

## Rolex Rings Limited

*Corporate presentation and  
update on earnings for Q1FY23*

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# About our Company

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## Market Leadership Position

**4.7 Mn MTPA**

Installed forging capacity of India's forging industry

**5<sup>th</sup> largest**

Forging capacity in India

**80 customers**

across ~20 countries

**One of the key supplier**

of Bearing Rings in India and supplier to most of the leading bearing companies

**Tier-I supplier**

to global auto companies and some auto OEMs across segments including 2W, PV, CV, OHV & EV

## Manufacturing Capabilities

**34+**

Years of experience

**22**

Forging lines with a Combined installed capacity of

**1,44,750**

tonnes per annum

**532**

Spindles with a Combined installed capacity of

**70 Million**

Parts per annum

Manufacturing infrastructure includes combination of high-speed hot formers from **Sakamura & Hatebur.**

Existing Machine lines consist of spindles from **DMG, FUJI, ACE, TSUGAMI, Hyundai, Mazak, Muratec**

## Diverse Product Portfolio

### Bearing Rings



Product Portfolio suitable for a **wide range of end-user industries** such as **automotive (PV, CV, 2W, 3W, tractor), railways, industrial infrastructure, renewable energy etc**

### Automotive Components



## Well Qualified & Accredited Team

**1,846**

Full-time employees

**729**

Contractual employees

- Founders with experience of over 40 years
- Supported by professional management team with capabilities across various domains
- Award received for **new product development**



X 3

**TIMKEN**



X 4



X 1



X 1



## Robust Financial Performance

**₹ 10,167 mn**

Revenue from operations (FY22)

**~58%**

Revenue from Exports (FY22)\*\*

**₹ 2,403 mn**

EBITDA (FY22)

**~24%**

RONW (FY22)\*

**₹ 1,319 mn**

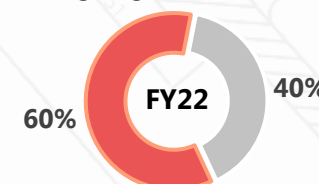
PAT (FY22)

**0.37**

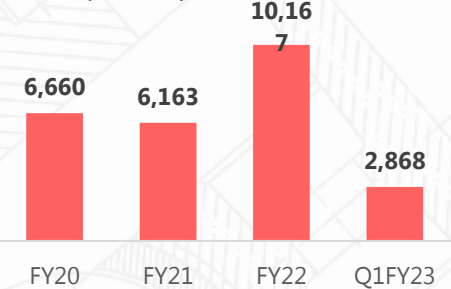
Net Debt: Equity (FY22)\*

### Revenue Contribution

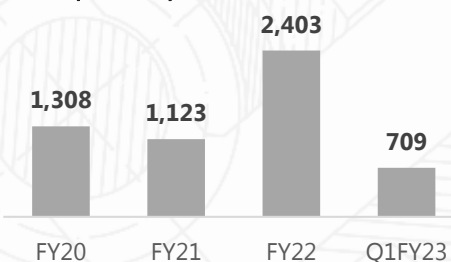
■ Bearing Rings ■ Automotive



Revenue (INR mn)



EBITDA (INR mn)





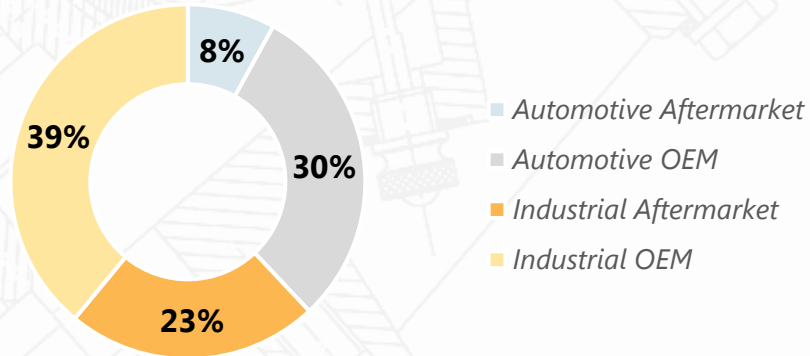
# Bearings industry | \$50bn sector globally, with India expected to show robust growth

## Global bearing industry

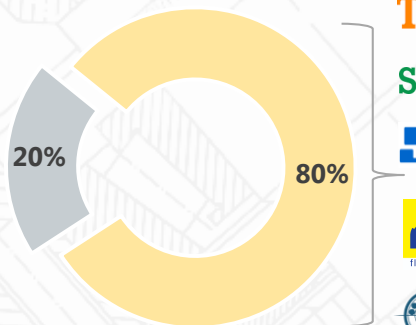
**\$50bn**

Size of the Global Bearings Market (CY2019)

Global Split by Segment (%)



