



**AJCONGLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISORS



**IPO Note:**

**AEQUS LIMITED- SUBSCRIBE**

Aequs Ltd. (AL) is a leading **precision components manufacturer** in India and the only company **operating within a single SEZ** to offer **fully vertically integrated** manufacturing capabilities in **the aerospace segment**, giving it a competitive edge over peers with selective manufacturing capacities. The company manufactures high-precision machined components for **global OEMs** and system integrators. As of March 31, 2025, the company has one of the most **extensive aircraft product portfolios in the country**, including engine systems, landing systems, cargo and interiors, structures, assemblies, and turned components. The **Aerospace Segment** remains **the leading revenue contributor**, delivering ₹473.95 crore in the six months ended September 30, 2025 and ₹824.64 crore in FY25, demonstrating strong customer traction and diverse product demand.

AL leverages its **advanced and fully integrated manufacturing capabilities** to expand into new business segments beyond its core Aerospace Segment. While aerospace remains its primary focus, the company has **diversified its product portfolio** over the years to serve consumer electronics, plastics, and consumer durables markets. Its consumer-oriented offerings include cookware, small home appliances, outdoor toys, figurines, toy vehicles, and precision components for devices such as portable computers and smart electronics. AL is also among the **few Indian manufacturers with niche metallurgy expertise**, particularly in high-end alloy and titanium alloy precision machining for aerospace applications.

Aequs Ltd. **operates through three engineering-led**, vertically integrated precision manufacturing ecosystems in India, comprising the Company, select suppliers, and joint ventures, enabling seamless production of components fully in line with client specifications. This integrated model aligns well with the procurement strategy of global aerospace leaders such as **Airbus and Boeing**, who increasingly prefer **“one-stop-shop”** suppliers capable of delivering complex manufacturing and integration solutions. Such consolidation enhances supply-chain efficiency through superior quality management, optimized costs, reduced working-capital needs, and shorter lead times, while also lowering logistical overheads and global carbon footprint due to co-located facilities — positioning Aequs as a strategically relevant partner within global aerospace supply chains.

The company also **intends to leverage its strong aerospace manufacturing** base to diversify its customer portfolio, pursue new client relationships, and deepen its presence within the Aerospace Segment. The company has one of the largest **aerospace product portfolios** in India (as of March 31, 2025), supported by its scale, vertically integrated manufacturing ecosystems and strong engineering capabilities that enable high-quality, on-time delivery with **100% in-country value** addition for select products. Strategic joint ventures, including SQuAD Forging India Pvt. Ltd., have further strengthened its ability to produce complex forged components across aluminium, steel, titanium and nickel alloys. The company also **operates within precision manufacturing** for electronic components, a sector covered under multiple **central and state PLI schemes**. By leveraging these incentive frameworks, **the company aims** to enhance returns, deepen localization, diversify its customer base and reinforce its position as a preferred manufacturing partner for global OEMs.

#### **Investment Recommendation and Rationale: -**

**Aequs Ltd. is one of India's leading vertically integrated precision-manufacturing companies, offering end-to-end capabilities across machining, forging, surface treatment, and assembly within a single SEZ ecosystem. With one of the largest aerospace product portfolios in the country, long-standing relationships with global OEMs, and strategic joint ventures such as SQuAD Forging that enhance its metallurgy and forging capabilities, the company is well-positioned to benefit from rising global aerospace outsourcing and India's increasing participation in high-precision manufacturing value chains. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -**

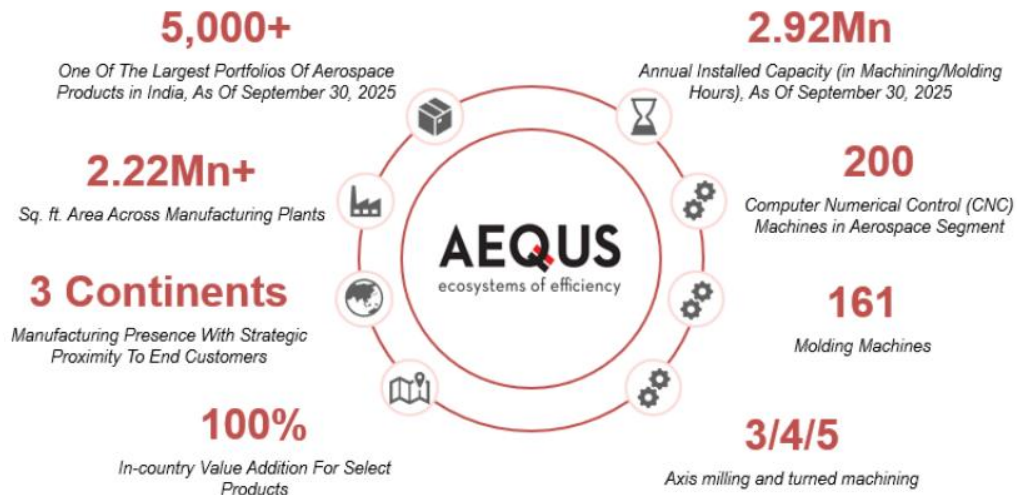
- 1. Strong positioning as a vertically integrated aerospace precision manufacturer with capabilities rare among Indian peers.**
- 2. Long-term supply relationships with global aerospace OEMs and Tier-1 suppliers, benefiting from high entry barriers and long qualification cycles.**
- 3. Expansion into consumer electronics and plastics leveraging existing engineering capabilities, enabling additional revenue streams.**

