

Company Overview

Aequus Limited is a precision manufacturing company with differentiated engineering capabilities and is the only precision component manufacturer in India to offer fully vertically integrated aerospace manufacturing within a single SEZ. The company is among the few in the country with niche metallurgy expertise, including precision machining of titanium and other high-end alloys for global aerospace clients. Aequus operates three vertically integrated ecosystems in India, comprising the company, its suppliers, and joint ventures, enabling end-to-end manufacturing aligned with customer specifications. It has also expanded globally through strategic acquisitions in North America (2015) and France (2016), strengthening its capabilities and broadening its aerospace product portfolio. As of FY25, Aequus had one of the largest aerospace component portfolios in India, spanning engine systems, landing systems, cargo and interiors, structures, assemblies, and turning operations, and by H1FY26, it had delivered over 5,000 products across major commercial aircraft programs such as the A220, A320, B737, A330, A350, B777, and B787. The company maintains long-standing relationships with marquee aerospace OEMs, including Airbus, Boeing, Bombardier, Collins Aerospace, Spirit AeroSystems, Safran, GKN Aerospace, Mubea Aerostructures, Honeywell, Eaton, and Sabca, while also serving leading consumer brands such as Hasbro, Spinmaster, Wonderchef, and Tramontina through its growing consumer segment, which includes cookware, small appliances, outdoor toys, figurines, and components for portable electronics. In FY25, Aequus derived 89.2% of its revenue from Aerospace and 10.8% from the consumer segment, with EBITDA margins of 19.4% and -28.7% respectively; in H1FY26, Aerospace contributed 88.2% and consumer segment has 11.8% share, with margins improving to 24.7% and -23.9%, underscoring strong operating leverage in aerospace and ongoing scale-up investments in the consumer business.

Issue Details

Offer Period	03rd Dec. 2025 - 05th Dec. 2025
Price Band	Rs. 118 to Rs. 124
Bid Lot	120
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	7.4
Issue Size (Rs. in Cr.)	922
Face Value (Rs.)	10

Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	JM Financial Limited, IIFL Capital Services Limited, Kotak Mahindra Capital Company Limited
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Registrar	KFin Technologies Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	64.5%	56.3%
Public	35.5%	43.7%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Aequus Ltd.

Deep OEM relationships strengthen revenue visibility and reinforce high entry barriers

Aequus' deep and long-standing relationships with marquee global OEMs (the top three customer groups had an average tenure of 15 years with Aequus) provide a high degree of business visibility and create durable competitive moats in an industry characterised by stringent qualification cycles and high switching costs. Aerospace OEMs typically undertake multi-year validation, testing, and first-article inspection processes before awarding production mandates, making supplier onboarding both expensive and time-consuming. Aequus' sustained performance across quality, delivery, and technical capability has enabled it to build strong partnerships with customers such as Airbus, Boeing, Safran, Collins Aerospace, and Spirit AeroSystems, many of whom have expanded their engagement over the years. These relationships not only anchor recurring revenue streams but also enhance the company's ability to win incremental, higher-value work packages as OEMs consolidate their supplier bases in favor of integrated, reliable partners. The company's track record, reinforced by industry recognitions such as the Airbus Ramp-up Champion Award, further strengthens its positioning as a preferred supplier. This depth of customer stickiness, combined with high entry barriers for new competitors, augurs well for sustained order inflows, improved program visibility, and long-term growth momentum.

Valuation

Aequus Limited is a capability-led precision manufacturing company with a strong presence in the global aerospace supply chain and a growing footprint in high-precision consumer categories, supported by three integrated manufacturing ecosystems in India and complementary facilities in North America and Europe. The company's ability to execute complex machining, forging, surface treatment, and assembly work within a consolidated SEZ platform provides meaningful advantages in cost efficiency, turnaround time, and scalability. This operational depth, combined with long-standing relationships with marquee aerospace OEMs and differentiated technical capabilities built through strategic acquisitions and joint ventures, positions Aequus as a trusted supplier in programs with high entry barriers and multi-year visibility. These strengths are reinforced by favourable industry tailwinds, including a sustained commercial aerospace production upcycle, increased global outsourcing to cost-competitive manufacturing hubs like India, supply-chain diversification away from single-country dependence, and supportive domestic policies. On the financial front, the company has demonstrated CAGR growth of 7%/46%/-2.9% in Revenue/EBITDA/PAT between FY23 and FY25. Given its strong positioning within the global aerospace supply chain, reinforced by high entry barriers, long-standing OEM relationships and a differentiated, integrated manufacturing model, we believe Aequus is well placed to benefit from the ongoing commercial aerospace upcycle and the structural shift toward outsourcing to cost-competitive, capability-rich suppliers. While the consumer segment remains in a build-out phase, its long-term potential, combined with the robust and a predictable aerospace business, provides a balanced growth runway. **In light of these strengths, we recommend a "SUBSCRIBE" rating for this issue.**

