



**Aequs**  
**Strong Aerospace Base; Robust Consumer Future**



Beneficiary of integrated manufacturing and rise in India sourcing by aerospace majors

Breakthrough global electronics contract to be potential gamechanger

Aerospace growing, profitable; sizable optionality in consumer turnaround

# Table of Contents

- [Focus Charts](#) ..... 4
- [Investment Thesis](#) ..... 6
- [Company Overview](#) ..... 9
- [Aerospace: Established, Strong Business](#) ..... 10
- [Consumer Segment: Scaling Up is the Key](#) ..... 13
- [Exports-driven Make in India Sales Model](#) ..... 16
- [Management Profile](#) ..... 19
- [Valuations: Risk-Reward Favourable Post Recent Corrections](#) ..... 20
- [Key Investment Risks](#) ..... 21
- [Financial Tables \(Consolidated\)](#) ..... 22



Aequs is a Tier I supplier for leading aerospace names (Airbus, Boeing) and the only fully integrated supplier from India. With increased focus of these majors on India-sourcing, Aequs is well placed to benefit from this trend and sustain significant topline and EBITDA growth in the segment. It has secured a breakthrough order from a global electronics leader for supply of components for smart devices. While capex intensity may rise initially and suppress near-term RoCE, a successful scale-up of the business (like Luxshare) can unlock substantial investor value in the long term. With a USD-dominated topline and Indian costs, we see advantages of a structurally depreciating INR as well.

RECENT REPORTS				
<p><b>Ports and Logistics</b> Initiating coverage on Aegis Logistics and APL</p>	<p><b>Gateway to Liquid and Gas Logistics</b> Initiating coverage on Aegis Logistics and APL</p>	<p><b>Airports a play on rising affluence</b> GMR Airports</p>	<p><b>Good money chasing subpar non-core projects</b> Thermax</p>	<p><b>JSW Infrastructure</b> 2x EBITDA by FY25E and up to 4x by FY30E</p>
<a href="#">Ports and Logistics</a>	<a href="#">Gateway to Liquid and Gas Logistics</a>	<a href="#">Airports a play on rising affluence</a>	<a href="#">Good money chasing subpar non-core projects</a>	<a href="#">JSW Infrastructure</a>

# Aequs

## Strong Aerospace Base; Robust Consumer Future

Aequs (Latin for *equal*) was incorporated in 2000 by promoter Mr Aravind Melligeri, an engineering technocrat who is the key driving force behind the company. It established its unit in Belagavi SEZ (2008) for precision engineering and has since seen strong traction in the aerospace segment with marquee global customers.

We consider the matured but still fast-growing aerospace segment as an already established growth engine. Aequs has increased its presence across procurement programmes of Airbus and Boeing in particular, with its association with them now over a decade long. It is recognised as a Tier I supplier with Boeing, and a D2P (Detailed to Parts) award winner with Airbus, highlighting its ability to deliver consistently on quality.

Aequs attempted to extend its aerospace-related capabilities to plastic toys from FY16 and eventually into consumer durables (FY21), though with mixed results. However, it recently won a breakthrough order from the largest global electronics player for machining/supply of smart watch enclosures and laptop parts to the latter's facilities in Vietnam. The scale-up of the consumer business will be key to future stock price performance. Aequs is investing significantly in the space and utilisation of the segment is the key growth indicator.

We have in this report discussed Aequs' right to win in aerospace and establish its core value. We compare it with Luxshare in China to highlight the strong optionality of consumer segment growth if Aequs quickly scales up supply of smart device components. Post a recent correction in stock price during the West Asia crisis (limited impact) we think the risk reward is favourable. While the near-term return profile may seem modest (RoCE<10%), we think, drawing on parallels with Luxshare, that Aequs is a long-term growth story.

**Aerospace continues to be the key growth engine:** Aequs has in over a decade transitioned into a Tier I supplier for many aerospace majors (Airbus, Boeing, Safran). Its wins in key component programmes of majors has increased parts supplied by it to nearly 5,200+. Given that Airbus aims to increase sourcing from India to USD 2.1bn (FY30) versus USD 1.4bn (FY25) we see significant scope for growth. Aequs, with its unique end-to-end manufacturing/forging capabilities and its status as a D2P supplier (Detailed to Parts) for Airbus, stands to gain higher programme share. An aerospace order book of USD 814mn provides 3-4 years' sales visibility.

