

<b>Price Band</b>	Rs. 118 to Rs. 124
<b>Recommendation</b>	<b>SUBSCRIBE</b>
<b>The Issue</b>	
<b>Type of Issue</b>	<b>Rs. Mn.</b>
Fresh Issue	6,700
Offer for Sale	2,518
<b>Total Issue Size*</b>	<b>9,218</b>
Post issue mkt cap*	83,161
Lot size (Nos.)	120
Face Value / share (Rs.)	10
*At upper price band	
<b>Issue Break-Up</b>	
<b>Reservation for</b>	<b>% of Issue</b>
QIB	75%
NIB	15%
Retail	10%
<b>Total</b>	<b>100%</b>
<b>Indicative Offer Timeline</b>	
Bid/Offer Opening Date	Dec 03, 2025
Bid/Offer Closing Date	Dec 05, 2025
Basis of Allotment	Dec 08, 2025
Initiation of refunds	Dec 09, 2025
Credit of shares	Dec 09, 2025
Listing Date	Dec 10, 2025
<b>Usage of Proceeds</b>	
<b>Rs. Mn.</b>	
<b>Repayment/prepayment of borrowings</b>	
Of the company	176
Of wholly owned subsidiaries:	
AeroStructures Manufacturing India Pvt Ltd	1,748
Aequus Consumer Products Pvt Ltd	2,312
Aequus Engineered Plastics Pvt Ltd	96
<b>Capex</b>	<b>640</b>
For the company	81
For wholly owned subsidiary:	
AeroStructures Manufacturing India Pvt Ltd	559
<b>Fund inorganic growth and general corporate purpose</b>	
<b>BRLM &amp; Registrar to Issue</b>	
<b>BRLM</b>	JM Financial, IIFL Capital Services and Kotak Mahindra Capital Company
<b>Registrar</b>	KFin Technologies

Source: Indsec Research, RHP

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### Precision components manufacturer for Aerospace OEMs

#### Business Overview

- Commenced operations in 2009, **Aequus Limited** is a precision component manufacturer having fully vertically integrated manufacturing capabilities operating in **Aerospace (89.2% of FY25 revenue)** and **Consumer (10.8% of FY25 revenue)** segments.
- The company operates five manufacturing facilities – three clusters in India and one each in France and USA – manufacturing 5,000 SKUs.
- The aerospace portfolio includes components for engine systems, landing systems, cargo and interiors, structures, assemblies and turning.
- Leveraging its core capabilities, the company has also diversified into consumer segment, manufacturing non-stick cookware, toys and figurines and electronic components.
- With niche metallurgy capabilities, specializing in precision machining of high-end alloys including titanium alloys with end-to-end manufacturing capabilities including machining, forging, surface treatment and assembly.
- The company's key clients include **Airbus, Boeing, Bombardier, Collins Aerospace, Spirit Aerosystems Inc, Safran, GKN Aerospace, Mubea Aerostructures, Honeywell, Eaton and Sabca** in the Aerospace Segment, and, **Hasbro, Spinmaster, Wonderchef, and Tramontina** in the Consumer Segment.

#### Rationale

- Advanced and vertically integrated manufacturing facilities:** The company has advanced and vertically integrated precision manufacturing capabilities, providing end-to-end solutions to Aerospace OEMs.
- Long Standing Customer Relationships:** It has built long-standing relationships with marquee global OEMs like **Airbus, Boeing, and Safran**. The average tenure with its top three customer groups is 15 years, solidifying its role as a critical Tier-1 supplier.
- Focus on high value-added products:** In recent years, the company has outsourced lower value adding activities including 3-axis and 4-axis machining and is focusing on higher value adding 5-axis machining.
- High Barrier to Entry:** Operations in the aerospace industry are characterized by significant barriers to entry due to the substantial capital investment, stringent quality certifications, and long-standing relationships required with global OEMs.
- Diversified Product Platform:** The company has been leveraging its core capabilities (e.g., surface treatment, forging) from the Aerospace Segment to expand into adjacent precision-driven segments like consumer electronics.

