Aequs Limited

July 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	30.00	CARE BBB-; Positive	Reaffirmed and removed from Rating Watch with Developing Implications; Positive Outlook assigned

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

CARE Ratings Limited (CareEdge Ratings) had earlier placed the rating of Aequs Limited (Aequs) on Rating Watch with Developing Implications (RWD) following the announcement of the proposed amalgamation of AeroStructures Manufacturing India Private Limited (rated 'CARE BBB; RWD'), Aequs Engineered Plastics Private Limited (rated 'CARE BB+; RWD'), and Aequs Force Consumer Products with Aequs. The proposed restructuring is aimed at simplifying the group's corporate structure, streamlining operations, and optimising administrative efficiencies. Subsequently, company has shared its business plans with CareEdge Ratings providing clarity on its business prospects and therefore rating has been removed from RWD. Moreover, the above amalgamation event, in itself, is unlikely to have any implication on consolidated basis as these entities are wholly owned by Aequs.

CareEdge Ratings takes note of the completion of capital expenditure for the Advanced Technology Product (ATP) facility established for a leading global consumer electronics customer. There is gradual ramp up in its consumer electronics business with initial teething issues being resolved. The company has reported sequential improvements in capacity utilisation and process efficiencies, reflected in declining rejection rates. Management expects the facility to achieve operating break-even by Q4FY27. The company has fully repaid the term debt associated with the ATP project through initial public offering (IPO) proceeds, easing liquidity pressure. This along with already matured aerospace business and healthy order book in aerospace segment, will drive revenue and profitability for the company in medium to long term.

However, Aequs is evaluating additional debt-funded investments to augment capacity within its consumer segment. Given that the ATP facility is yet to attain stable operating levels, successful execution and timely achievement of the envisaged break-even remain critical. Any significant deviation from the expected ramp-up trajectory, particularly in the context of the proposed expansion plans, could exert pressure on the group's liquidity profile and debt coverage metrics.

The rating is further supported by the successful fund raise of ~₹814 crore through pre-IPO and IPO rounds, a portion of which was deployed towards debt reduction in FY26. This has contributed to the maintenance of satisfactory leverage and coverage indicators. The company's demonstrated ability to attract external capital has supported liquidity, despite the continued losses reported by the consumer division.

The rating remains constrained by the inherently capital intensive and working capital intensive aerospace business. The company continues to report consolidated losses, primarily attributable to losses within the consumer division and the relatively longer-than-anticipated stabilisation period of the ATP project.

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

- Delay in ramp-up of ATP project and total debt/ PBDIT of over 5x on a sustained basis.

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

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

Outlook: Positive
The Positive outlook reflects CareEdge Ratings' expectation that the company will continue to improve its scale of operations, supported by a healthy order book in the aerospace segment and the anticipated improvement in profitability from the consumer segment. The liquidity buffer created through the pre-IPO/IPO fund raise is expected to support the company in funding interim losses in the consumer segment and incremental working capital requirements in the aerospace vertical. The Outlook may be revised to 'Stable' if the consumer vertical takes longer than envisaged to achieve breakeven, thereby impacting the group's liquidity position.

Detailed description of key rating drivers:

Key strengths

Strong promoter group with demonstrated ability to raise funds
Aravind Melligeri, Founder, Chairman and Chief Executive Officer, has decades of experience in the aerospace segment and is the co-founder of QuEST Global Engineering Private Limited, one of the largest engineering services companies globally. Aequs has received significant equity infusion over the years from its promoters to scale operations. Due to its high growth prospects and presence of vertically integrated product solution facilities, the company was able to raise external funding in the form of compulsory convertible preference shares (CCPS) amounting to ~₹586 crore from private equity investors in March 2023 and FY24 (FY refers to April 01 to March 31). In April 2025, the company raised ₹128 crore through a rights issue. Aequs raised cumulative equity of ₹814 crore through initial public offering and pre-initial public offering in Q3FY26.

Diversified operations in business segments of aerospace, toys and consumer durable goods
In the last decade under the leadership of Aravind Melligeri, Aequs 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 the aerospace segment. The company has also built an end-to-end manufacturing value stream in toys and consumer durables. Aequs has a diversified product portfolio across all its divisions and operates units in France and the US in the aerospace segment. CareEdge Ratings believes such diversification and long-term relationships with customers will help the company receive a 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 a strong order book position with long-term agreements. Aequs caters to orders of major industry players, including Airbus and Mattel, among others. The company has a strong order book position for the next three years in the aerospace segment. Owing to Aequs' expertise in manufacturing integrated product solutions, it has received an order from a global consumer electronics manufacturing company, which is expected to improve the company's revenue and profitability margins from FY27 onwards (FY refers to April 01 to March 31).

Strong orderbook in aerospace segment
The company's aerospace segment continues to report Y-o-Y revenue growth and has strong orderbook of close to USD 890 million to be executed over 5-7 years. Being present in multiple value chain and aided by economies of scale, CareEdge Ratings segment margins are estimated to expand further.