~80% of domestic market share with #5 players



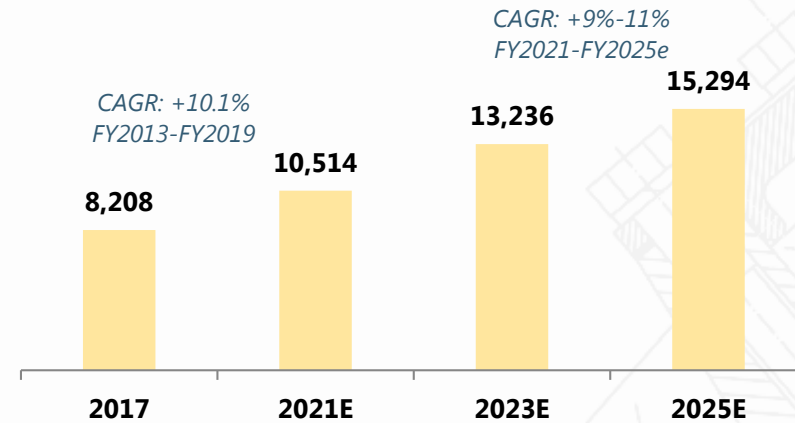
■ Others ■ Top 5 Players (%)



**ROLEX**  
ROLLED RINGS  
supplies to most of the leading bearing manufacturers domestically

## Indian bearings industry is expected to show healthy growth going forward

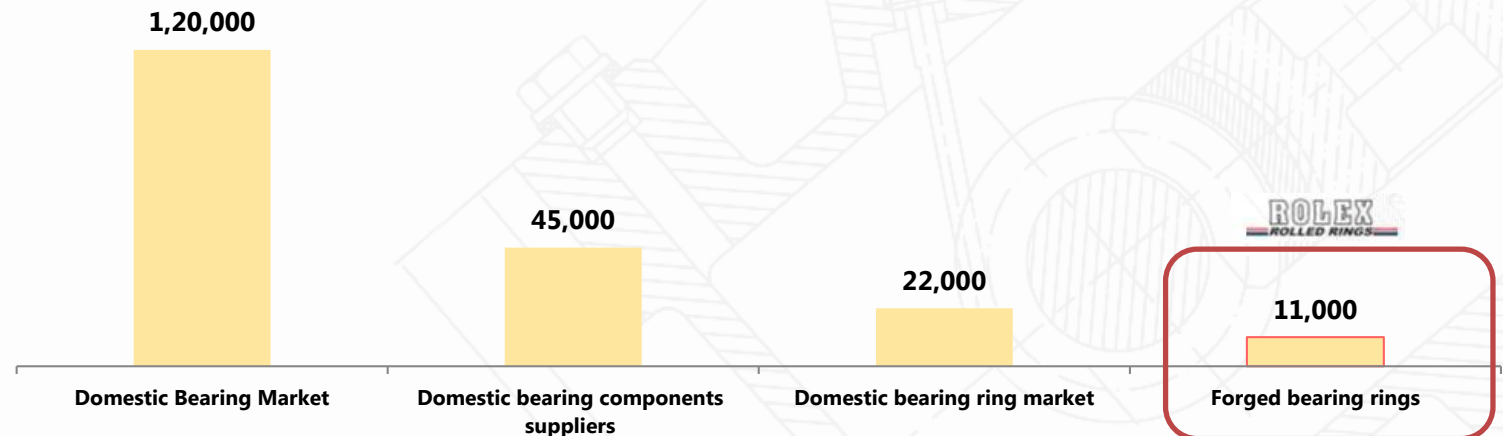
Domestic Bearings Market (₹ Cr)



- Increasing localization in Indian bearings industry (currently 40% imports), will help domestic suppliers of components for bearings;
- Demand for domestic bearing components (**rollers, rings**) is **expected to grow at a faster rate (~CAGR of 10-12%)** than the underlying bearings industry

## Domestic market for forged bearing rings is ~ ₹ 11,000mn

₹ mn



# Comprehensive product portfolio | across bearing rings and Automotive components



## Bearing Rings

### One of the key manufacturers

of Bearing Rings in India focused on Hot Rolled and machined bearing rings

### Customers

Caters to most leading bearing companies in India;

**TIMKEN**

**SKF**

**SCHAEFFLER**



### Comprehensive product range

Till date, Rolex Rings has offered a diverse range of hot forged and machined alloy steel bearing rings



### Suitable for wide range of end-user industries

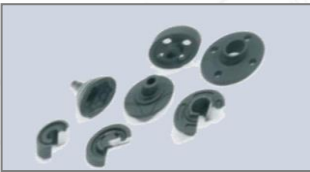
Suitable for Automotive, railways, industrial infrastructure, renewable energy, among others

### Capabilities to cater to large rings requirements

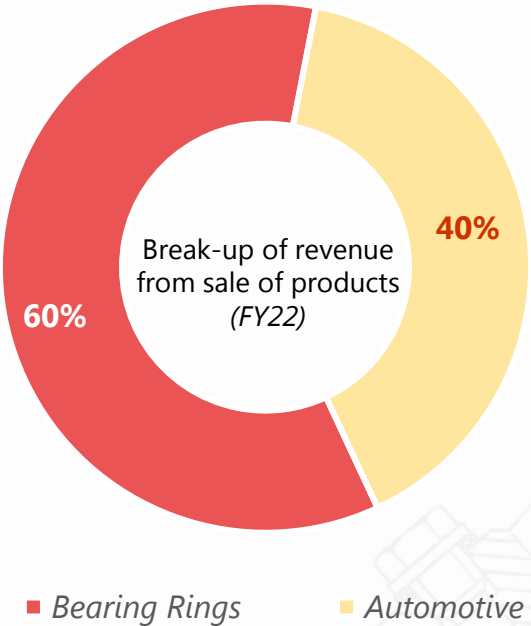
Higher value-added products with relatively lower competitive intensity