Key Risks:

- ⇒ The company is highly dependent on ten of its largest customer groups, which account for a significant portion of its revenue from operations (82.5% in H1FY26 and 88.6% in FY25). Any failure to maintain its relationships with these customer groups, or any adverse changes affecting their financial condition, will adversely affect the company's business.
- ⇒ The company derives a substantial portion of its revenue from the Aerospace Segment (88.23% in H1FY26 and 89.19% in FY25). Any decline in demand for aerospace products or adverse developments affecting the economics of this segment could materially impact the company's business.
- ⇒ All of the company's manufacturing units in India are concentrated in Karnataka, exposing it to regional risks that could adversely impact its operations.

Aequus Ltd.

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue:				
Revenue from operations	812	965	925	537
Total revenue	812	965	925	537
Expenses:				
Cost of material consumed	417	439	408	233
Purchase of stock in trade	2	0	0	0
Changes in inventories	-35	-22	-16	-15
Employee benefits	145	143	159	93
Impairment losses on financial assets	1	1	0	0
Other expenses	248	281	300	171
Total expenses	777	843	851	481
EBITDA	35	122	73	56
Depreciation & amortization	100	108	103	57
EBIT	-65	15	-30	-1
Finance costs	65	64	59	36
Other income	28	23	35	28
Profit before tax, share of associate and exceptional items	-101	-26	-54	-9
Exceptional items	-1	19	-48	0
Share of associate and joint venture	-1	5	9	3
Profit before tax	-103	-2	-94	-5
Current tax	1	12	15	11
Deferred tax	5	-2	-7	0
Total Tax	6	10	8	11
PAT	-109	-12	-102	-17
Diluted EPS	-2.4	-0.2	-1.8	0.3

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Cash Flow from operating activities	10	-19	26	48
Cash flow from/(used in) investing activities	-89	-343	-74	-204
Net cash flows (used in) / from financing activities	54	393	25	166
Net increase/(decrease) in cash and cash equivalents	-25	31	-22	10
Cash and cash equivalents at the beginning of the period	76	48	83	47
Cash and cash equivalents at the end of the period	51	79	61	57

Source: RHP, BP Equities Research

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Assets				
Non-Current Assets				
Property, plant and equipment	182	175	167	402
Capital work in progress	2	175	395	346
Investment property	6	0	0	0
Right-of-use of assets	417	411	335	313
Goodwill	66	66	17	17
Other intangible assets	13	9	6	5
Intangible asset under development	0	0	0	0
Investment accounted for using equity method	57	62	77	81
Financial assets	0	0	0	0
(i) Investments	0	0	0	0
(ii) Loans	0	0	0	0
(iii) Other financial assets	34	39	71	78
Contract assets	0	0	0	5
Deferred tax assets (net)	31	32	33	33
Current tax assets	3	1	2	1
Other non current assets	8	16	13	23
Total Non Current assets	819	987	1,116	1,305
Current Assets				
Inventories	298	354	408	459
Financial assets	0	0	0	0
(i) Investments	0	30	0	0
(ii) Trade receivables	107	137	157	181
(iii) Cash and cash equivalent	51	79	61	57
(iv) Bank balances other than cash	6	173	19	23
Other financial assets	3	2	13	12
Contract assets	0	2	5	3
Other current assets	32	59	81	94
Assets classified as held for sale	5	0	0	0
Total Current Assets	503	836	744	829
Total Assets	1,322	1,823	1,860	2,134
Equity and Liabilities				
Equity share capital	425	425	582	605
Instruments entirely equity in nature	0	407	0	0
Other equity	-146	-15	135	200
Equity attributed to owner	279	817	717	805
Non controlling interest	-11	-1	-1	-1
Total Equity	267	816	716	804
Non-Current Liabilities				
Financial liabilities				
(i) Borrowings	125	86	142	207
(ii) Lease liabilities	338	351	279	269
Other financial liability	1	1	6	6
Provision for employee benefit	11	13	16	17
Contract liabilities	0	0	19	18
Other non current liabilities	3	0	5	4
Total Non-Current Liabilities	478	449	467	522
Current Liabilities				
Financial liabilities				
(i) Borrowings	221	206	295	326
(ii) Trade payables	226	203	231	293
(iii) Lease liabilities	52	56	69	66
(iv) Other financial liabilities	26	50	40	54
Provision for employee benefit	5	5	7	8
Other current liabilities	30	19	15	17
Current tax liabilities (Net)	0	6	4	7
Contract liabilities	17	12	16	37
Liabilities held for sale	1	0	0	0
Total Current Liabilities	577	558	676	808
Total Liabilities	1,054	1,007	1,144	1,330
Total Equity and Liabilities	1,322	1,823	1,860	2,134

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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