

Aequs Ltd.

Nifty: 26,032 | Sensex: 85,138

IPO Note | 03rd December 2025

Sector: Aerospace

Price Range: ₹118 - ₹124

Riding the Aerospace Upcycle with Strategic Diversification

Aequs Ltd. (AL), founded in 2000, is a precision engineering firm operating from a single SEZ with fully integrated manufacturing capabilities, primarily serving the aerospace sector (~90% of FY25 revenue). The company has expanded into consumer electronics (portable computers, smart devices), plastics (toys, figurines), and consumer durables (cookware, small appliances). Its aerospace clientele includes Boeing, Airbus, Bombardier etc. while consumer brands served include Hasbro, Spin Master, and Tramontina. AL runs three manufacturing clusters in India and maintains two facilities in France and the U.S.

- ◆ The Indian precision engineering components (PEC) market, valued at ₹2,992.92 billion in 2024, is projected to reach ₹4,946.96 billion by 2030 at an 8.74% CAGR, driven by government-led manufacturing initiatives, global value chain integration (China+1), cost competitiveness, skilled labour, and rising demand across automotive, aerospace, and electronics sectors.
- ◆ Revenue increased from ₹812cr in FY23 to ₹925cr in FY25, reflecting a CAGR of 6.7%. However, net losses persisted at ₹109cr, ₹12cr, and ₹102cr in FY23, FY24, and FY25 respectively, primarily due to weakness in the Consumer Segment.
- ◆ The company sees significant potential in the consumer segment going forward and has invested in capacity building and expects it to reward in upcoming years.
- ◆ The planned debt repayment of ₹433.2cr from the IPO proceeds will result in substantial saving on interest cost (D/E will reduce from 1.1x to 0.2x) which should also result in the company turning profitable at the PAT level.
- ◆ The company's long-standing partnerships—15 years with Airbus and 9 years each with Safran and Boeing along with a portfolio of over 5,000 SKUs, underscore its proven capabilities, credibility within a high-entry-barrier customer base, and strong long-term growth potential.
- ◆ On November 10, 2025, the Company completed a pre-IPO equity placement of ₹144cr at ₹123.97 per share, issuing shares to SBI Emergent India Fund, DSP India Fund – India Long/Short Strategy Fund (Cash Management Option), SBI Optimal Equity Fund – Long Term, and Think India Opportunities Master Fund LP.
- ◆ In FY25, consolidated capacity utilization stood at 43% (Aerospace 65-70%, Consumer ~20%) and the company sees significant potential in the consumer segment going forward and is also positioned to benefit from the massive, multi-year demand up-cycle in global commercial aerospace, driven by order backlogs and fleet renewal.
- ◆ At the upper price band of ₹124, AL is valued at 9x FY25 Mcap/Sales, which is reasonable compared to peers. Strong relationships with marquee customers, a strategy to move up the value chain into complex components, and IPO-led debt reduction position the company for margin expansion and growth. Though currently loss-making, long-term prospects are supported by aerospace tailwinds and diversification into consumer durables. We recommend a 'Subscribe' rating for high-risk investors with a long-term horizon.

Purpose of IPO

The offer consists of a fresh issue of ₹670cr and an Offer for Sale (OFS) amounting to ₹251.8cr. The purpose of the issue is to i) Repayment/prepayment of certain borrowings and related penalties (433.17cr). ii) Investment into three wholly-owned subsidiaries (64cr) and iii) Funding acquisitions.

Key Risks

- **Regional Risk:** All manufacturing units are concentrated in Karnataka, creating exposure to location-specific disruptions.
- **Revenue Dependence:** Aerospace contributes 89.2% of FY25 revenue, indicating high reliance on a single segment.

Peer Valuation

Company	CMP(₹)	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	P/BV	Mcap/sales	EV/EBITDA
Aequs Ltd	124	8,316	925	7.93	-11.1	-1.5	-13.4	-	11.6	9.0	124.1
Azad Engineering Ltd	1,621	10,754	443.8	36.3	19.7	14.7	8.6	110.6	7.5	24.2	51.7
Unimech Aerospace and Manufacturing Ltd	998	5,012	242.9	37.9	34.4	16.1	21.5	61.9	7.6	20.6	49.2

Source: Geojit Research, Bloomberg; Valuations of AL are based on upper end of the price band (post issue), Financials as per FY25 consolidated.