**Consumer electronics the new growth frontier, ramp-up is the key:** Aequs' consumer segment has struggled in terms of profitability despite tie-ups with premium toymakers and kitchenware makers. Aequs has an order from a global consumer electronics major for manufacturing smart watch enclosures and laptop bottom casings. The key aspect to track is ramp-up in utilisation in consumer (currently 31%) and investment in new machines for manufacturing (since scaling is contingent on demand provided by the customer).

**Value at 22x FY30E EV/EBITDA and discount back to FY28 to derive our TP of INR 145:** Aequs is a combination of a well-established aerospace segment and the optionality of a potentially rapidly expanding consumer segment (off a low base). We value it at FY30E EBITDA as that is when we expect key benefits of the intensive-capex phase to start showing up, and discount back to FY28 to derive our TP of INR 145. Given the current listing, the risk reward is favourable and we initiate at BUY. In our valuation framework, 75% of the value accrues from the established aerospace business underpinned by decades-old customer connections, while 25% of the EV is from consumer, which is at a smaller, suboptimal scale currently (FY26) but has significant scale-up potential.

Recommendation and Price Target		Financial Summary					(INR mn)
Current Reco.	BUY	<b>Y/E Mar</b>	<b>FY24A</b>	<b>FY25A</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Current Price Target (12M)	145	Net Sales	9,651	9,246	12,053	19,692	25,303
Upside/(Downside)	15.1%	Sales Growth (%)	18.8	-4.2	30.4	63.4	28.5
<b>Key Data – AEQUS IN</b>		EBITDA	1,223	734	1,235	1,992	2,574
Current Market Price	INR126	EBITDA Margin (%)	12.7	7.9	10.2	10.1	10.2
Market cap (bn)	INR84.7/US\$0.9	Adjusted Net Profit	-87	-1,024	-666	-462	-621
Free Float (%)	14.6	Diluted EPS (INR)	-0.1	-1.8	-1.0	-0.7	-0.9
Shares in issue (mn)	670.7	Diluted EPS Growth (%)	-	-	-	-	-
Diluted share (mn)	670.7	ROIC (%)	4.2	-3.7	-0.8	2.3	2.3
3-mon avg daily val (mn)	INR665.1/US\$7.2	ROE (%)	-1.6	-13.4	-6.2	-3.3	-4.6
52-week range	INR165/113	P/E (x)	-	-	-	-	-
Sensex/Nifty	76,704/23,778	P/B (x)	12.8	10.2	5.9	6.1	6.4
INR/US\$	92.6	EV/EBITDA (x)	69.2	120.0	68.7	45.5	37.5
		Dividend Yield (x)	-	-	-	-	-

Source: Company data, JM Financial. Note: Valuations as of March 18, 2026

Price Performance			
%	1M	6M	12M
Absolute	-14.1	0.0	0.0
Relative*	-7.7	0.0	0.0

\*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ  
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

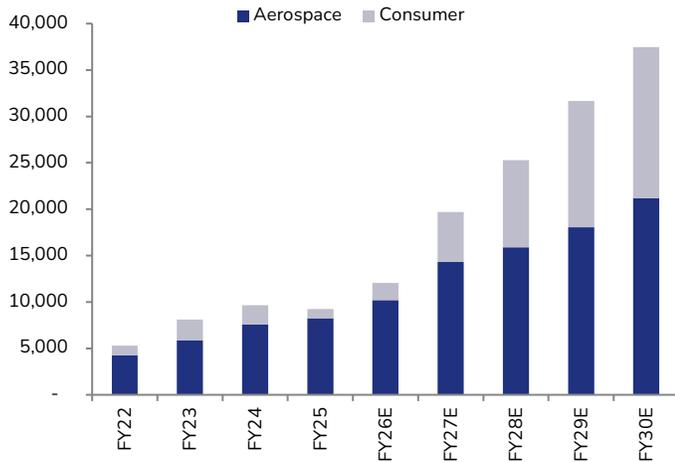
**Priyankar Biswas**  
priyankar.biswas@jmfl.com  
Tel: (91 22) 69703622