**Valuation and View:** At an upper price band of Rs 124, Aequus is valued at an EV/Sales of 8.8x (vs industry peers of 12.5x) on post issue basis. As a vertically integrated precision engineering company, the company is a one-stop-Shop for Global OEMs. The company is sole supplier of over 95% of 4,000 parts (as of FY25) in its Aerospace segment. Through the IPO proceeds, the company will service its o/s debts and thereby reduce finance cost ultimately enhancing bottom line. It also intends to expand inorganically and increase the wallet share from existing customers by producing high value-added products. We believe the significant order backlog of global commercial aircraft manufacturers, long standing relationship with clients and high entry barriers offers the long-term growth runway for the company. We thus assign a “**Subscribe**” rating.

## Shareholding Pattern, Issue Bifurcation & Selling Shareholder

Shareholding Pattern	Pre Issue			Offer		Post Issue	
	# of shares (in Mn)	%	Type	No. of shares (in Mn)	# of shares (in Mn)	%	
Promoter	397.6	64.5	OFS	-20.3	396.2	59.1	
Public	219.0	35.5	OFS	+20.3	274.4	40.9	
			Fresh	+54.0			
<b>Total</b>	<b>616.6</b>	<b>100.0</b>			<b>670.6</b>	<b>100.0</b>	

Issue Bifurcation	No of shares		Rs. Mn.	
	Floor	Cap	Floor	Cap
Fresh Issue	5,67,79,661	5,40,32,258	6,700	6,700
Offer for Sale (OFS)	2,03,07,393	2,03,07,393	2,396	2,518
<b>Net Offer</b>	<b>7,70,87,054</b>	<b>7,43,39,651</b>	<b>9,096</b>	<b>9,218</b>
Employee Reservation	1,86,916	1,76,991	20	20
<b>QIB Portion (75% of Offer)</b>	<b>5,76,75,104</b>	<b>5,56,21,995</b>	<b>6,806</b>	<b>6,897</b>
Total Anchor portion (60% of QIB)	3,46,05,062	3,33,73,197	4,083	4,138
QIB Portion reserved for MF (5% of Net QIB)	11,53,502	11,12,440	136	138
<b>Balance Available QIB Portion (95% of Net QIB)</b>	<b>2,19,16,539</b>	<b>2,11,36,358</b>	<b>2,586</b>	<b>2,621</b>
Non Institutional portion (15% of Offer)	1,15,35,021	1,11,24,399	1,361	1,379
Retail portion (10% of Offer)	76,90,014	74,16,266	907	920

Selling Shareholders	Pre Offer	% of Total Shareholding	Offered	Post Offer	% of Total Shareholding
Melligeri Private Family Foundation	10,17,61,570	16.5%	13,23,500	10,04,38,070	15.0%
Aequus Manufacturing Investments Pvt Ltd	1,24,18,403	2.0%	1,00,000	1,23,18,403	1.8%
Amicus Capital Partners India Fund II	2,17,93,063	3.5%	88,79,915	1,29,13,148	1.9%
Amicus Capital Private Equity I LLP	1,24,18,403	2.0%	74,81,908	49,36,495	0.7%
Amicus Capital Partners India Fund I	12,52,230	0.2%	7,54,450	4,97,780	0.1%
Girija Dempo Family Private Trust	10,69,185	0.2%	4,35,656	6,33,529	0.1%
Vasundhara Dempo Family Private Trust	10,69,185	0.2%	4,35,656	6,33,529	0.1%
Ravindra Mariwala	21,38,362	0.3%	8,71,308	12,67,054	0.2%
Raman Subramanian	3,00,000	0.05%	25,000	2,75,000	0.04%

Source: Indsec Research, RHP

## Key Risk

- **Product liability and recall:** The nature of the precision component business involves risks of product liability and recall if components are defective or fail stringent quality standards, potentially leading to customer claims, loss of future orders, and costs that may exceed insurance coverage.
- **Aerospace concentration:** The company relies heavily on the Aerospace Segment, which contributes more than 85.0% of revenue from operations. Any decline in demand in this segment will materially and adversely affect business and cash flows.
- **Contractual uncertainty:** Contracts with OEM customers are typically requirement-based, implying they do not obligate customers to place a fixed quantity of orders, creating exposure to revenue volatility from order cancellations or production decline.
- **Regulatory and licensing:** Failure to obtain, maintain, or timely renew necessary statutory and quality licenses, permits, and approvals in India, USA, or France could result in operational interruption or sanctions,
- **SEZ/EOU compliance:** Manufacturing facilities operating under Special Economic Zone (SEZ) or Export Oriented Units (EOU) schemes face risk of having duty exemptions and income tax deductions revoked if they fail to comply with conditions like achieving positive net foreign exchange earnings.