Issue Details	
Date of opening	December 03, 2025
Date of closing	December 05, 2025
Total No. of shares offered (cr.)	7.43
Post Issue No. of shares (cr)	67.06
Face Value	₹10
Bid Lot	120 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,880
Maximum application for retail (upper price band for 13 lot)	₹ 1,93,440
Listing	BSE,NSE
Lead Managers	JM Financial Ltd, IIFL Capital Services Ltd,Kotak Mahindra Capital Co.Ltd
Registrar	Kfin Technologies Ltd..

Issue size (upper price)		Rs.cr
Fresh Issue		670.0
OFS		251.81
Total Issue		921.81
Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	64.48	56.25
Public & others	35.52	43.75
Total	100.0	100.0
Issue structure	Allocation (%)	Size Rs.cr
Retail	10	92.2
Non-Institutional	15	138.3
QIB	75	691.3
Total	100	921.8

Y.E March (Rs cr) Con-sol.	FY24	FY25	H1FY26
Sales	965.1	924.6	537.2
Growth YoY(%)	18.8	-4.2	17
EBITDA	122.3	73.4	55.7
Margin(%)	12.67	7.93	10.37
PAT Adj.	-14.2	-102.4	-17.0
Growth (%)	-	-	-
EPS	-0.2	-1.5	-0.3
Mcap/Sales (x)	8.6	9.0	7.7*
EV/EBITDA (x)	73.7	124.1	77.8*
P/Bv(x)	10.2	11.6	5.6*

*Annualized



Business Description:

Aequus Ltd (AL) is the only precision component manufacturer in India operating within a single special economic zone with fully vertically integrated capabilities in the Aerospace Segment, setting it apart from peers with selective capabilities. AL has one of the largest aerospace product portfolios in India, including components for engine systems, landing systems, cargo and interiors, structures, assemblies, and turning. For the six months ended September 30, 2025, and FY 2025, the Aerospace Segment generated net external revenue of ₹4,739.53 million and ₹8,246.41 million, respectively. AL also possesses niche metallurgy expertise, including precision machining of high-end alloys like titanium, and leads in end-to-end manufacturing capabilities such as machining, forging, surface treatment, and assembly. Its three vertically integrated manufacturing ecosystems enable large-scale, timely production of complex products for global OEMs like Airbus and Boeing, who prefer “one-stop-shop” suppliers for efficiency and quality.

While aerospace remains the core focus, AL has leveraged advanced capabilities to diversify into consumer electronics, plastics, and consumer durables. Its consumer portfolio includes cookware, small home appliances, outdoor toys, figurines, toy vehicles, and components for smart devices and portable computers. AL produced over 5,000 aerospace products under programs for single-aisle and long-range aircraft, achieving 100% in-country value addition for select products. A stringent quality assurance framework ensures compliance with international standards through rigorous inspections, certified facilities, and advanced testing equipment. With certifications like ISO 9001:2015, AS9100D, and NADCAP, and a strategic focus on high-value activities such as 5-axis machining, AL aims to strengthen its aerospace presence while expanding into new segments.

Key strengths

Advanced and vertically integrated precision manufacturing capabilities

Aequus Ltd (AL) is a leading precision manufacturing company in India with advanced, vertically integrated capabilities within a single special economic zone. AL offers end-to-end solutions across machining, forging, surface treatment, assembly, and plastic molding, supported by three manufacturing ecosystems in India and two dedicated aerospace facilities overseas. With an annual capacity of over 2.9 million machining/molding hours, more than 200 CNC machines for aerospace and 161 molding machines for consumer products, AL manufactures complex components such as engine and landing systems at scale. Its core capabilities include multi-axis milling, forging, metal forming, advanced surface treatments, aero assembly, and injection/blow molding, enabling production of critical aerospace parts and high-precision consumer products. Backed by ISO certifications and approvals from global OEMs like Airbus and Boeing, AL’s infrastructure and quality systems position it as a trusted partner for large-scale, high-value manufacturing across aerospace and consumer segments.