**Neelotpal Sahu**  
neelotpal.sahu@jmfl.com  
Tel: (91 22) 69703660

**Parth Thakkar**  
parth.thakkar@jmfl.com  
Tel: (91 22) 61781879

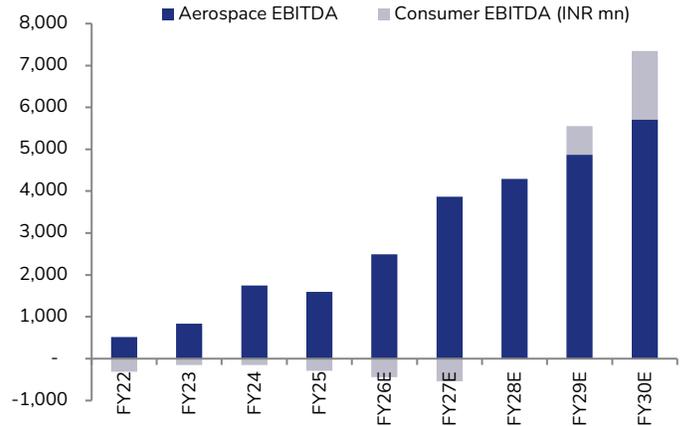
# Focus Charts

**Exhibit 1: Strong growth of 30%+ CAGR over FY26-30E...**



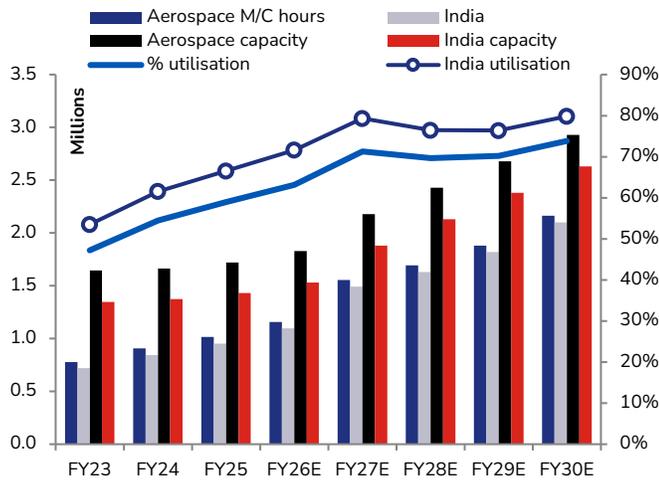
Source: Company, JM Financial

**Exhibit 2: ...driving 46% EBITDA CAGR as Consumer turns profitable**



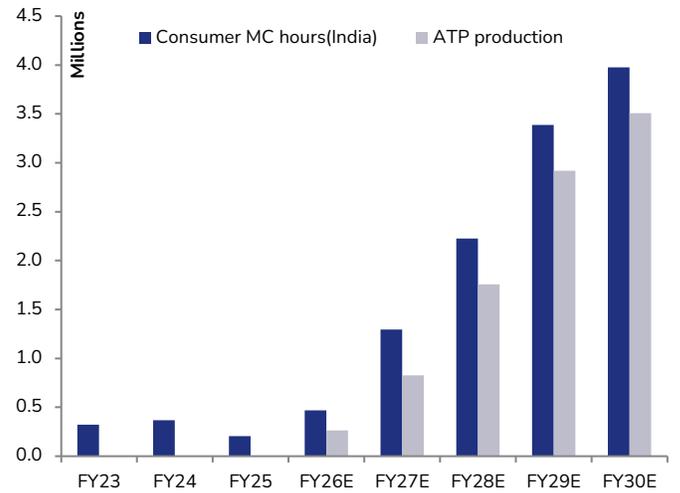
Source: Company, JM Financial

**Exhibit 3: Aerospace machining hours rise driven by strong orderbook**



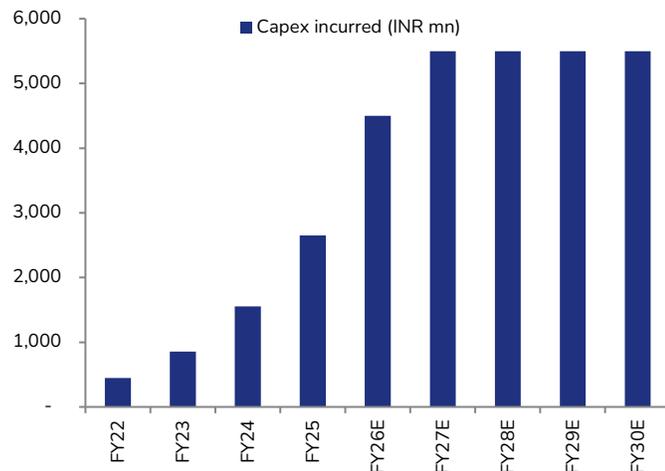
Source: Company, JM Financial

**Exhibit 4: Consumer growth driven by global electronics contracts**



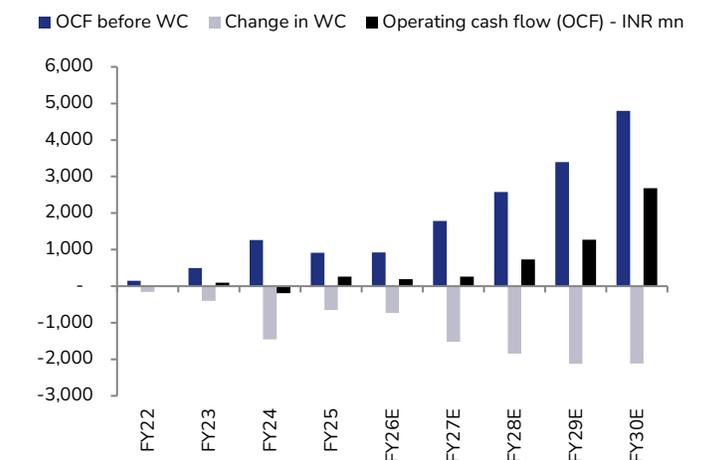
Source: Company, JM Financial

**Exhibit 5: Capacity expansions can increase capex intensity**



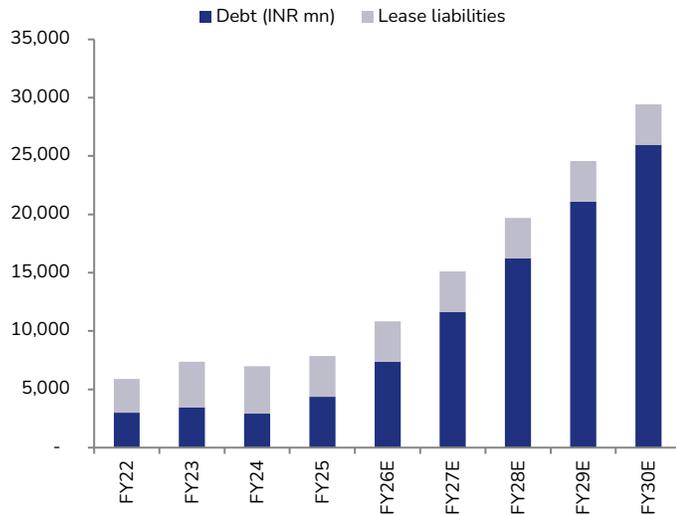
Source: Company, JM Financial

**Exhibit 6: Significant working capital investments likely**



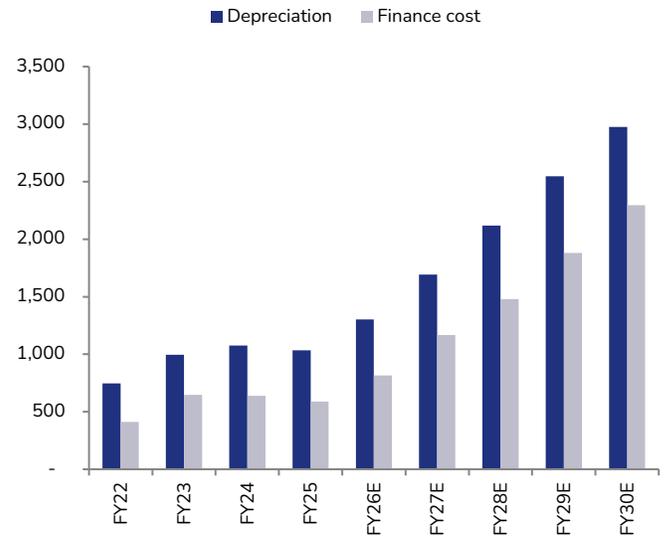
Source: Company, JM Financial

**Exhibit 7: Debt levels rise on capex and working capital investments**



Source: Company, JM Financial

**Exhibit 8: Depreciation and finance costs may remain elevated**



Source: Company, JM Financial

**Exhibit 9: Our TP of INR 145 implies ~40x EV/EBITDA on FY28E**

INR mn	FY27	FY28	FY29	FY30
EV (at TP)	1,07,232	1,07,232	1,07,232	1,07,232
EBITDA	2,072	2,654	3,479	4,876
EV/EBITDA	51.7	40.4	30.8	22.0

Source: JM Financial