<b>Issue Opens</b>	<b>03<sup>rd</sup> December 2025</b>
<b>Issue Closes</b>	<b>05<sup>th</sup> December 2025</b>
<b>Type of Issue</b>	Fresh Issue of 5,40,32,258 shares (aggregating up to ₹670.00 Cr) OFS of 2,03,07,393 shares of ₹10 (aggregating up to ₹251.81Cr)
<b>Issue size</b>	<b>₹921.81 Crores</b>
<b>Price Band</b>	₹118 to ₹124 per share
<b>Bid lot/ Bid Size</b>	120 shares/ Rs. 14,880
<b>Issue structure</b>	QIB - 75%, HNI - 15%, Retail - 10%
<b>Post issue equity shares</b>	67,06,49,935 shares
<b>Promoters and Promoter Group Public</b>	Pre Issue – 64.48%   Post Issue – 56.26% Pre issue – 35.52%   Post Issue- 43.74%
<b>Post issue implied market cap</b>	<b>₹ 8,316.06 Crores</b>
<b>BRLMs</b>	JM Financial Limited, IIFL Capital Services Limited, Kotak Mahindra Capital Company Limited.
<b>Registrar to the issue</b>	KFin Technologies Limited

#### **Financial Summary (in ₹ million, unless otherwise indicated)**

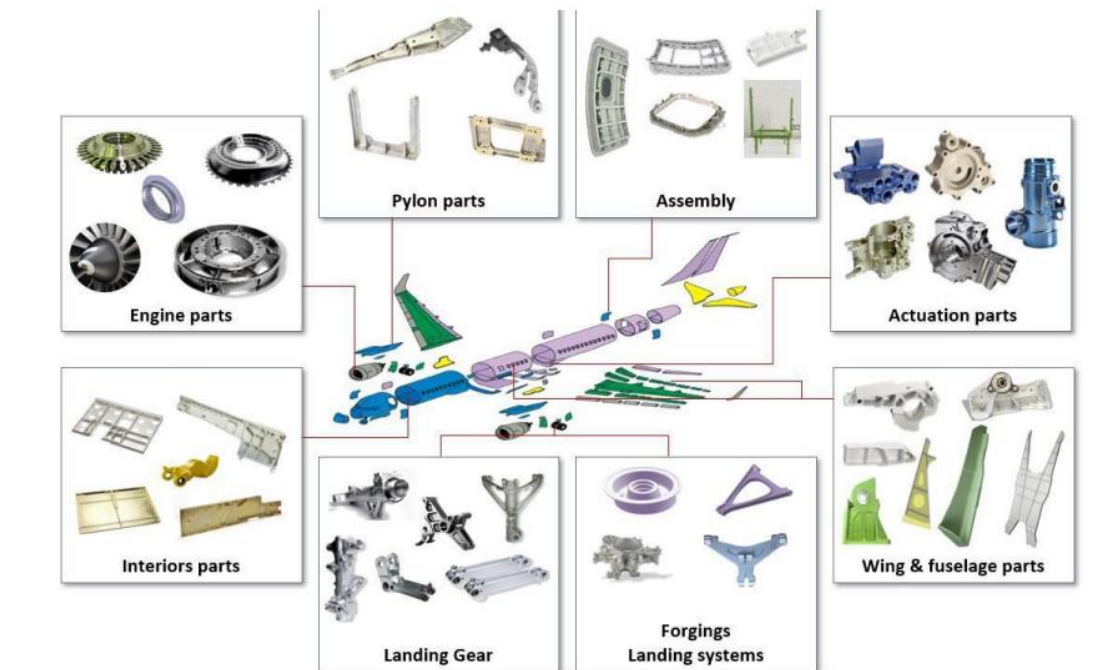
<b>Particulars</b>	<b>H1FY26</b>	<b>FY2025</b>	<b>FY2024</b>	<b>FY2023</b>
<b>Revenue from Operations</b>	5,371.59	9,246.06	9,650.74	8,121.32
<b>YoY Growth %</b>	17.03	(4.19)	18.83	53.48
<b>Net external revenue – Aerospace Segment</b>	4,739.53	8,246.41	7,569.78	5,851.82
<b>Net external revenue – Consumer Segment</b>	632.06	999.65	2,080.96	2,269.50
<b>Loss for the year</b>	(169.77)	(1,023.46)	(142.44)	(1,094.95)
<b>Total Assets</b>	21,343.51	18,598.40	18,229.83	13,216.91
<b>EBITDA</b>	841.06	1,079.69	1,455.10	630.56
<b>EBITDA Margin %</b>	15.66	11.68	15.08	7.76
<b>EBITDA - Aerospace Segment Margin %</b>	24.68	19.38	23.04	14.24
<b>EBITDA - Consumer Segment Margin %</b>	(23.91)	(28.68)	(7.48)	(6.85)
<b>Cash Conversion Cycle (in Days)</b>	232	253	203	157
<b>ROCE %</b>	1.81	0.87	2.84	(3.72)
<b>ROE %</b>	(2.07)	(14.30)	(1.49)	(40.68)
<b>Net Debt to Equity Ratio</b>	0.98	0.99	0.55	2.54