## Peer Comparison

Rs Mn.	Aequus	Azad Engg.	Unimech Aero.	Amber Entp.	Kaynes Tech.	Dixon Tech.	PTC Inds.
Market Cap	83,161*	1,07,380	50,040	2,48,300	3,59,170	8,83,500	2,74,150
Revenue	9,246	4,530	2,430	99,730	27,220	3,88,600	3,080
EBITDA	734	1,610	92	7,360	4,160	15,150	750
OPM (%)	7.9%	35.5%	3.8%	7.4%	15.3%	3.9%	24.4%
Adj. PAT	-541	89	77	2,530	2,860	8,700	620
NPM (%)	-5.8%	2.0%	3.2%	2.5%	10.5%	2.2%	20.1%
EV/Sales (x)	8.8	23.6	20.8	2.7	13.1	2.3	88.6

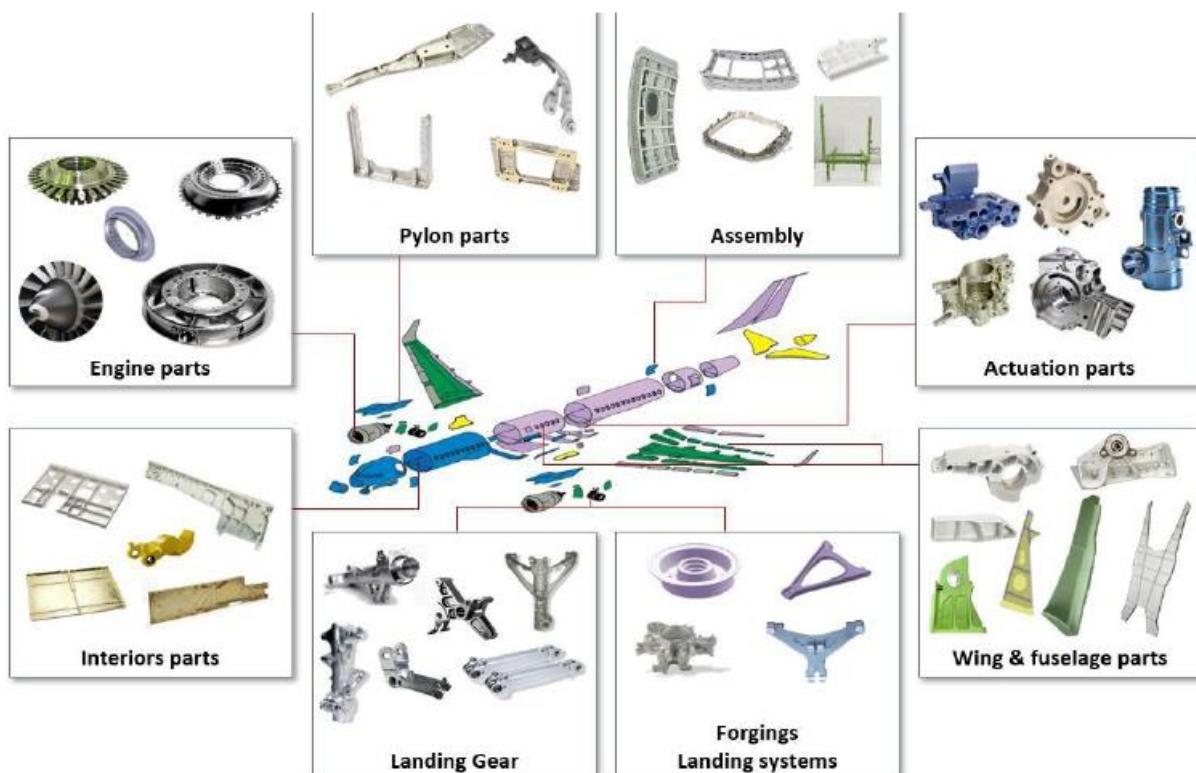
\*Post-issue basis

Source: Indsec Research, RHP

## Key Performance Indicators

(Rs. Mn.)	FY23	FY24	FY25
<b>Revenue from Operations</b>	<b>8,121</b>	<b>9,651</b>	<b>9,246</b>