# Investment Thesis

## A key success story of “Make in India”

### Strong aerospace capabilities with multi-year relationships

Aequus was founded in 2000 and, in 2008, it established a unit in a sector-specific Special Economic Zone (SEZ) at Belagavi in Karnataka for precision engineering. Since then, Aequus, led by its technocrat promoter Mr Aravind Melligeri, focused on enhancing its capabilities in the aerospace segment, especially its ability to work with metals such as titanium and aluminium. It eventually developed capabilities to offer fully vertically integrated manufacturing capabilities in aerospace and claims to be India's only fully vertically integrated player in the space.

These capabilities coupled with niche metallurgy capabilities (high-end alloys for titanium) have enabled it to not only secure marquee clientele like Airbus, Boeing and Safran but also to sustain those relationships (for over a decade on average). The long term and sticky nature of relationships have resulted in significant wallet share gains from Airbus in particular.

In aerospace, Aequus also established a manufacturing presence closer to its customers through acquisition of facilities in Cholet, France (FY16) and Texas, USA (FY15).

### Increased aerospace sourcing from India a key catalyst

Companies like Airbus have steadily increased sourcing from India, from USD 0.5bn in FY16 to USD 1.0bn (FY24) and eventually to USD 1.4bn (FY25). Similarly, Boeing has increased its sourcing by 4x over CY14 to CY24 to USD 1.0bn. Boeing plans to increase Indian sourcing to USD 1.3bn by CY26. Airbus, which is the largest customer for Aequus, plans to increase sourcing from India to over USD 2.0bn by FY30. We believe this offers Aequus more opportunities for long-term growth.