## Automotive Components

**Product portfolio includes**  
wheel hubs, shafts and spindles and gears amongst others



**Customers**  
Tier-I suppliers to global auto OEMs across segments including 2W,PV, CV, OHV and EV

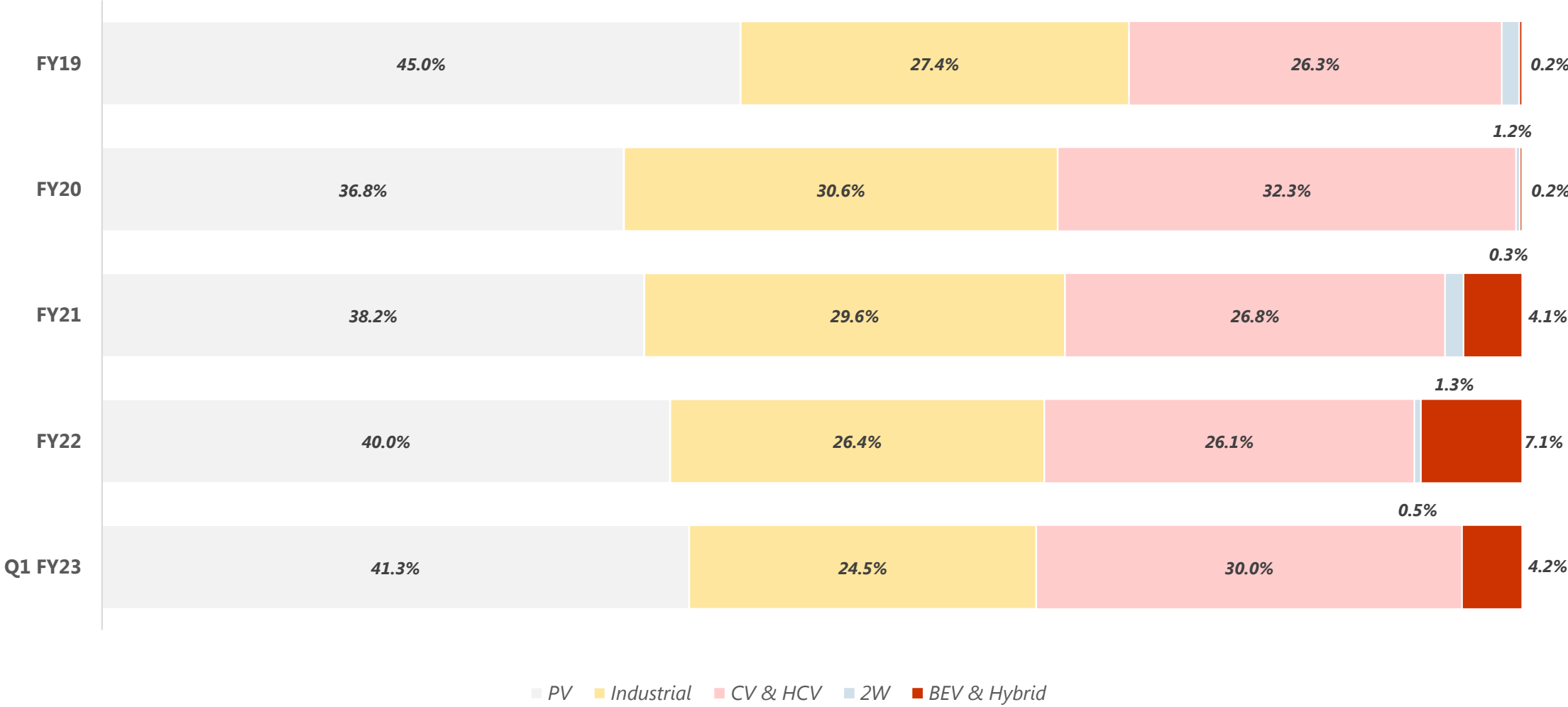


**Product Portfolio includes a wide range of bearing rings, parts of gear box and automotive components**

# Revenue mix by end-user industries



Revenues from operations (excluding scrap sales and other operating income)