YoY Growth (%)		18.8%	-4.2%
Aerospace	5,852	7,570	8,246
% of Total Revenue	72.1%	78.4%	89.2%
Consumer	2,270	2,081	1,000
% of Total Revenue	27.9%	21.6%	10.8%

(Rs. Mn.)	FY23	FY24	FY25
Installed Capacity (Hrs/annum)	27,99,736	28,68,185	29,19,058
Capacity Utilization	39.2%	44.4%	41.8%



Source: Indsec Research, RHP

## Industry Charts

Exhibit 1: Global aerospace manufacturing market size (US\$ Bn.)

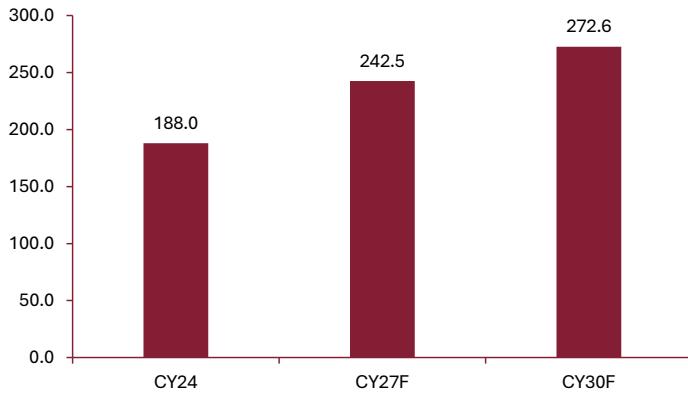


Exhibit 2: Domestic aerospace manufacturing market size (Rs. Bn.)

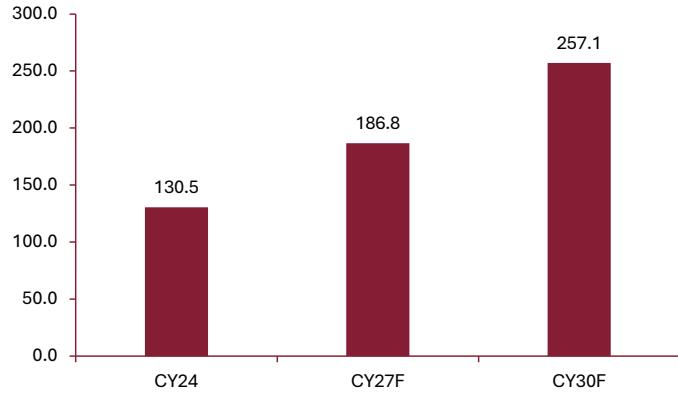


Exhibit 3: Global aircraft deliveries and backlog (Units)

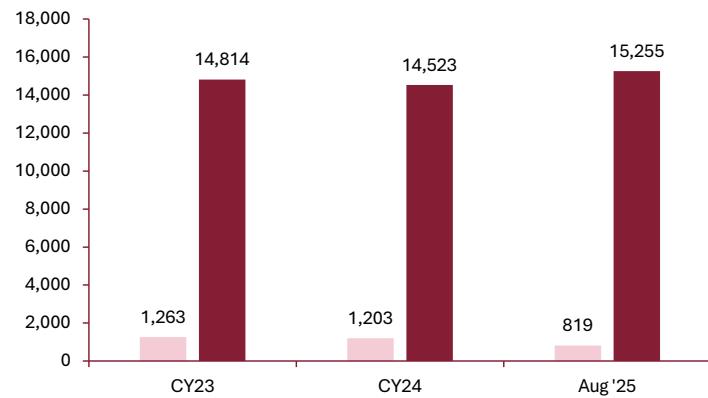


Exhibit 4: Global air passengers (Bn.)

