Rolex Rings Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	14.99 (Reduced from 25.99)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	135.00 (Reduced from 212.17)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Rolex Rings Limited (RRL) continue to derive strength from the experience of promoters in the auto component industry, established track record of operations in manufacturing of bearing rings along with its status as an approved supplier for reputed clientele. Ratings also take cognisance of sustained scale of operations with volume-led growth amid global headwinds in FY25 (refers to April 01 to March 31), healthy profitability, a strong capital structure, robust debt coverage, and adequate liquidity profile.

The ratings, however, continue to remain constrained on account of susceptibility of profitability to volatile raw material prices and foreign exchange rate. The ratings are also constrained by its presence in a highly competitive industry with demand linked to cyclical end-user industries (including automobile, engineering and capital goods and heavy machinery) and high customer concentration risk.

The ratings also note RRL's pending Right of Recompense (RoR) liability from its past debt restructuring. While the final amount is yet to be determined, the company has made a provision of ₹50.06 crore and maintains adequate liquidity as of FY25-end. CARE Ratings Limited (CareEdge Ratings) shall continue to monitor the evolution of this liability and its consequent impact on RRL's business and financial risk profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in scale of operations with maintenance of healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margin; along with improvement in return on capital employed (ROCE) to more than 25% on a sustained basis.
- Successful resolution of ROR liability without affecting the liquidity profile of the company.

Negative factors

- Decline in scale of operations below ₹1,000 crore with operating margin below 15% on a sustained basis.
- Any major debt-funded capex or increase in working capital requirement, leading to deterioration in overall gearing above 0.50x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation of sustenance of RRL's scale of operations despite muted demand scenario in the global market in medium term on account of its association with reputed clientele along with extensive experience of the promoters aiding in securing orders.

Detailed description of key rating drivers:

Key strengths

Sustained scale of operations and healthy profitability

RRL's total operating income (TOI) remained largely stable at ₹1,167.89 (PY: ₹1,232.30 crore) despite global inflationary pressure and moderate demand schedules in the European and US markets. The moderation in TOI is primarily attributed to a decline in steel prices during the year, although this was offset to an extent by an increase in sales volume in FY25 over FY24. The PBILDT

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited publications.

and PAT margins remained healthy at 21.72% and 14.90%, respectively, in FY25 (PY: 22.05% and 12.67%). Further, on a y-o-y basis, RRL has reported growth of 16% in its gross cash accruals to ₹212.19 crore in FY25 (PY: ₹183.49 crore)
Going forward, CareEdge Ratings expects RRL's TOI and profitability to improve on the back of healthy order-book for diversified products, ensuring revenue visibility and operational scalability.

Approved supplier for reputed clientele and geographically diversified revenue
RRL caters primarily to the requirement of automobile sector and has a reputed clientele comprising of leading bearing and auto component manufacturers. Due to its long-standing relationship with the customers as an approved vendor for various parts, RRL is able to secure repeat orders from its customers. The company derives ~52% of its revenue from exports as most of its customers are global players with presence across various countries primarily from the US and Europe.

Strong financial risk profile
RRL's capital structure stood highly comfortable marked by strong net worth base and zero exposure to long term debt. As on March 31, 2025, RRL had an overall gearing of 0.04x (0.08x as on March 31, 2024) and net worth of ₹1,071.70 crore (PY: ₹897.68 crore). The total outside liabilities to net worth also improved and remained healthy at 0.16x as on March 31, 2025 (PY: 0.20x).
The debt coverage indicators remained robust marked by PBILDT interest coverage of 106.65x (PY: 100.56x in FY24) as on March 31, 2025.

CareEdge Ratings expects RRL to sustain its financial risk profile on the back of healthy cash accrual generation resulting in minimal reliance on external debt.

Experienced promoters with established track record of operations
The promoters of RRL, i.e., the members of the Madeka family, are well-qualified and have vast experience in the auto components industry, which is evident from the satisfactory operations of over four decades. RRL is into operations since 1980 and is one of the leading suppliers of forged bearing rings and various automobile components like engine, transmission, chassis, and exhaust system parts depicting established track record of operations in auto-components industry.

Key weaknesses

Liability on account of Right of Recompense
RRL has received a demand notice from consortium of banks led by Union Bank of India for a Right of Recompense (RoR) liability linked to its 2013 debt restructuring. The company has disputed the claim and is actively negotiating with lenders. RRL and consortium of banks have agreed to obtain a legal opinion on the above matter and final settlement is yet to be reached. RRL has recognised a provision of ₹50.60 crore based on its best estimate of the potential liability till FY25.

CareEdge Ratings notes that the company has adequate liquidity on hand in the form of unutilised line of credit as well as unencumbered cash and liquid investments, which is expected to be sufficient for meeting the said liability. However, CareEdge Ratings will continue to monitor the development in the said event and its consequent impact on RRL's business and financial risk profile.

Customer concentration risk
RRL is exposed to customer concentration risk with top 10 customer groups accounting for ~84% of its total sales in FY25 (~80% in FY24). However, RRL has long-standing relationships with majority of its customers for over a decade. RRL, being a Tier-II manufacturer in auto component supply chain, supplies bearing rings and other components to Tier-I manufacturers who in turn supply components to original equipment manufacturers (OEMs) primarily from auto industry, which limits its bargaining power with its customers who are relatively large players in the industry.