Operations in unique, engineering-led vertically-integrated precision manufacturing ecosystems

AL is the only precision component manufacturer in India operating within a single special economic zone with fully vertically integrated capabilities in the Aerospace Segment, supported by three engineering-led manufacturing ecosystems in Belagavi, Hubballi, and Koppal, and two overseas facilities in France and the U.S. Spanning over 2.2 million square feet, these ecosystems enable AL to deliver complex, high-value components at scale for global OEMs like Airbus and Boeing, while maintaining stringent quality, delivery, and safety standards. With one of India’s largest aerospace product portfolios, advanced capabilities across machining, forging, surface treatment, assembly, and plastic molding, and an asset-light infrastructure model, AL combines vertical integration, lean manufacturing, and sustainability benefits to meet bespoke requirements and accelerated timelines, positioning itself as a preferred partner for aerospace and consumer segments worldwide.

Manufacturing presence across three continents with strategic proximity to end customers

Aequus has a global manufacturing presence across India, the U.S., and France, strategically located near major aerospace OEMs to foster innovation and long-term relationships. As one of the few Indian aerospace companies operating across three continents, AL leverages access to skilled talent and proximity to customers to strengthen its global footprint. Through strategic acquisitions such as T&K Machine in the U.S. and SIRA Group in France, AL has enhanced its capabilities in machining, assembly, and testing, while enabling near-shoring for key clients like Boeing, Spirit, Safran, and Collins Aerospace. This geographic reach, combined with advanced manufacturing solutions, positions AL as a competitive global platform serving diverse customer needs across aerospace and consumer segments.

Comprehensive precision product portfolio across high value segments

Aequus is a Tier-1 supplier of highly engineered precision components with one of India’s largest aerospace product portfolios, producing over 5,000 products as of September 30, 2025, for programs covering single-aisle and long-range aircraft such as A220, A320, B737, A330, A350, B777, and B787. AL’s offerings span engine systems, landing systems, cargo and interiors, structures, assemblies, and turning, with a focus on high-value components like engine and landing parts. Leveraging advanced manufacturing ecosystems and operational efficiencies, AL also manufactures consumer products including components for portable computers, smart devices, toys, and cookware. With long-standing relationships averaging 15 years with global OEMs such as Airbus, Boeing, Safran, Collins Aerospace, and leading consumer brands, AL benefits from high entry barriers and a strong platform for expansion into adjacent precision-driven segments.

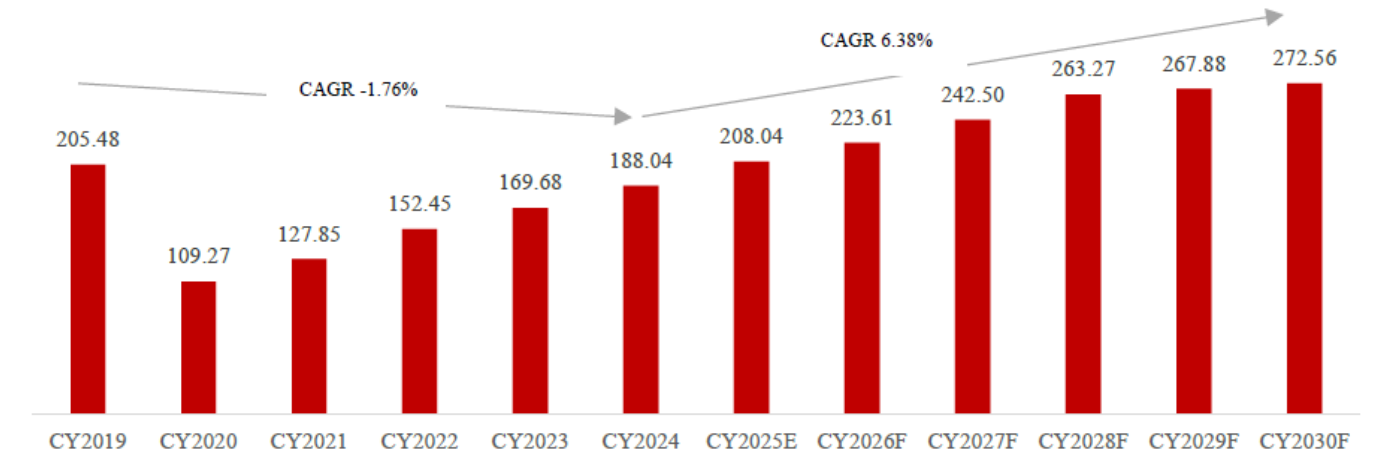
Key strategies:

- ◆ Continue to increase wallet share with existing customers in the Aerospace Segment by moving up the manufacturing value chain and diversify customer base in the Aerospace Segment
- ◆ Grow portfolio of consumer products
- ◆ Improve margins through higher value manufacturing and measures for operational efficiencies
- ◆ Leverage existing capabilities to increase market share in capability and sector adjacencies

Industry Outlook

Global aerospace manufacturing is a vital industry driving technological progress and economic growth worldwide. Dominated by Boeing and Airbus in a duopolistic structure, it operates through a complex global supply chain. Key trends include sustainability initiatives, adoption of greener technologies, and Industry 4.0 innovations such as AI, automation, and additive manufacturing. Despite challenges like geopolitical risks and supply chain disruptions, the sector continues to innovate, supporting aviation and space exploration. The global aerospace market is projected to grow from USD 188.04 billion in 2024 to USD 272.56 billion by 2030, at a CAGR of 6.38%.

Figure 24: Global Aerospace Market Size (In USD Bn),CY2019-CY2030F



Source: Frost & Sullivan Analysis | Note: The above market is for commercial aircraft

Source:Geojit research, RHP

India’s precision manufacturing sector is growing rapidly, fueled by technological advancements and rising demand in industries such as automotive, aerospace, and electronics. Government-led initiatives, strong domestic consumption, integration into global value chains, cost competitiveness, and a skilled workforce position India as a key player globally. The aerospace value chain involves multiple critical stages that impact cost and quality, while the global consumer electronics market—covering products like laptops, tablets, and wearables—continues to expand due to innovation and evolving consumer preferences.

Promoter and promoter group

The Promoters of the company, are, Aravind Shivaputrappa Melligeri, Aequs Manufacturing Investments Private Limited, Melligeri Private Family Foundation and The Melligeri Foundation.

Brief Biographies of directors

- Aravind Shivaputrappa Melligeri** is the Executive Chairman and CEO of the company and one of its Promoters, associated since its inception in 2000. With over 25 years of experience in the aerospace sector, he has been instrumental in establishing manufacturing clusters, including the Belagavi Manufacturing Cluster, India’s first precision manufacturing SEZ. He holds a bachelor’s degree in mechanical engineering from Mangalore University and a master’s degree from Pennsylvania State University, and was honored in 2023 as an ‘Outstanding Engineering Alumnus’ by Penn State for his leadership and contributions.
- Rajeev Kaul**, the Managing Director, oversees the company’s operations across aerospace and consumer durable verticals. He has over 22 years of experience in finance and aerospace and has been with the company since 2007. A graduate in mathematics from the University of Delhi and a Chartered Accountant from ICAI, he previously worked with QuEST Global Engineering Services and A.F. Ferguson & Co.
- Ajay Aravind Prabhu** serves as a Non-executive Director and brings over 23 years of experience in operations and technology. He holds a bachelor’s degree in electronics and communication engineering from Mangalore University, a master’s degree, and a Ph.D. in electrical and computer engineering from the University of Massachusetts. He is currently associated with QuEST Global Engineering Services.
- Eberhard Klaus Richter**, an Independent Director, has nearly three decades of experience in procurement, materials management, and business strategy. He earned an engineering degree and a doctorate in robotics from the Technical University of Munich and has held senior roles at Airbus SAS, BMW Group, Diehl, and McKinsey & Company.
- Vidya Sarathy**, an Independent Director, has over 23 years of experience in finance and secretarial compliance across diverse sectors. She holds a bachelor’s degree in chemistry from the University of Madras, is a Chartered Accountant and Company Secretary, and has a diploma in international financial reporting from ACCA. Her previous associations include Robert Bosch, Tata Motors, 3M India, and Lifestyle International.
- Anup Wadhawan**, an Independent Director and former IAS officer (1985 batch), has over 35 years of experience in public administration and policy. He holds degrees in economics from the University of Delhi and Duke University, including a Ph.D., and has served in key roles such as Commerce Secretary, Joint Secretary in the Ministry of Finance, and Director at the Prime Minister’s Office.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY24	FY25	H1FY26
Sales	965.1	924.6	537.2
% change	18.8%	-4.2%	17.0
EBITDA	122.3	73.4	55.7
% change	252.9	-40.0	35.0
Depreciation	107.7	103.4	57.2
EBIT	14.6	-30.0	-1.4
Interest	63.8	58.9	35.8
Other Income	23.2	34.6	28.4
Exceptional items	18.6	-48.3	0.0
PBT	-7.3	-102.6	-8.8
% change	-92.8	1299.2	0.0
Tax	10.0	8.3	11.3
Tax Rate (%)	-136	-8	0
Reported PAT	-17.3	-110.9	-20.1
Adj	5.2	8.5	3.4
Adj. PAT	-14.2	-102.4	-17.0
% change	-88.8	743.0	0.0%
Post issue No. of shares (cr)	67.1	67.1	67.1
Adj EPS (Rs)	-0.2	-1.5	-0.3
% change	-88.8	743.0	0.0%

