

Aequs Limited
(erstwhile Aequs Private Limited)

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	25.00	CARE BBB-; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facility of Aequs Limited (AL) factors in company's diversified business operations spanning aerostructure components and plastic injection moulding, which involves toys manufacturing and consumer durable goods. The rating reflects the company's established position in the aerospace segment, where it maintains long-term associations with reputed clientele, resulting in consistently increasing order inflows. The company operates across the entire value chain of the aerospace business, providing it with a competitive advantage over several peers.

CARE Ratings Limited (CareEdge Ratings) positively notes a large contract—referred to as the Advanced Technology Product (ATP)—received from a reputed global company in the consumer durables division, for which the company is undertaking capex funded using a mix of debt and equity. The contract provides highly profitable long term revenue visibility. However, there has been a delay in commencement of production of ATP project, which has resulted in slight cost overrun and delayed accrued envisaged benefit to the group. Losses reported by the consumer durable division and toys division along with decline in revenue from the aerospace segment have impacted the company's overall revenue and profitability in FY25. CareEdge Ratings notes that the ATP project is now at an advanced stage of completion, with operations expected to commence latest by September 2025. With a healthy order book of group, CareEdge Ratings estimates the company's revenue to grow at a compounded annual growth rate (CAGR) of 35% in the near-to-medium term.

AL's ability to complete the ATP project within revised timelines and achieve envisaged profitability will be critical to its future prospects. CareEdge Ratings also takes notes of the consistent fund infusion by shareholders to cover losses and support working capital requirements. In April 2025, the company has raised ₹128 crore under rights issue to fund ongoing and upcoming capex plans and support operations of its subsidiaries. AL has also filed draft red herring prospects (DRHP) under confidential route.

CareEdge Ratings has withdrawn outstanding rating of CARE BBB-; Stable assigned to term loan facilities of the company based on "No Dues Certificate" received from the bank that have extended the facility rated by CareEdge Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations beyond 30% with profit before depreciation, interest and tax (PBDIT) margins above 15% and total debt/PBDIT of less than 4x.

Negative factors

- Delaying ramp-up of ongoing ATP project or lower-than-envisaged profitability resulting in total debt/ PBDIT of over 5x.

Analytical approach: Consolidated

Consolidated, as subsidiaries and associates operate in supporting functions to AL. There are strong operational, financial and managerial linkages between AL and its subsidiaries/ associates. Entities consolidated are listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes that AL will continue to sustain its performance aided by strong order book position in aerospace segment and new ATP order. The company will continue to benefit from resourcefulness of the promoter.

Detailed description of key rating drivers:

Key strengths

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strong promoter group with demonstrated ability to raise funds

The company derives financial flexibility from continued promoter's support. The Founder, Chairman and CEO, Aravind Melligeri has decades of experience in aerospace segment and have been the co-founder of QuEST Global Engineering Private Limited, which is one of the largest engineering services companies globally. AL had received significant equity infusion over the years from its promoters to scale operations of the company. Due to its high growth prospects and presence of vertically integrated products solutions facilities, the company was able to raise external funding in form of compulsory convertible preference shares (CCPS) amounting to ~₹586 crore from PE investors in March 2023 and FY24. In April 2025, company raised ₹128 crore through rights issue, which will be used by the company to fund growing scale of operations.

Diversified operations in business segments of aerospace, toys and consumer durable goods

In the last decade under leadership of Aravind Melligeri, AL has built a vertically integrated aerospace ecosystem, which delivers end-to-end value streams. The company provides vertically integrated product solutions including precision machining, sheet metal fabrication, assembling, forging, and surface treatment in aerospace segment. The company has also built end-to-end manufacturing value stream in toys and consumer durable. AL has a diversified product portfolio across all its divisions and operates units in France and the USA in aerospace segment. CareEdge Ratings believes that such diversification and long-term relationship with customers would help the company in receiving continuous flow of orders.

Long-term agreements with reputed global customers

The company has established relationships with renowned customers in all three segments and has strong order book position with long-term agreements. AL caters to orders of major industry players, including Airbus, Wonderchef, and HASBRO, among others. The company has strong order book position for next three years in aerospace segment. Owing to AL's expertise in manufacturing integrated product solutions, it has received order from a global consumer electronic manufacturing company, which is expected to improve the company's revenue and profitability margins from FY27 onwards.