Source: RHP







The images below show the product portfolio throughout the aerospace and consumer segments:

#### Aerospace segment:



#### Consumer segment:

	Application	Product Portfolio	Key Customers
Consumer Electronics	Electronic Components	Components for Portable computers and smart devices	Among the Largest Global Consumer Electronics Player*
Plastics	Outdoor Toys	Outdoor Games/ Darts	 
	Vehicle Toys	Vehicles	
	Figurines / Others	Basic Dolls Toysets	
Consumer Durables	Non-stick Cookware	Non-Stick Pans Frying Pans	 

Source: Red Herring Prospectus (RHP)

The table below shows the breakdown of net external revenue by aerospace segment and consumer segment:

Metric	H1FY26	FY2025	FY2024	FY2023
Net external revenue – Aerospace Segment	4,739.53	8,246.41	7,569.78	5,851.82
Net external revenue – Aerospace Segment, as a percentage of revenue from operations	88.23%	89.19%	78.44%	72.06%
Net external revenue – Consumer Segment	632.06	999.65	2,080.96	2,269.50
Net external revenue – Consumer Segment, as a percentage of revenue from operations	11.77%	10.81%	21.56%	27.94%

Source: Red Herring Prospectus (RHP)

### Objects of the issue

**Fresh Issue of 5,40,32,258 shares (aggregating up to ₹670.00 Cr)**

**Offer for Sale of 2,03,07,393 shares of ₹10 (aggregating up to ₹251.81Cr)**

**Company plans to use the Net Proceeds to fund the following objects:**

1. Repayment and/ or prepayment, in full or in part, of certain outstanding borrowings and prepayment penalties, as applicable, availed by:
  - The Company
  - Three of the wholly-owned Subsidiaries, through investment in the below Subsidiaries.
2. Funding capital expenditure to be incurred on account of purchase of machinery and equipment by:
  - Company
  - One of the wholly-owned Subsidiaries, Aero Structures Manufacturing India Private Limited, through investment in such Subsidiary.
3. Funding inorganic growth through unidentified acquisitions, other strategic initiatives and general corporate purposes.

Source: Red Herring Prospectus (RHP)

### Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Amicus Capital Private Equity I LLP	INSS	7,481,908 Equity Shares bearing face value of ₹ 10 each	29.48
Amicus Capital Partners India Fund II	INSS	8,879,915 Equity Shares bearing face value of ₹ 10 each	30.78
Melligeri Private Family Foundation	PSS	1,323,500 Equity Shares bearing face value of ₹ 10 each	1.18
Amicus Capital Partners India Fund I	INSS	754,450 Equity Shares bearing face value of ₹ 10 each	29.48
Raman Subramanian	IDSS	25,000 Equity Shares bearing face value of ₹ 10 each	74.64
Ravindra Mariwala	IDSS	871,308 Equity Shares bearing face value of ₹ 10 each	41.61
Vasundhara Dempo Family Private Trust	INSS	435,656 Equity Shares bearing face value of ₹ 10 each	41.61
Girija Dempo Family Private Trust	INSS	435,656 Equity Shares bearing face value of ₹ 10 each	41.61
Aequs Manufacturing Investments Private Limited	PSS	100,000 Equity Shares bearing face value of ₹ 10 each	29.11