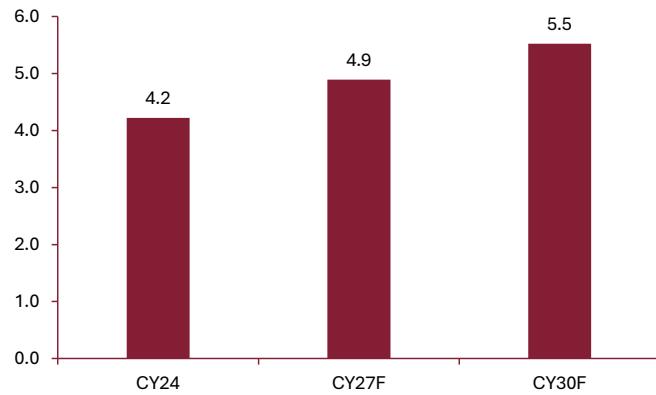
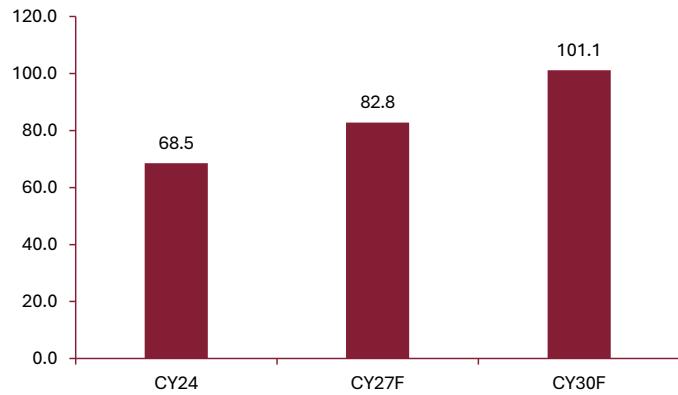


Exhibit 5: Global air cargo (Mn. tonnes)



Source: Indsec Research, RHP

## Financial Story

SUMMARY INCOME STATEMENT			
(in Mn)	FY23	FY24	FY25
Total Income	8,121	9,651	9,246
YoY		18.8%	-4.2%
Cost Of Revenues (incl Stock Adj)	3,840	4,166	3,922
<b>Gross Profit</b>	<b>4,281</b>	<b>5,485</b>	<b>5,324</b>
<b>Gross Margin</b>	<b>52.7%</b>	<b>56.8%</b>	<b>57.6%</b>
Employee Cost	1,446	1,434	1,587
Other Operating Expenses	2,488	2,828	3,003
<b>EBITDA</b>	<b>346</b>	<b>1,223</b>	<b>734</b>
<b>EBITDA Margin</b>	<b>4.3%</b>	<b>12.7%</b>	<b>7.9%</b>
Other Income	284	232	346
Net Interest Exp.	646	638	589
Depreciation	995	1,077	1,034
Exceptional Items	-7	186	-483
<b>PBT</b>	<b>-1,003</b>	<b>-446</b>	<b>-61</b>
Tax	60	100	83
<b>Net Profit</b>	<b>-1,064</b>	<b>-546</b>	<b>-144</b>
Loss from discontinued operations before tax	-9	52	85
Tax expense of discontinued operations	-8	-21	1
Exceptional Items	-7	186	-483
<b>Adj. PAT</b>	<b>-1,072</b>	<b>-287</b>	<b>-542</b>
<b>NPM</b>	<b>-13.2%</b>	<b>-3.0%</b>	<b>-5.9%</b>
<b>EPS</b>	<b>-1.5</b>	<b>0.1</b>	<b>-2.2</b>