Key weaknesses

Performance deteriorated in FY25 however expected improvement in medium term

AL witnessed dipped in revenue in FY25, primarily due to lower-than-anticipated performance in the aerospace and toy segments, which led to a decrease in the company's total operating income (TOI) from ₹968.40 crore in FY24 to ₹932.10 crore in FY25. Delays in the commencement of the ATP project, and high costs associated with the consumer division, resulted in decline in PBDIT margins to 9.31% in FY25, compared to 13.80% in FY24.

However, with expected commencement of ATP operations by September 2025 and strong order book in aerospace and toy segment, CareEdge Ratings expects the company's revenue to grow at CAGR of ~35% while maintaining PBDIT margins in the range of 14-18% in the near-to-medium term.

Time overrun in ATP project however operations are expected to commence in the near term

The company is undertaking a large ATP project, which is being funded partially through bank debt and partially through equity. Though there has been delay in commencement of operations from previously envisaged timelines, which was due to change in client's requirement. At present, the project is in advance stage and is expected to fully commence operations latest by September 2025. The company's ability to complete the project within revised timelines and operate the plant at optimum levels will be key to its prospects.

Continuous net losses being earned in the past due to low-capacity utilisation in consumer durable business

Though the company has diversified product portfolio in toys and consumer durable business, however, the division has been incurring losses in the past owing to low-capacity utilisation. Promoters have been infusing funds in the business to support the company's operations. With anticipated commencement of ATP operations in current fiscal year and healthy order book in toy segment, losses are expected to reduce in the medium term. The division is expected to turn profitable once the ATP project commence operations, however, CareEdge Ratings believes that the toy segment is unlikely to contribute materially to the company's overall profitability in the near-to-medium term.

Liquidity: Adequate

The company's liquidity is primarily driven by its demonstrated ability to raise funds in timely intervals. Despite significantly lower operating profits, company has been able to maintain adequate liquidity on back of ₹128 crore raised through rights issue in April 2025. Strong orderbook position in aerospace segment and timely operationalisation of ATP is unit likely to strengthen liquidity, going forward. On a consolidated basis, the company had cash and cash equivalent of ₹129.1 crore as on May 31, 2025.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

In 2006-07, Aravind Melligeri entered the manufacturing segment in aerospace ecosystem and started QuEST Global Manufacturing (QGM) in Bengaluru. In 2014, QGM was rebranded as "Aequis". AL is a diversified contract manufacturing company, operating manufacturing facilities in India, France, and the United States. The company provides vertically integrated product solutions for aerospace, toys and consumer durables industries. It specialises in precision machining for AeroSystems, Aerostructures, landing gear and engine components, forging, surface treatment, aerostructure assembly, testing and prototyping of components at its Belagavi unit. Apart from this, the company has also setup consumer durable and toy manufacturing clusters in Hubballi and Koppal, Karnataka.

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	968.40	932.10
PBILDT	133.60	86.80
PAT	-12.10	-101.70
Overall gearing (times)	0.94	1.10
Interest coverage (times)	1.93	1.38

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Infomerics has placed the rating of company under Issuer Not Cooperating vide PR dated May 20, 2024, considering its inability to carry out a review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance -	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	25.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB-; Stable (05-Jul-24)	-	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (05-Jul-24)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Aerostructures Manufacturing India Private Limited	Full	Subsidiary
2	Aerostructures Assemblies India Private Limited	Full	Subsidiary
3	Aegus Consumer Products Private Limited	Full	Subsidiary
4	Aegus Engineered Plastics Private Limited	Full	Subsidiary
5	Aegus Toys Private Limited	Full	Subsidiary
6	Aerospace Manufacturing Holdings Private Limited	Full	Subsidiary
7	Aegus Force Consumer Products, Private Limited	Full	Subsidiary
8	Koppal Toys Molding COE Private Limited	Full	Subsidiary
9	Aegus Aerospace LLC, USA	Full	Subsidiary
10	Aegus Aerospace BV, Netherlands	Full	Subsidiary
11	Aegus Aero Machine Inc.	Full	Subsidiary
12	Aegus Aerospace France SAS	Full	Subsidiary
13	Aerospace Processing India Private Limited	Proportionate	Joint venture
14	Squad Forging India Private Limited	Proportionate	Joint venture
15	Aegus cookware private limited	Proportionate	Joint venture

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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