Source: Red Herring Prospectus (RHP)



## Peer Comparison

Name of Company	Face Value Per Share (₹)	Closing price as on November 21, 2025	Revenue from operations (in ₹ million)	EPS (₹) Basic	EPS (₹) Diluted	P/E	RONW (%)	NAV (₹ Per Share)
Aequs Limited	10.00	NA	9,246.06	(1.80)	(1.80)	N.A.	(14.47%)	12.47
<b>Peer Group</b>								
Azad Engineering Limited	2.00	1,693.00	4,573.54	14.66	14.66	115.48	6.21%	234.06
Unimech Aerospace AndManufacturing Limited	5.00	980.30	2,429.26	17.59	17.59	55.73	12.48%	141.01
Amber Enterprises India Limited	10.00	7,196.00	99,730.16	72.01	71.67	100.40	10.99%	672.61
Kaynes Technology India Limited	10.00	5,883.50	27,212.52	45.82	45.40	129.59	10.33%	439.85
Dixon Technologies (India) Limited	2.00	14,965.00	3,88,601.00	205.70	202.58	73.87	47.50%	494.74
PTC Industries Limited	10.00	17,236.00	3,080.74	41.37	41.33	417.03	4.40%	940.03

Source: Red Herring Prospectus (RHP)

## Competitive Strengths

1. AL offers fully vertically integrated precision-manufacturing capabilities in a single Special Economic Zone (SEZ) — encompassing forging, precision machining, surface treatment and final assembly — which is rare among Indian aerospace/component manufacturers and gives it a “one-stop shop” proposition.
2. Its manufacturing footprint is global and diversified, with operations across India, the US and France — giving it proximity to major OEMs and ability to serve international customers efficiently.
3. The company possesses a diverse and comprehensive product portfolio — covering engine systems, landing gear, aero-structures, interiors, assemblies, turned parts and more — making it a supplier across multiple aerospace systems rather than a niche vendor.
4. AL enjoys long-standing relationships with leading global aerospace OEMs (e.g., Airbus, Boeing and other Tier-1 suppliers), often operating under high-entry barriers, which underscores trust in quality, compliance, and delivery performance.
5. Founder-led business supported by an experienced management team and a qualified employee base

Source: Red Herring Prospectus (RHP)

## Growth Strategies

1. Aequs intends to increase the share of higher-value, complex aerospace components (engine parts, landing systems, aero-structures, etc.), rather than low-complexity components — thereby targeting better margins and stronger OEM relationships.
2. Alongside aerospace, Aequs aims to grow its consumer-segment business (consumer electronics, plastics, durables) by leveraging its precision-machining capabilities — providing revenue diversification and balancing cyclicality in aerospace demand.
3. Aequs plans to serve international aerospace OEMs and supply chains more efficiently, tapping global demand and export opportunities.
4. Aequs intends to translate its long-term relationships with leading global aerospace OEMs into stable recurring contract manufacturing orders, ensuring steady order flow and better visibility.
5. By being a fully vertically integrated precision-manufacturing provider inside an SEZ and offering end-to-end manufacturing capabilities, Aequs stands to benefit from global supply-chain shifts (e.g. “China+1”), rising demand for Indian sourcing, and governmental incentives for domestic manufacturing.

Source: Red Herring Prospectus (RHP)

## Key Risks

1. The Company is highly dependent on a concentrated customer base, with the top 10 customers contributing a significant portion of revenues. Any reduction in orders, pricing pressure, or the loss of a major customer could materially affect operations and financial performance.
2. The business operates in a capital-intensive industry requiring continuous investment in advanced machinery, tooling, and technology. Inability to generate adequate returns or delays in capacity utilization may adversely impact profitability.
3. Aequs has long working-capital cycles driven by extended receivable periods, complex manufacturing processes, and inventory requirements. Any further elongation of the cycle may strain liquidity and increase the need for external financing.



4. The Company's aerospace operations are exposed to global economic and industry cycles. Any slowdown in aircraft production, changes in OEM order schedules, or disruptions in the aviation sector can lead to volatility in revenues.
5. The Company relies on specialized raw materials such as titanium, aluminum, steel, and nickel-based alloys. Volatility in global metal prices or supply disruptions could adversely impact cost structures and margins.

Source: Red Herring Prospectus (RHP)

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