CASH FLOW

Y.E March (Rs cr)	FY24	FY25	H1FY26
PBT Adj.	-7.3	-102.6	-8.8
<i>Non-operating & non cash adj.</i>	134.8	197.4	78.9
Changes in W.C	-145.5	-65.2	-19.0
C.F. Operating	-19.1	29.7	51.1
Capital expenditure	-155.6	-265.2	-199.3
Change in investment	-195.7	-340.4	-11.8
Sale of investment	0.0	519.8	1.8
Other invest.CF	7.9	11.9	5.6
C.F - investing	-343.4	-73.8	-203.7
Issue of equity	521.9	2.3	132.3
Issue/repay debt	-44.2	84.3	67.3
Dividends paid	0.0	0.0	0.0
Other finance.CF	-84.3	-61.2	-33.5
C.F - Financing	393.5	25.4	166.0
Change. in cash	32.0	-18.8	13.4
Opening Cash	51.3	79.3	60.9
Closing cash	83.3	60.5	74.4

BALANCE SHEET

Y.E March (Rs cr)	FY24	FY25	H1FY26
Cash	252.0	79.8	79.8
<i>Accounts Receivable</i>	136.9	156.6	181.3
Inventories	354.1	408.3	459.1
<i>Other Cur. Assets</i>	63.2	99.0	109.2
Investments	92.0	76.9	81.4
Deff. Tax Assets	32.4	33.2	33.1
Net Fixed Assets	586.2	501.8	715.1
CWIP	175.4	395.1	346.1
Intangible Assets	74.1	23.4	22.6
Other Assets	56.8	85.8	106.7
Total Assets	1,823.0	1,859.8	2,134.4
Current Liabilities	240.1	265.8	353.7
Provisions	18.8	53.0	53.1
Debt Funds	698.9	785.0	868.8
Other Fin. Liabilities	49.6	40.0	54.2
Deferred Tax liability	0.0	0.0	0.0
Equity Capital	424.8	581.8	605.0
Reserves & Surplus	391.8	135.1	200.4
Shareholder's Fund	815.6	716.0	804.5
Total Liabilities	1,823.0	1,859.8	2,134.4
BVPS (Rs)	12.2	10.7	12.0

RATIOS

Y.E March	FY24	FY25	H1FY26
Profitab. & Return			
<i>EBITDA margin (%)</i>	12.67	7.93	10.37
EBIT margin (%)	1.5	-3.2	-0.3
<i>Net profit mgn.(%)</i>	-1.5	-11.1	-3.2
ROE (%)	-2.6	-13.4	-2.2
ROCE (%)	11.0	-2.6	4.0
W.C & Liquidity			
Receivables (days)	46.1	57.9	29.1
Inventory (days)	285.9	354.8	183.7
Payables (days)	76.6	91.1	49.7
Current ratio (x)	3.5	2.6	2.2
Quick ratio (x)	1.6	0.9	0.7
Turnover & Levq.			
Net asset T.O (x)	1.6	1.7	0.8
Total asset T.O (x)	0.6	0.5	0.3
Int. covge. ratio (x)	0.2	-0.5	0.0
Adj. debt/equity (x)	0.9	1.1	1.1
Valuation ratios			
Mcap/Sales (x)	8.6	9.0	17.1
<i>EV/EBITDA (x)</i>	73.7	124.1	82.4
P/E (x)	-	-	-
<i>P/BV (x)</i>	10.2	11.6	10.3



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