Aequus is a Tier I supplier for Airbus and Boeing and has the strength to capitalise on the aforementioned macro trend. It has been awarded D2P (Detailed to Parts) Award six times by Airbus (FY16-23), highlighting its stature as a top quartile global supplier for Airbus. Thus, Aequus is well placed to benefit from this trend. We believe Aequus is attempting to secure more business lines from Airbus, Boeing and Safran and any recent wins can increase its wallet share. With 9MFY26 orderbook at USD 814mn in aerospace, it is well placed in the segment for 3-4 years. It currently supplies over 5,200+ aerospace parts (9MFY26), significantly higher than 4,500+ in end-FY25.

### Strong sales/EBITDA growth in aerospace at scale

Aerospace has witnessed significant capex over the years with largescale addition of CNC machines to support scale. Machinery utilisation levels (India capacity utilisation currently at 71% and overall utilisation at 64%) have risen significantly, which, in turn, has driven strong profitability (20%+ EBITDA margin). We believe there is sufficient scope for capacity enhancements and, hence, support strong growth in order inflows and revenue. We estimate 21% sales CAGR and 29% EBITDA CAGR in the aerospace segment over FY25-30E.

The order book of USD 814mn in 9MFY26 already provides it with 3-4 years of growth. We expect significant gains in the company's market share with Airbus. A significant share of Aequus' supplies is commodity in nature, and if the mix becomes adverse in any particular year, then there may be fluctuations in margins. If the share of value-added parts (landing systems/engine parts) increases, then growth could be robust. Furthermore, Airbus has also increased its vendor pool (2x over FY16-24) and may do so again over FY25-30; thus, there could be competition.

