constitute 60% of demand whereas the rest is driven by aftermarket and exports. Going forward, ICRA expects overall revenue to grow by 9%-11% CAGR for the industry during FY21-25. With an improved off-take, bearings will get increasingly localized, which will help bearing component suppliers like Rolex in the medium to long term. The demand for domestic bearing components (rollers, rings) is expected to grow at a faster rate (~10-12% CAGR) than the underlying bearing industry. Moreover, increasing complexity of bearings will further add to realizations for bearing component suppliers.

Rolex rings is well placed to benefit from growing industry trends due to its comprehensive product portfolio and manufacturing facilities with scale and location advantages. Further, the company has long standing relationship with its customers wherein 70% of its 10 largest customers for FY21 have been with the company for over a decade. Going forward, the company intends to increase its share of business from existing customers by broadening its product portfolios. Additionally, it also intends to expand its customer base by tapping newer geographies. The financial performance has been impacted over FY19-21, however the company has been able to reduce its debt/equity from 1.9x in FY19 to 0.7x in FY21. Going forward, improving growth prospects coupled with company's increased focus on improving operational efficiency and financial risk profile are key positives for the company. Considering the current market sentiments, investors may subscribe for listing gains in the short term.

**Key risks:** i) Top 10 customers account for 73% of revenues, ii) Heavily dependent on automotive market in India, Europe, North America and Latin America.

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? <b>[If answer is yes, nature of Interest is given below this table]</b>		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

**Nature of Interest ( if answer to F (a) above is Yes :**

.....

**Name(s) with Signature(s) of RA(s).**

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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