## Locational advantage to serve marquee clientele



Proximity to key customers



Key Ports



Key Cities



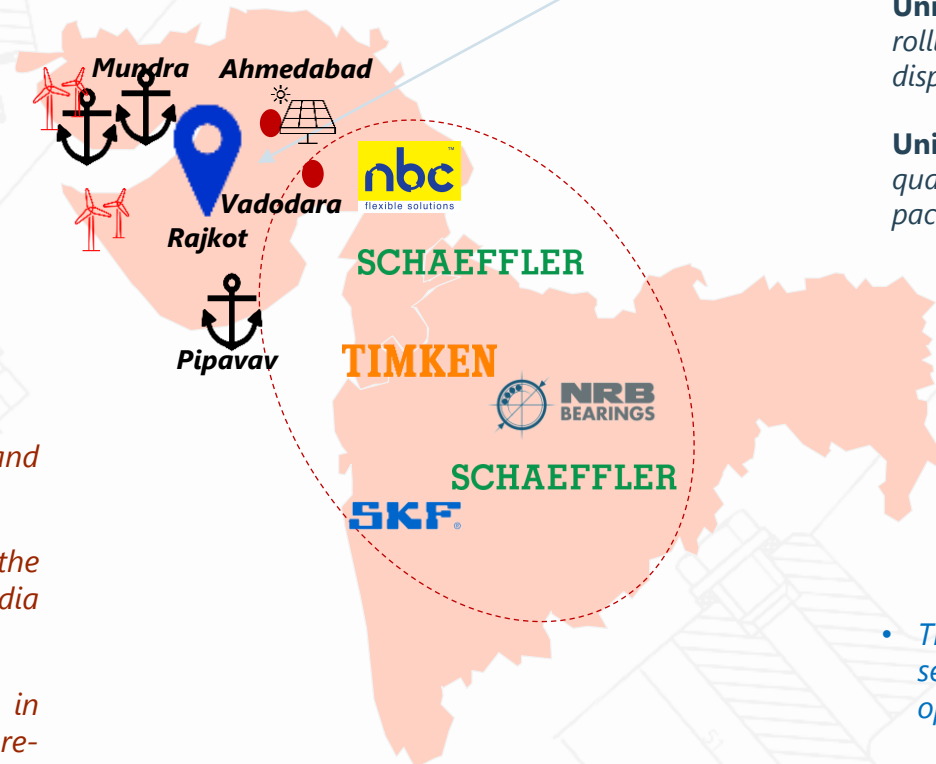
Upcoming solar project  
(Taluka Muli, Gujarat)



Windmills

(present across 3 locations in Gujarat)

- Rajkot is ~250 km from Mundra and Pipavav ports and 700 km from Mumbai port
- Location at Rajkot helps the Company cater to access the various automotive clusters in North India, West India and South India
- Leverage the presence of smaller machining units in Rajkot which the company opportunistically uses for pre-machining;
- Presence of trained manpower



Gujarat & Maharashtra



## 3 Manufacturing Units at Rajkot, Gujarat

**Unit 1 :** Forging, Heat Treatment and Shot Blasting

**Unit 2 :** Forging, Heat Treatment, Shot blasting, cold rolling, Machining, Quality control & testing, Packing and dispatch

**Unit 3 :** Tool & die making, shot blasting, machining, quality control and testing, finished good warehouse , packing and dispatch

- The company owns parcels of land for the purposes of setting up a solar plant at Taluka Muli (Gujarat) and for operation of windmills at Taluka Vanku (Gujarat)
- Operational windmills are situated at Bhogat and Lamba sites (Gujarat)



## 3 manufacturing units located at Rajkot, with integrated forging, machining and heat treatment facilities

### Investments in Renewable energy to help keep power cost in check

Windmills with an installed capacity of 8.75 MW; solar with an installed capacity of 1.58MW; in the process of expanding solar capacity by ~16 MW



### Unutilized land area which will help future expansion

Unutilized land area of 32,071.44 square metres at Rajkot and 691,312 square metres of land in Taluka Gondal (Gujarat).

#### Forging Infrastructure

- 22 forging lines. Combined installed capacity of **1,44,750 MTPA**
- Includes high-speed hot formers from **Sakamura** and **Hatebur**; vertical forging lines from **Manyo**, **Mistubishi**, **SMS Meer**, **Enomoto** and **Eumoco** and conventional forging lines integrated with induction heating furnaces



HM 75XL



HBP 120 SS



HM 35

#### Machining Infrastructure

- **528 spindles** with a combined installed capacity of **69 million parts per annum**
- Machines sourced from global manufacturers like **DMG**, **FUJI**, **ACE**, **TSUGAMI**, **Hyundai**, **Mazak**, **Muratec** and domestic CNC turning machines

Machining Capabilities



#### In-house tool making

- **In-house tool making done** through CNC machine programming with relevant 2D drawing, 3D model & other machines



Tool Design Room

# Robust forging infrastructure in place

## Details of forging lines including capacity and utilization

Sr. No.	Category	Line	No. of Lines	AchievableAnnual Capacity
1	Conventional	Conventional	6	11,250
2	Vertical Forging Lines	SMS-MEER	1	9,000
3		Enomoto Press	1	6,250
4		Eumoco	1	2,250
5		Manyo	6	25,000
6		Mitshubishi	2	8,750
7		High-Speed Hot Formers	Sakamura 160 Hot Former High Speed	1
8	Sakamura 120 Hot Former High Speed		1	12,500
9	Hatebur-HM75 Hot Former High Speed		1	18,750
10	Hatebur-HM35 Hot Former High Speed		1	12,500
11	Sakamura HFW-1000		1	18,750
Total			22	144,750