### Consumer struggled but macro trends turning favourable

Aequus began making plastic toys in Belagavi SEZ in FY16. Since then, it has set up more manufacturing facilities for consumer segment in Koppal (FY21) and Hubballi (FY22). Though Aequus has secured marquee toymakers like Hasbro and Matel as its customers, and Tromontina, Spin Master and Wonderchef in consumer durables the segment has faced margin and scale challenges. Sales was volatile, especially in FY25, with low-capacity utilisation.

However, the increasing trend of supply chain diversification (or China plus one) may benefit Aequus. Key toymakers are looking at alternate supplies from India. Leading consumer electronics names are also seeking supply chain diversification within Asia to India and Vietnam.

## Breakthrough in electronics; ramp-up will be the key

Aequus has secured contracts from a global consumer electronics leader for smart watch enclosures and laptop bottom casings. These parts will be machined in India at Aequus' facilities and flown to Vietnam for further assembly by other vendors in that supply chain.

In the past, Chinese players like **Luxshare** had taken advantage of such business opportunities and grown significantly when China emerged as the machining hub. **The scale-up in manufacturing capacity and its utilisation will be the key metric to track for Aequus.** Utilisation has risen to 31% (3QFY26) from 19% in 3QFY25 and despatches have commenced to Vietnam. In the near term, we expect capex intensity to be high as Aequus may need to add more CNC machines. The ramp-up of lines initially may involve start-up costs and margins can remain low until 70%+ utilisation like in aerospace is achieved. With scale, pricing may also come down but absolute EBITDA may grow strongly. We expect 75% sales CAGR over FY25-30E and EBITDA turning a positive INR 1.5bn-2.0bn by FY30E (versus losses in FY25-27).

## West Asia disruptions have limited impact

Aequus ships its manufactured components to customers in France, USA or Vietnam as belly cargo in aircraft. The recent disturbances in West Asia due to the Israel-Iran conflict has led to air routes over the Persian Gulf region being impacted. We do anticipate some initial impact till air routes are realigned. We do not expect significant increases in overall costs but do expect disruptions in delivery timelines. Air routes to the Asia Pacific (Vietnam) remain unimpacted.

Further, Aequus imports aluminium alloys from Europe (Germany) and titanium alloys as well, all delivered at Bengaluru. There may be some impact here as well, but it is likely to be transient and regional air routes could realign. Aequus' CNC machines (420+) are operated through electricity supplied via the grid and operations are unlikely to be impacted by LPG or natural gas shortage, which has impacted operations of some industrial names of late.

The Persian Gulf conflict had led to significant depreciation of the INR versus USD. Aequus' revenue and gross margin are almost entirely USD linked (exports are 90% of sales and even domestic sales from SEZ are deemed exports) while some overheads are in INR. Thus, a significant currency depreciation improves profitability and competitiveness of its offerings.

## Valuations: Risk reward favourable post recent corrections

Share prices have eroded sharply since the start of the war in the Persian Gulf. We believe the eventual impact is overplayed. Admittedly, there may be some impact on delivery schedules to Europe (Airbus, Safran, Collins Aerospace) as air routes are reworked but, we believe, based on management interactions, that the increased logistics costs are a pass-through (on actuals). Shipments to Vietnam are unlikely to be impacted. On the other hand, the recent strengthening of the USD may be a key offset as 97%+ of sales are USD denominated. Material costs are USD denominated as well; thus, gross profit levels (USD terms) may be maintained. Employee and other overheads are INR denominated and, thus, there may be a positive EBITDA margin impact.

We value Aequus Aerospace at 22x FY30E EBITDA (benchmarked to aerospace and EMS peers) and discount back to FY28 since the benefits of the capex-intensive phase (currently) are seen at later stages. This effectively implies an effective EV/EBITDA of 40x EV/EBITDA for FY28E EBITDA of INR 2.65bn (including JV share of profits of INR 0.8bn) and deduct net debt (including lease liabilities) to derive our TP of INR 145 and initiate at BUY. We are including lease liabilities in net debt to offset the fact that lease rentals incurred are below-EBITDA items.