Vulnerability of profit margins to adverse fluctuation in raw material prices and foreign exchange rates
Steel and its alloys form the key raw material required for manufacturing of bearing rings and auto components. The prices of steel and its alloys, being commodity items, are volatile in nature. Further, RRL does not have any long-term supply agreements with steel suppliers. Consequently, RRL's profitability is exposed to adverse movement in raw material prices. However, sales contracts with most of RRL's clients are revised on a quarterly basis, which mitigates its exposure to any adverse fluctuations in raw material prices to a certain extent. Also, due to its exports, which contributed ~52% of its TOI (PY: 56%) in FY25, RRL is exposed to forex rates fluctuation risk. However, RRL has a partial natural hedge by way of imports for its export receivables, while the balance is hedged largely by way of use of working capital borrowings in foreign currency as well as forward contracts. RRL imported ~15% of its total raw material consumed in FY25 (11% in FY24) and reported foreign exchange gain of ₹13.09 crore in FY25.

Presence in a competitive industry with demand linked to cyclicality in various end-user industries, albeit stable demand outlook

RRL has presence in a highly competitive industry, fortunes of which are largely dependent on the end-use industries such as automobile comprising engineering and capital goods and railways. The demand outlook of auto component industry is directly linked to the cyclical automobile industry, which has linkages to economic cycles. The Indian automotive components industry stood at US$ 137.06 billion in FY25 (FY24: USD 73.10 billion). Large part of the growth was from domestic market, owing to recessionary trends in western economies such as the US and Europe, the key markets. This impacted the demand from customers, both in international and domestic markets. This apart, aftermarket sales also remained healthy (at ~US$ 20 billion). CareEdge Ratings notes that with some revival witnessed in order inflow in Q4FY25 along with overall thrust of government on automobile and infrastructure segments, the demand outlook remains stable in the near-to-medium term.

Liquidity: Adequate

RRL's liquidity remained adequate marked by low working capital utilisation, nil scheduled debt repayments, healthy cash flow from operations, and sufficient liquidity in the form of free cash and bank balance. The company has maintained free cash and bank balance (including liquid investments) of ₹309.85 crore as on March 31, 2025 (₹123.20 crore as on March 31,2024).

RRL's operations are working capital intensive on account of large inventory holding due to a large product range and credit period required to be offered to its established client base. However, with efficient management of receivables and inventory days, RRL's operating cycle remained stable at 129 days in FY25 (PY: 124 days). Further, the average fund-based utilisation of working capital limits for the past 12 months ended March 2025 remained negligible, which is facilitated by healthy cash flow from operations of ₹242.86 crore in FY25 (PY: ₹264.60 crore).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: As per the annual report of FY24 (the latest report for FY25 is not published)

Parameters	Compliance and action taken by the company
Environmental	▪ Adopted clean technology for eliminating waste and minimising pollution. ▪ Regular health and safety audits to identify any gaps related to occupational health and safety hazards. ▪ Conduct energy audits to identify high energy usage areas and find ways to implement energy efficient technologies or process to reduce overall energy consumption. ▪ Adopt energy management systems to improve energy efficiency process.
Social	▪ RRL has made contribution in promoting awareness of cyber security through affirmative actions such as seminars and posters among others. ▪ RRL has a sewage treatment plant installed to ensure industrial wastewater is treated before it is released into the environment. ▪ RRL has implemented water conservation ways to reduce the freshwater consumption. ▪ Also, regularly monitor and report the water usage performance for implementing efficient methods of water management. ▪ Implemented efficient emission monitoring systems to track and identify any hazardous/ toxic pollutants released directly into the air.
Governance	▪ RRL continue to implement robust systems and practices to ensure ethical behaviour, transparency, and accountability in corporate decision-making. ▪ RRL engages into regular monitoring, independent audits, and board oversight to operate sustainably and help mitigate any risk.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Auto Components & Equipments
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components & equipment

Rajkot-based (Gujarat) RRL (erstwhile Rolex Rings Private Limited) was established as a partnership firm by Rupesh D. Madeka in 1980 and later on reconstituted as a public limited company in 2021, got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in August 2021 and is presently managed by Manesh D. Madeka and family. RRL is engaged in manufacturing (forging and machining) of bearing rings and auto-components like engine parts, transmission parts, exhaust system parts, and chassis parts, etc. It caters primarily to the requirement of automobile sector and has a reputed clientele comprising global and domestic auto -component manufacturers. The company has two manufacturing units which are located near Rajkot in Gujarat. RRL's debt was restructured under corporate debt restructuring (CDR) mechanism in FY13, and the company closed CDR loans in FY22.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (AB)
Total operating income	1,231.30	1,167.89
PBILDT	271.51	253.72
PAT	156.04	174.00
Overall gearing (times)	0.08	0.04
Interest coverage (times)	100.56	106.65

A: Audited, AB: Abridged; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	14.99	CARE A-; Stable
Fund-based - ST-Working Capital Limits		-	-	-	62.00	CARE A2+
Non-fund-based-Short Term		-	-	-	73.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (07-Jul-23)	1)CARE BBB; Positive (04-Aug-22)
2	Fund-based - LT-Cash Credit	LT	14.99	CARE A-; Stable	-	1)CARE A-; Stable (24-Jul-24)	1)CARE BBB+; Positive (07-Jul-23)	1)CARE BBB; Positive (04-Aug-22)
3	Fund-based - ST-Working Capital Limits	ST	62.00	CARE A2+	-	1)CARE A2+ (24-Jul-24)	1)CARE A2 (07-Jul-23)	1)CARE A3+ (04-Aug-22)
4	Non-fund-based-Short Term	ST	73.00	CARE A2+	-	1)CARE A2+ (24-Jul-24)	1)CARE A2 (07-Jul-23)	1)CARE A3+ (04-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Working Capital Limits	Simple
3	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated: Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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