Hatebur HM 75XL



Sakamura HBP 120 SS



Sakamura HBP 160



Sakamura HFW 1000



Hatebur HM 35



Mitsubishi MRX – 300 & 400



Manyo Forging Press

# Manufacturing units equipped with end-to-end capabilities to ensure quality control

## Engineering, design and procurement

### Engineering, design, tooling and die-making

- Converts customer designs, drawings and inputs into actionable part drawings, cost estimates, process parameters, monitoring protocols, production simulation, trial runs, sample preparation;
- Tool making is done through CNC machine programming with relevant 2D drawing, 3D model and other machines

### Raw material procurement

- Raw material – sourced from customer approved vendors
- In most customer contracts, raw material costs are pass through to the client

## Manufacturing process

### Forging

- Diversified forging infrastructure converts steel rods into rings/ gear blanks/ other shapes as required
- High-speed hot formers are best suited for high volume precision components while vertical forging lines are ideally suited for medium as well as lower volume production

### Heat treatment

- Heat treatment provide the proper hardness & wear
- Normalizing, Spheroidize-annealing, Iso-annealing, Hardening and tempering, Case carburizing and Induction hardening

### Cold Rolling

- Components are passed through one or more pairs of rolls to reduce the thickness, increase diameter, to make the thickness uniform, to impart desired mechanical properties and improve yield in manufacturing process

### Machining

- Pre-Machining - forged parts are pre-machined on conventional lathe and manually operated CNC turning centres;
- CNC Turning & Vertical Machining Centres ("VMC") - milling, grooving, facing, threading, drilling, boring etc.

Quality control and testing

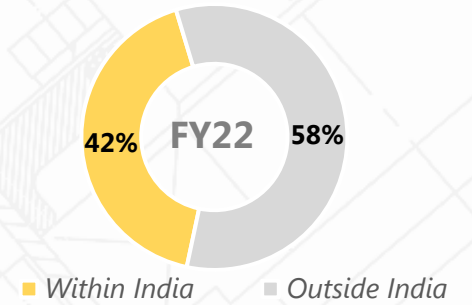


# Long standing customer relationships and geographically diversified revenue base

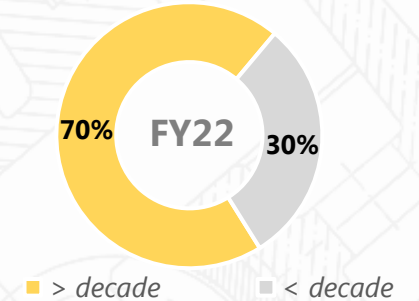
In FY22, Rolex supplied bearing rings and automotive components to >80 customers spread across over 20 countries



Revenue Split



Supply relations with Top 10 customer groups













- Rolex suppliers to leading bearing manufacturers, Tier-1 & Tier – 2 suppliers and certain auto OEMs
- Rolex has customers across multiple sectors including automobile, industrial machinery, wind turbines & railways;
- In the auto sector, Rolex has customers across all vehicle segments (2W,PV,CV, OHVs & EVs)



# Key awards & certifications

Rolex Rings is widely recognized for its impeccable service & reliability

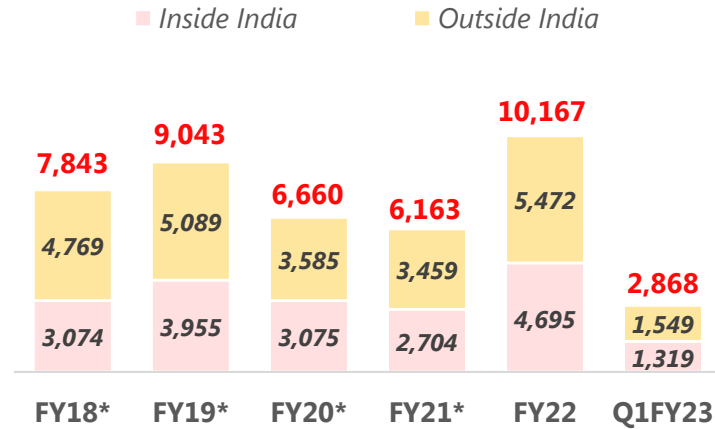
Year	Awards and Accreditations 	
2021	Q1 Preferred Quality Status - Ford	
2019	Supplier Quality Excellence Award – General Motors	
2018	Excellence in New Product Development – Timken	
2018	Supplier Quality Excellence Award – General Motors	
2016	Excellence in Technology Advancement by Timken powered by VRIDDHI	
2014	Certificate of Supplier Quality for fulfilling the quality assurance compliance by Hyundai Motors India Ltd.	
2014	GM Supplier Quality Excellence Award	
2011	Excellence in Technology – Timken	
2011	Excellence in Cost and Productivity – Timken	



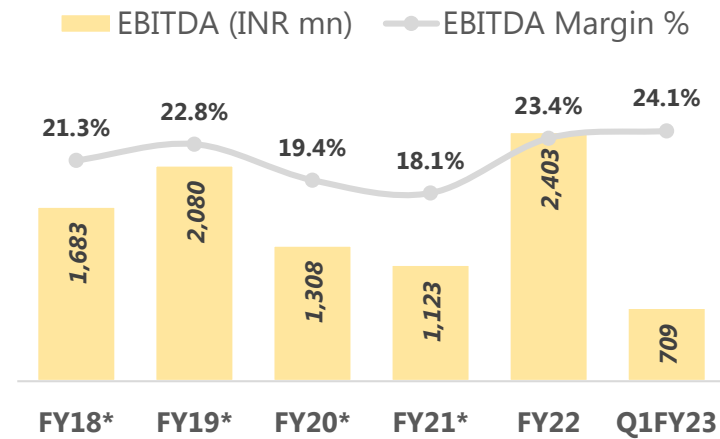
# Rolex continues to maintain growth momentum with focus on margins and strengthening balance sheet



