

Aequus Limited

May 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term Bank Facilities	25.00	CARE BBB- (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Aequus Limited (Aequus) has announced the scheme of amalgamation between AeroStructures Manufacturing India Private Limited, Aequus Engineered Plastics Private Limited, and Aequus Force Consumer Products with itself with the objective of simplifying the group structure and rationalising certain operational and administrative costs. The proposed amalgamation is subject to receipt of requisite regulatory and other approvals. Concurrently, CARE Ratings Limited (CareEdge Ratings) is evaluating the consolidated credit profile of Aequus, including an assessment of its business prospects. In view of these developments and pending clarity on the final credit implications for Aequus, CareEdge Ratings has placed the ratings of Aequus under Rating with Developing Implications (RWD). The rating watch will be updated once there is adequate clarity on the consolidated credit profile of Aequus.

The rating assigned to bank facilities of Aequus continues to factor in the company's diversified business operations spanning aerospace components and plastic injection moulding, which includes 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.

CareEdge Ratings notes the completion of capex for a large contract (Advanced Technology Product [ATP]) awarded by a reputed global consumer electronics company. While operations have commenced, the ramp-up has been gradual; accordingly, stabilisation of the project will remain a key monitorable.

CareEdge Ratings also notes the company's consistent fund-raising to cover losses and support the working capital requirements of certain subsidiaries. The company raised ₹814 crore cumulatively through pre-initial public offer (IPO) and IPO issuances in Q3FY26, providing debt reduction and liquidity cushion to the group.

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 Aequus. There are strong operational, financial and managerial linkages between Aequus and its subsidiaries/ associates. Entities consolidated are listed under Annexure-6.

Outlook: Not applicable

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

Detailed description of key rating drivers:

Key strengths

Strong promoter group with demonstrated ability to raise funds

The Founder, Chairman and CEO, Aravind Melligeri has decades of experience in aerospace segment and has been the co-founder of QuEST Global Engineering Private Limited, which is one of the largest engineering services companies globally. Aequus had received significant equity infusion over the years from its promoters to scale the company's operations. 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, the company raised ₹128 crore through rights issue. Aequus has raised significant equity of ₹ 814 crore cumulatively through IPO and pre-IPO in Q3FY26.

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

In the last decade under the leadership of Aravind Melligeri, Aequus 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. Aequus has a diversified product portfolio across all its divisions and operates units in France and the US 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. Aequus caters to orders of major industry players, including Airbus, and Mattel, among others. The company has strong order book position for next three years in aerospace segment. Owing to Aequus' 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

Aequus witnessed dip in revenue in FY25, primarily due to lower-than-anticipated performance in the aerospace and consumer durable segments, which led to a decrease in the company's total operating income (TOI) from ₹968.40 crore in FY24 to ₹929.83 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 in FY25.

However, with commencement of ATP operations and strong order book in aerospace segment, CareEdge Ratings expects the company's revenue to grow in the near-to-medium term.

Slow ramp-up of ATP Project

The company has undertaken a large ATP project, and the associated capex has been completed. The project commenced operations in phases during July 2025 and December 2025. However, the ramp-up has been gradual; accordingly, the performance and stabilisation of the ATP project remain key monitorable. Nevertheless, the company has repaid majority of its debt using the IPO proceeds.

Continuous net losses being earned

The company continues to benefit from a diversified product portfolio spanning aerospace and consumer durables. While its aerospace segment has demonstrated improved operating margins, helping to partly offset the impact of investments in consumer durable division.

The consumer durables division is currently in a ramp-up and investment phase, which has resulted in suboptimal capacity utilisation and modest pressure on profitability. Over time, as utilisation levels improve, this segment is expected to gradually strengthen its contribution.

Looking ahead, the performance of the ATP project will remain an important monitorable, as its progress is expected to play a key role in shaping the group's overall financial profile.

Liquidity: Adequate

The company's liquidity is primarily supported by its demonstrated ability to raise funds at regular intervals including recent fund raised of ₹814 crore cumulatively through IPO and pre-IPO. The strong order book position in the aerospace segment is expected to further support liquidity going forward; however, ramp-up of the ATP project remains a key monitorable.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Aerospace & Defense	Aerospace & Defense

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 "Aequus". Aequus is a diversified contract manufacturing company, operating manufacturing facilities in India, France, and the US. 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 (A)	December 31, 2025 (UA)
Total operating income	968.40	929.83	900.77 [^]
PBILDT*	133.60	89.09	122.20
Profit after tax (PAT)	-12.10	-102.42	-59.33
Overall gearing (x)	0.94	1.13	NA
Interest coverage (x)	1.93	1.38	2.16

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

[^] Total income is considered for interim period in absence of schedules.

Status of non-cooperation with previous CRA: Not applicable

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-(RWD)

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (07-Jul-25)	1)CARE BBB-; Stable (05-Jul-24)	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BBB-(RWD)	-	1)CARE BBB-; Stable (07-Jul-25)	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

Annexure-5: Lender details

To 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	Aequs Consumer Products Private Limited	Full	Subsidiary
4	Aequs Engineered Plastics Private Limited	Full	Subsidiary
5	Aequs Toys Private Limited	Full	Subsidiary
6	Aerospace Manufacturing Holdings Private Limited	Full	Subsidiary
7	Aequs Force Consumer Products, Private Limited	Full	Subsidiary
8	Koppal Toys Molding COE Private Limited	Full	Subsidiary
9	Aequs Aerospace LLC, USA	Full	Subsidiary
10	Aequs Aerospace BV, Netherlands	Full	Subsidiary
11	Aequs Aero Machine Inc.	Full	Subsidiary
12	Aequs Aerospace France SAS	Full	Subsidiary
13	Aerospace Processing India Private Limited	Proportionate	Joint venture
14	Squad Forging India Private Limited	Proportionate	Joint venture
15	Aequs Cookware Private Limited	Proportionate	Joint venture

Annexure-7: List of Facilities/Instruments and FSR

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

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