## Peer table

Exhibit 10: Peer comparison

Company	Mcap INR bn	CAGR (FY23-25)		CAGR FY25-28E		ROCE	EV/EBITDA			PE		
		Sales	EBITDA	Sales	EBITDA	FY25	FY26	FY27	FY28	FY26	FY27	FY28
Aequus Ltd	82	7%	39%	40%	52%	0%	66.6	44.2	36.5	NA	NA	NA
Azad Engineering Ltd	97	35%	45%	35%	35%	8%	43.5	32.8	24.4	75.7	57.1	40.8
Unimech Aerospace and Manufacturing Ltd	40	61%	66%	37%	36%	19%	44.2	25.5	15.9	59.5	37.5	23.8
PTC Industries Ltd	258	19%	11%	98%	132%	6%	172.2	71.0	27.3	249.8	100.2	36.6
<b>Average</b>		<b>31%</b>	<b>40%</b>	<b>52%</b>	<b>64%</b>	<b>9%</b>	<b>81.6</b>	<b>43.4</b>	<b>26.0</b>	<b>128.3</b>	<b>64.9</b>	<b>33.7</b>
Dixon Technologies (India) Ltd	625	79%	71%	29%	32%	42%	32.3	23.9	18.0	60.3	48.1	35.2
Kaynes Technology India Ltd	243	55%	51%	43%	46%	11%	37.0	25.2	17.9	53.0	39.8	29.8
Amber Enterprises India Ltd	238	20%	23%	24%	29%	9%	26.5	19.3	15.0	75.4	42.4	30.5
Syrma SGS Technology Ltd	147	34%	48%	30%	39%	9%	26.8	20.5	15.6	44.6	33.7	25.9
Avalon Technologies Ltd	60	47%	44%	31%	39%	10%	34.9	24.7	19.1	55.4	38.3	29.0
<b>Average</b>		<b>47%</b>	<b>47%</b>	<b>32%</b>	<b>37%</b>	<b>16%</b>	<b>31.5</b>	<b>22.7</b>	<b>17.1</b>	<b>57.8</b>	<b>40.5</b>	<b>30.1</b>
<b>Total average</b>		<b>39%</b>	<b>44%</b>	<b>42%</b>	<b>50%</b>	<b>12%</b>	<b>56.6</b>	<b>33.0</b>	<b>21.6</b>	<b>93.0</b>	<b>52.7</b>	<b>31.9</b>

Source: Bloomberg, JM Financial

## Key investment risks

- Weaker-than-estimated ramp-up in consumer electronics production is the single biggest risk to our estimate. Conversely, a stronger ramp-up can lead to significantly higher upside.
- Capex-intensive phase is likely to continue over FY26-28 and potential interest rate hikes at a time of rising net debt levels could be a concern.
- Competition is rising in India for aerospace contracts as both Airbus and Boeing expand their vendor ecosystem. This can impact pricing power in the near to medium term.
- The toys business had witnessed exceptionally strong volatility (e.g., in FY25) in sales and margins.

## Company Overview

Aequs is the only precision component manufacturer operating within a Special Economic Zone (SEZ) in India to offer fully vertically integrated manufacturing capabilities in the aerospace segment, which sets it apart from other contract manufacturers with selective manufacturing capabilities, according to company filings. Precision components are precisely machined parts that are designed and manufactured to exact specifications and commonly supplied to OEM (Original Equipment Manufacturer) customers and system integrators. The company has one of the largest portfolios of aerospace products (5,200+ at 9MFY26) in India.

Its diverse consumer product portfolio includes consumer durables such as cookware and small home appliances, plastics such as outdoor toys, figurines, toy vehicles, and components for consumer electronics such as portable computers and smart devices.