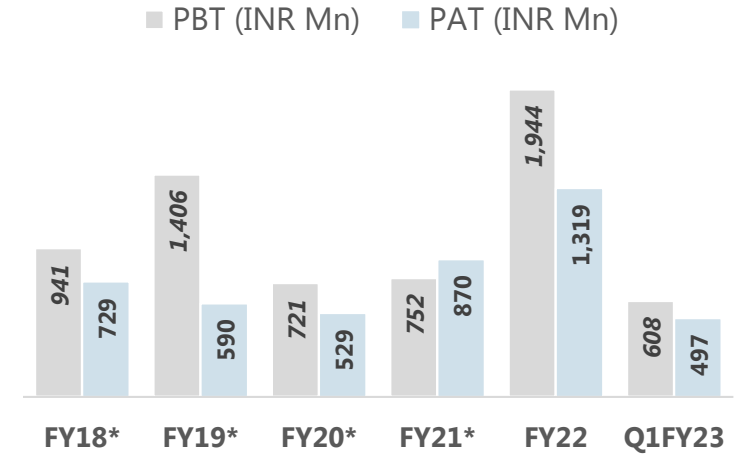
## Total Revenues from Operations (₹ mn)



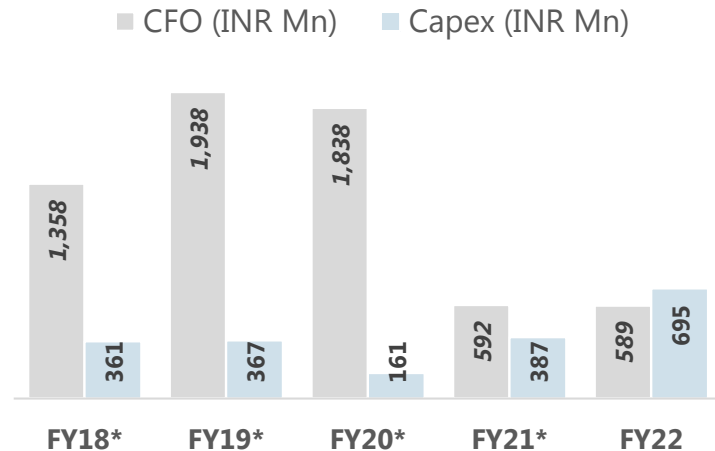
## EBITDA (₹ mn) and margins



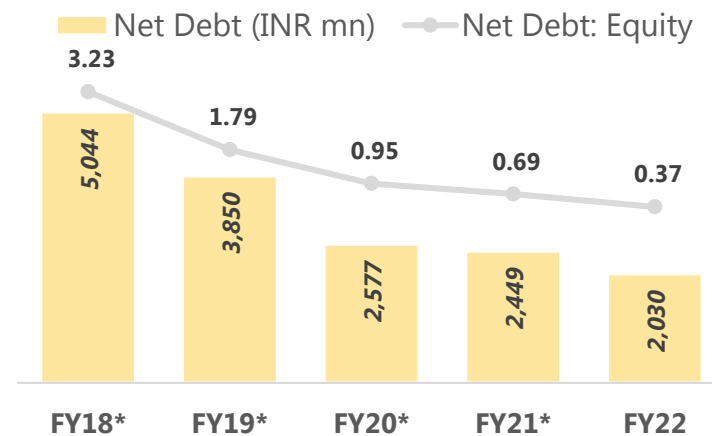
## PBT/ PAT (₹ mn)



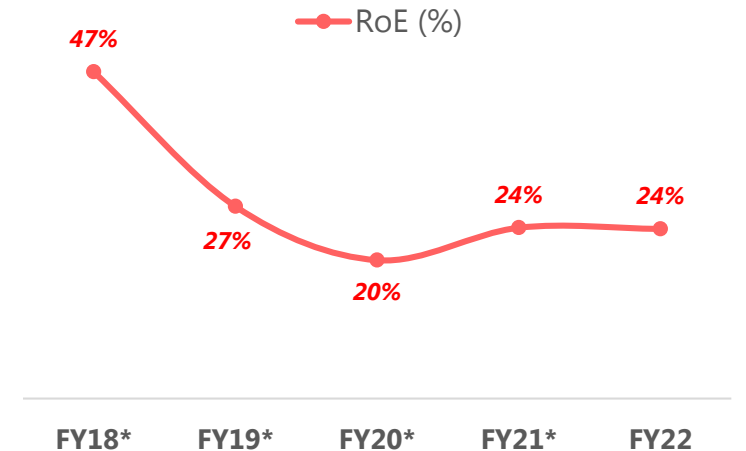
## Operating Cash Flows & Capex (₹ mn)