Key weaknesses

Performance improved in FY26; however, losses in the consumer segment continued to weigh on profitability
Aequs witnessed a significant improvement in its operating performance in FY26 (FY refers to April 1 to March 31), supported by a healthy order book and strong execution in its aerospace segment. Consequently, the company's total operating income (TOI) increased to ₹1,284 crore in FY26 from ₹938 crore in FY25.

Despite the healthy growth in revenue, profitability remained under pressure due to delays in the commencement and ramp-up of the ATP project, and elevated operating costs associated with the consumer division. As a result, the company reported a decline in profit after tax (PAT) in FY26.

Going forward, CareEdge Ratings expects the company's revenue to continue growing over the near-to-medium term, supported by a strong order pipeline in the aerospace segment. However, the pace of ramp-up and stabilisation of the consumer business remains a key monitorable. Any further delays in scaling up revenues from the consumer segment could continue to exert pressure on the company's overall profitability and cash flow generation.

Slow ramp-up of ATP project and anticipated debt-funded capex in the near term
Aequs has undertaken a large ATP project, for which operations commenced in phases in July 2025 and December 2025. However, the ramp-up has been slower-than-envisaged, and the successful scale-up and stabilisation of the ATP project remain key monitorable.

While the company has repaid the term loan availed for the ATP project using proceeds from its IPO, it is planning additional debt-funded capex in its consumer segment to expand capacity. Given the high operating costs associated with the consumer business, the expected increase in debt could exert pressure on the company's credit profile and debt coverage indicators if a meaningful ramp-up in consumer segment revenues and profitability is not achieved in a timely manner.

Accordingly, the timely stabilisation of the ATP project, and the successful implementation of the proposed capex and improvement in the operating performance of the consumer segment, remain key rating sensitivities.

Continuous net losses being incurred
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 the consumer durables 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 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 fundraising of ₹814 crore cumulatively through the IPO and pre-IPO. The strong order book position in the aerospace segment is expected to further support liquidity going forward; however, the ramp-up of the ATP project remains a key monitorable. The company has cash and bank balance of ~₹ 300 crore.

Environment, social, and governance (ESG) risks

Environment:
Aequs has undertaken sustainability initiatives aimed at reducing its environmental footprint and promoting resource efficiency.

Social:
Aequs Foundation, established in 2016, serves as the company's CSR arm and focuses on creating a positive social impact in communities surrounding its manufacturing ecosystems in Belagavi, Hubballi, and Koppal, Karnataka. The Foundation's key focus areas include health & hygiene and STEAM education, with an emphasis on improving educational infrastructure and learning opportunities for children in government schools and supporting underserved communities.

Governance:
Aequs follows established corporate governance practices supported by a robust Code of Conduct and whistleblower policy. These frameworks promote ethical business conduct, transparency, accountability, and effective risk management across the organisation, while strengthening oversight and compliance mechanisms.

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

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 "Aequs". Aequs 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 Hubbali and Koppal, Karnataka.

Brief Financials (₹ crore) Consolidated	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	938.36	1284.82
PBILDT*	97.61	146.51
Profit after tax (PAT)	-102.42	-113.29
Overall gearing (x)	1.13	0.47
Interest coverage (x)	1.52	1.55

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax.
All above numbers are calculated as per CareEdge Ratings' criteria.

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	-	-	-	-	30.00	CARE BBB-; Positive

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	30.00	CARE BBB-; Positive	CARE BBB-; RWD (06-May-26)	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

S. No.	Name of company	Extent of consolidation	Rationale for consolidation
1	Aerostructures Manufacturing India Private Limited (ASMIPL)	Full	Subsidiary
2	Aerospace Manufacturing Holdings Private Limited (AMHPL)	Full	Subsidiary
3	Aequs Force Consumer Products Private Limited (AFCPPL)	Full	Subsidiary
4	Aequs Engineered Plastics Private Limited (AEPPL)	Full	Subsidiary
5	Aequs Consumer Products Private Limited (ACPPL)	Full	Subsidiary
6	Aequs Toys Private Limited (ATPL)	Full	Subsidiary
7	Koppal Toys Moulding COE Private Limited (KTMCPL)	Full	Subsidiary
8	Aerostructures Assemblies India Private Limited (AAIPL)	Full	Subsidiary
9	Aequs Aerospace France SAS (AAF SAS)	Full	Subsidiary
10	Aequs Aerospace BV (AABV)	Full	Subsidiary
11	Aequs Aerospace LLC (AALLC)	Full	Subsidiary
12	Aequs Holdings France, SAS (AHF)	Full	Subsidiary
13	Aequs Aero Machine Inc. (AAM)	Full	Subsidiary
14	Aequs Oil and Gas LLC (AOGLLC)	Full	Subsidiary
15	Aequs Toys Hong Kong Private Ltd (ATHPL)	Proportionate	Subsidiary
16	SQuAD Forging India Private Limited (SQuAD)	Proportionate	Joint Venture
17	Aerospace Processing India Private Limited (API)	Proportionate	Joint Venture
18	Aequs Cookware Private Limited (ACPL)	Proportionate	Joint Venture
19	Ajna Aerospace and Defence Private Limited (Ajna)	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 Mutal 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), among others. 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 and 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 in 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.

[2] SEBI: 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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