SUMMARY CASH FLOW STATEMENT			
(in Mn)	FY23	FY24	FY25
PBT	-1,034	-43	-940
Depreciation & Amort., Total	995	1,077	1,034
After other adjustments	509	1,305	1,034
(Inc) / Dec in Working Capital	-395	-1,146	-332
Taxes	-9	-41	-121
<b>Cash from Ops.</b>	<b>98</b>	<b>-191</b>	<b>261</b>
Capital Expenditure & investments	-856	-1,818	-2,652
<b>Cash from Investing</b>	<b>-889</b>	<b>-3,434</b>	<b>-738</b>
<b>Cash from Financing</b>	<b>544</b>	<b>3,935</b>	<b>254</b>
<b>Net Change in Cash</b>	<b>-247</b>	<b>310</b>	<b>-223</b>
BF Cash	826	513	793
Effect of exchange differences on restatement	-66	-30	39
<b>END Cash</b>	<b>513</b>	<b>793</b>	<b>609</b>

SUMMARY BALANCE SHEET			
(in Mn)	FY23	FY24	FY25
<b>Assets</b>			
Net Block	5,984	5,862	5,018
Capital WIP	16	1,754	3,951
Goodwill	655	655	173
Other Non current Assets	1,530	1,600	2,020
<b>Total Non-Current Assets</b>	<b>8,185</b>	<b>9,871</b>	<b>11,162</b>
Inventories	2,985	3,541	4,083
Trade receivables	1,071	1,369	1,566
Cash and cash equivalents	513	793	609
Other Current Assets	462	2,359	1,178
<b>Total Current Assets</b>	<b>5,031</b>	<b>8,359</b>	<b>7,437</b>
<b>Current Liabilities &amp; Provisions</b>			
Trade payables	2,258	2,025	2,309
Current Lease Liabilities	520	564	694
Other current liabilities	736	871	749
Short-term provisions	45	55	66
<b>Total Current Liabilities</b>	<b>3,559</b>	<b>3,515</b>	<b>3,818</b>
<b>Net Current Assets</b>	<b>1,473</b>	<b>4,844</b>	<b>3,619</b>
<b>Total Assets</b>	<b>9,658</b>	<b>14,715</b>	<b>14,780</b>
<b>Liabilities</b>			
Share Capital	4,248	4,248	5,818
Reserves and Surplus	-1,462	3,918	1,351
<b>Total Shareholders Funds</b>	<b>2,786</b>	<b>8,166</b>	<b>7,169</b>
Minority Interest	-114	-9	-9
<b>Total Debt</b>	<b>3,461</b>	<b>2,919</b>	<b>4,371</b>
Non-Current Lease	3,378	3,507	2,786
Non-Current Provisions	110	127	162
Other Non-Current Liabilities	36	6	303
<b>Total Liabilities</b>	<b>9,658</b>	<b>14,715</b>	<b>14,780</b>

SUMMARY RATIOS			
	FY23	FY24	FY25
<b>Profitability</b>			
Return on Assets	-7.5%	0.4%	-8.1%
Return on Capital	-8.7%	1.2%	-2.5%
Return on Equity	-35.7%	1.0%	-21.0%
<b>Margin Analysis</b>			
Gross Margin	52.7%	56.8%	57.6%
EBITDA Margin	4.3%	12.7%	7.9%
Net Income Margin	-12.3%	0.8%	-16.3%
<b>Short-Term Liquidity</b>			
Current Ratio	0.9	1.5	1.1
Quick Ratio	0.4	0.9	0.5
Avg. Days Sales Outstanding	0	11	0
Avg. Days Inventory Outstanding	284	310	380
Avg. Days Payables	215	177	215
<b>Long-Term Solvency</b>			
Interest Coverage Ratio	-1.0	0.2	-0.5
<b>Valuation Ratios</b>			
EV/Sales	10.6	8.8	8.7
EV/EBITDA	248.5	69.7	109.4

Source: Indsec Research, RHP

**RATING SCALE**

IPO Recommendation (For NOT RATED Reports)	
Recommendation	Comments
SUBSCRIBE	We advise investor to subscribe to the issue
SUBSCRIBE FOR LONG TERM	We advise investor to subscribe to the issue on the basis of intact long-term prospects of the company/sector
NEUTRAL	We don't have any recommendation for the issue
AVOID	We advise investor to avoid subscribing to the issue

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