## Net Debt (₹ mn) and Net Debt: Equity



## RoE (%)

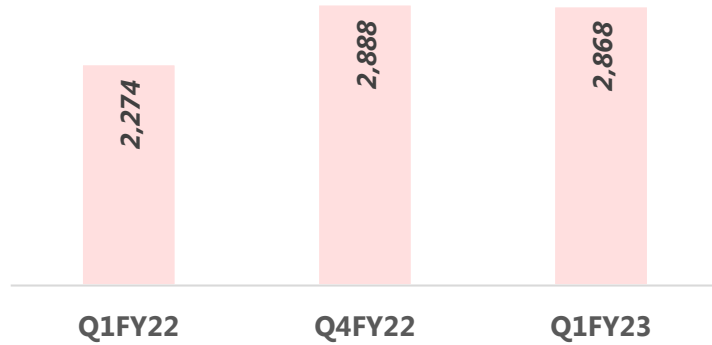


# Q1 FY23 financials and business developments

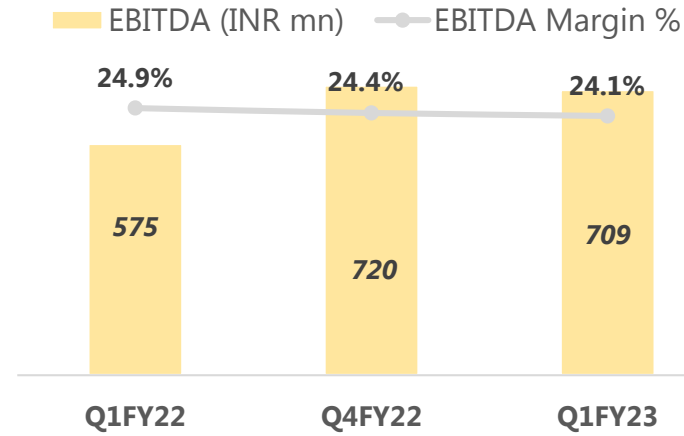
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# Financial Performance - Quarterly

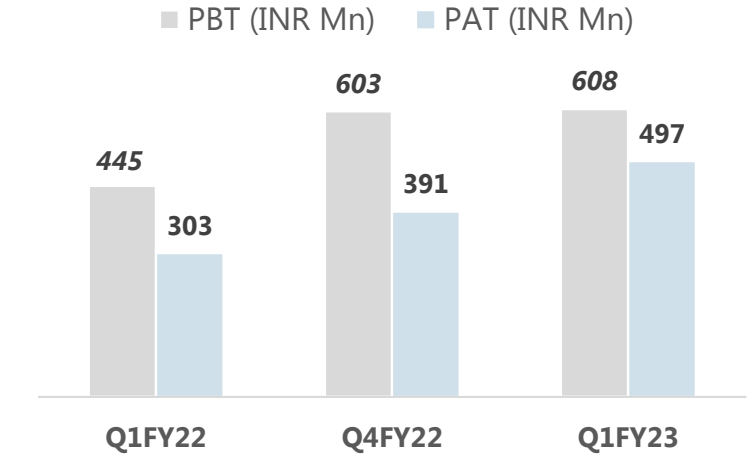
## Total Income (₹ mn)



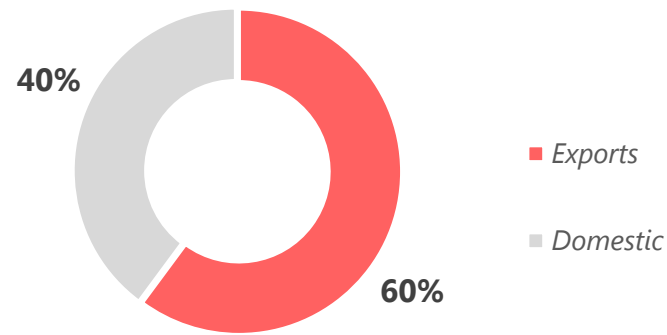
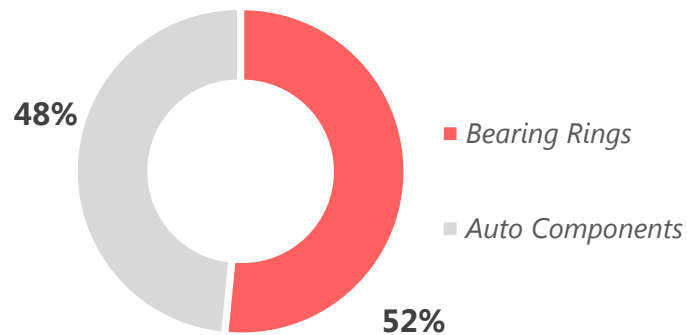
## EBITDA (₹ mn) and margins



## PBT/ PAT (₹ mn)



## Revenues from Operations (excluding scrap) for Q1 FY23



- We continue to receive new enquiries from existing as well as new customers as they try and de-risk their supply chains in both bearing rings as well as auto components segment
- Our revenues on bearing side were impacted by inventory adjustment at some of our customers; should normalize by end of this month
- While we have still not witnessed any perceptible impact of the slowdown in Americas or Europe, we have increased engagement with our customers to maintain revenue visibility
- If the current trends in RM continues, we anticipate our RM costs to decrease from end of this quarter
- Net Debt of the Company as at end of Quarter has reduced to ~INR 1,860mn



