

Rating: Subscribe for Listing gain

Issue Offer

Fresh Issue of 54,032,258 equity shares up to INR 6,700mn and OFS of 20,307,393 shares by Promoters group taking the total issue size at INR 9,218.1 Mn

Issue Summary	
Price Band (INR)	118-124
Face Value (INR)	10
Implied Market Cap (INR mn)	83,161
Market Lot	120
Issue Opens on	Dec, 3, 2025
Issue Close on	Dec, 5, 2025
No. of share pre-issue	616,617,677
No. of share post issue	670,649,935
Listing	NSE / BSE

Issue Break-up (%)	
QIB Portion	≤75
NIB Portion	≥10
Retail Portion	≥15

Book Running Lead Managers	
JM Financial Ltd	
IIFL Capital Services Ltd	
Kotak Mahindra Capital Ltd	

Registrar	
KFin Technologies Ltd	

Shareholding Pattern		
	Pre-Issue	Post-Issue
Promoters	64.48%	56.26%
Public & Others	35.52%	43.74%

Objects of the issue	
➤	Repayment and/ or prepayment, in full or in part, of certain outstanding borrowings and prepayment penalties. (INR 4,331.67mn)
➤	Funding capital expenditure to be incurred on account of purchase of machinery and equipment (INR 640mn)
➤	Funding inorganic growth through unidentified acquisitions, other strategic initiatives and general corporate purposes

Abhishek Jain
abhishek.jain@arihantcapital.com
022-67114871

Balasubramanian A
bala@arihantcapital.com
022-67114870

Aequus Ltd is a vertically integrated precision engineering and manufacturing company with a primary focus on the aerospace sector, complemented by a growing consumer segment. The company's diverse product portfolio includes components for engine systems, landing systems, cargo and interiors, structures, assemblies, and turning for the aerospace clients. The company operates three dedicated manufacturing ecosystems in India, along with facilities in the U.S. and France, providing end-to-end solutions to global OEMs. With over 5,000 aerospace products and a diversified portfolio, Aequus is positioned as a strategic supplier in high-precision, high-barrier-to-entry industries.

Investment Rationale

Core strength remains in the Aerospace segment: The company is recognized as the only precision component manufacturer within a single Special Economic Zone in India. It offers fully vertically integrated capabilities, spanning machining, forging, surface treatment, and assembly. The company supplies components for key commercial aircraft programs, including Airbus A320, A350, Boeing 737, 787, and others. The company holds Tier-1 supplier status with marquee clients such as Airbus, Boeing, Safran, and Collins Aerospace. The Aerospace segment benefits from long product life cycles, deep customer relationships, and a proven track record of quality and on-time delivery.

Diversification and Growth Leverage through the Consumer Segment: The company has strategically expanded into consumer electronics, plastics, and durable goods. The consumer segment includes components for portable computers, smart devices, toys, and cookware. A JV with Tramontina supports entry into the cookware market, while investments in electronics manufacturing align with India's PLI schemes. The diversification into the consumer segment reduces cyclical dependence on aerospace.

Debt reduction through IPO proceeds would improve the bottom line: The IPO funds are allocated toward strengthening the balance sheet and funding growth initiatives. Specifically, a significant portion will be used for repayment of borrowings (INR 4,331.7mn) to reduce debt and interest costs. The debt repayment improves the bottom line by reducing interest costs. Capex for machinery and equipment (INR 640mn) will expand aerospace manufacturing capacity and capabilities. A portion is also earmarked for inorganic growth through unidentified acquisitions and strategic initiatives, aimed at enhancing technological capabilities or geographic reach.

End Customers and Long-Standing Relationships: The company serves a blue-chip global customer base, with deep, long-term relationships averaging 15 years for top clients. High client retention stems from collaborative engineering, stringent quality compliance, and the ability to act as a one-stop shop. The company's manufacturing presence in India, the U.S., and France ensures proximity to key aerospace and consumer OEMs, supporting supply chain resilience and customer intimacy.

Outlook & Valuation: Aequus has fully vertically integrated manufacturing ecosystems in India, which provide a unique, competitive advantage as global OEMs prioritize resilient, cost-efficient, and geographically concentrated supply chains. The aerospace segment remains strong, driven by increased aircraft production rates at Airbus and Boeing, and the strategic sourcing shift towards India under the China+1 and Europe+1 strategies. The company is well placed to thrive through its Tier-1 supplier status, long-standing relationships with marquee customers, and a strategy focused on moving up the value chain into more complex, higher-margin engine and landing system components. In the Consumer segment, the company is expanding into components for portable computers and smart devices. The consumer strategy aligns with PLI schemes and taps into the growing EMS base in India. The product portfolio, spanning over 5,000 aerospace items and an expanding range of consumer durables, provides revenue stability and cross-selling potential. The planned debt reduction through IPO proceeds will strengthen the balance sheet and lower interest costs. The company is focused on deepening wallet share with existing aerospace customers, diversifying the aerospace client base, scaling the consumer electronics portfolio, and improving margins through higher-value manufacturing and operational efficiencies. At the upper band of INR 124, the issue is valued at a EV/Sales of 9.8x based on FY25 sales of INR 9,246mn. We are recommending a "Subscribe for Listing gain" rating for this issue.

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880

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