# Statement of Profit and Loss (Quarterly)

Particulars (₹ mn)	Q1FY23	Q1FY22	Q-o-Q %	Q3FY22	Y-o-Y %
<b>Income</b>					
Revenue from operations	2,868	2,274		2,888	
Other income	69	37		61	
<b>Total income (I)</b>	<b>2,936</b>	<b>2,311</b>	<b>27%</b>	<b>2,949</b>	<b>0%</b>
<b>Expenses</b>					
Cost of raw materials and components consumed	1,405	1,094		1,483	
Decrease/ (increase) in inventories of finished goods and work-in progress	(31)	(63)		-168	
Employee benefits expense	146	143		143	
Finance costs	38	67		54	
Depreciation and amortization expense	63	63		63	
Other expenses	708	562		770	
<b>Total expenses (II)</b>	<b>2,329</b>	<b>1,866</b>		<b>2,346</b>	
<b>Profit before tax (III) = (I - II)</b>	<b>608</b>	<b>445</b>	<b>36%</b>	<b>603</b>	<b>1%</b>
<b>Tax expense</b>					
Current tax expenses	155	154		211	
Deferred tax charge / (Credit)	(44)	(11)		1	
<b>Total tax expense (IV)</b>	<b>110</b>	<b>142</b>		<b>212</b>	
<b>Profit for the period (V) = (III - IV)</b>	<b>497</b>	<b>303</b>	<b>64%</b>	<b>391</b>	<b>27%</b>

# Statement of Profit and Loss (Annual)

Particulars (₹ mn)	FY22	FY21	FY20	FY19
<b>Income</b>				
Revenue from operations	10,167	6,163	6,660	9,043
Other income	114	34	93	69
<b>Total income (I)</b>	<b>10,281</b>	<b>6,198</b>	<b>6,753</b>	<b>9,113</b>
<b>Expenses</b>				
Cost of raw materials and components consumed	5,195	3,166	3,137	4,529
Decrease/ (increase) in inventories of finished goods and work-in progress	(554)	(292)	156	(190)
Employee benefits expense	588	519	527	608
Finance costs	204	117	322	420
Depreciation and amortization expense	256	254	265	254
Other expenses	2,649	1,682	1,626	2,085
<b>Total expenses (II)</b>	<b>8,338</b>	<b>5,446</b>	<b>6,032</b>	<b>7,707</b>
<b>Profit before tax (III) = (I - II)</b>	<b>1,944</b>	<b>752</b>	<b>721</b>	<b>1,406</b>
<b>Tax expense</b>				
Current tax expenses	666	130	127	309
Deferred tax charge / (Credit)	(41)	(248)	64	506
<b>Total tax expense (IV)</b>	<b>625</b>	<b>(118)</b>	<b>191</b>	<b>815</b>
<b>Profit for the period (V) = (III - IV)</b>	<b>1,319</b>	<b>870</b>	<b>529</b>	<b>590</b>

# Balance Sheet - Snapshot

Particulars (₹ mn)	FY22	FY21	FY20	FY19
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	3,789	3,714	3,730	3,808
Capital work in progress	460	12	-	10
Right-of-use assets	0	1	1	1
Intangible assets	8	9	12	14
Financial assets				
a) Loans	-	-	25	33
b) Other financial assets	42	140	34	125
Income tax assets (net)	20	20	20	20
Other non-current assets	155	288	111	131
<b>Current assets</b>				
Inventories	2,617	1,711	1,306	1,602
Financial assets				
a) Loans	0	1	31	1
b) Trade receivables	2,305	1,708	1,277	1,815
c) Cash and cash equivalents	37	46	12	1
d) Bank balances other than Cash and cash equivalents	162	58	152	45
e) Other financial assets	104	68	60	102
Other current assets	156	195	92	113
<b>Total assets</b>	<b>9,854</b>	<b>7,969</b>	<b>6,862</b>	<b>7,823</b>

Particulars (₹ mn)	FY22	FY21	FY20	FY19
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	272	240	240	240
Other equity	5,176	3,328	2,441	1,914
<b>Total equity</b>	<b>5,448</b>	<b>3,567</b>	<b>2,681</b>	<b>2,153</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
a) Borrowings	205	323	442	913
b) Lease liabilities	1	1	1	1
Income tax liabilities (net)	179	179	179	171
Deferred tax liabilities (net)	608	324	569	506
Provisions	33	31	31	23
<b>Current liabilities</b>				
Financial Liabilities				
a) Borrowings	2,024	1,836	1,939	2,343
b) Lease liabilities	0	0	0	0
c) Trade payables	1,201	1,176	738	913
d) Other financial liabilities	58	434	261	671
Other liabilities	23	15	8	13
Provisions	8	7	7	7
Income tax liabilities (net)	67	75	3	107
<b>Total liabilities</b>	<b>4,406</b>	<b>4,402</b>	<b>4,181</b>	<b>5,669</b>
<b>Total equity and liabilities</b>	<b>9,854</b>	<b>7,969</b>	<b>6,862</b>	<b>7,823</b>

For further information,  
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