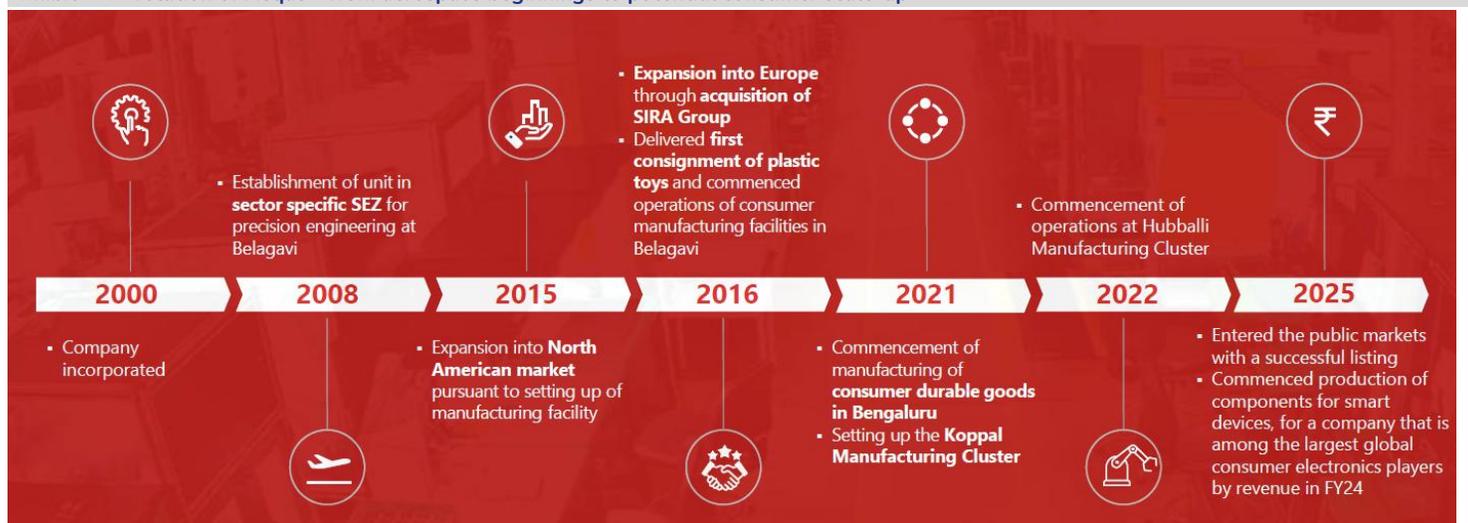
The company is one of the few manufacturers in India with niche metallurgy capabilities, specialising in precision machining of high-end alloys, including titanium alloys for its aerospace clients.

Aequs operates in three unique, engineering-led vertically integrated precision manufacturing ecosystems in India. These **manufacturing ecosystems comprise a) the company, b) a few of its suppliers, and c) its joint ventures (JVs)**, which allow Aequs to manufacture products in accordance with clients' specifications. Global aerospace companies such as Airbus and Boeing are focused on enhancing their supply chain efficiency and, accordingly, prefer suppliers who offer one-stop-shop capabilities to support their complex manufacturing and integration needs, due to the benefits associated with quality management, cost and working capital efficiencies (for instance, on account of reduced logistics and warehousing costs as a result of co-located facilities), reduced lead times and reduced global carbon footprint (Source: F&S Report).

During 9MFY26, the company produced over 5,200+ products in the aerospace segment under a variety of manufacturing and assembly programmes established with its aerospace customers, including programmes for single aisle (such as A220, A320, B737) and long range (A330, A350, B777, B787) commercial aircraft. The combination of its scale, vertically integrated manufacturing ecosystems and qualified engineering talent enables it to scale production while meeting contracted timelines with stringent quality and safety standards. This has also allowed it to **achieve 100% in-country value addition for select products**.

Aequs commenced manufacturing of aero-structure components and aero-engine components for aerospace clients in its units in the Belagavi Manufacturing Cluster in 2009. Over the past 15 years, it has consistently grown its business by developing and acquiring new manufacturing capabilities and diversifying its product portfolio and customer base across aerospace and consumer segments. Aequs strategically expanded its manufacturing operations in North America and France, through acquisitions in 2015 and 2016, respectively, which has allowed it to acquire new capabilities in the aerospace segment, grow its footprint in North America and Europe, and expand its product portfolio. The business operates in two broad segments: a) Aerospace; and b) Consumer. Aerospace is a relatively mature yet strong-growth business, while the consumer segment lacks scale but we expect it to improve strongly in the next few years.

**Exhibit 11: Evolution of Aequs – from aerospace beginnings to potential consumer scale-up**



Source: Company, JM Financial

# Aerospace: Established, Strong Business

## Increased sourcing from India by majors a tailwind

Key aerospace majors like Airbus and Boeing have been increasing their sourcing from India over the past decade. Airbus (largest customer for Aequus) has increased its sourcing from India from USD 0.5bn (FY16) to USD 1.1bn in FY24 and further to USD 1.4bn in FY25; it intends to raise that to USD 2.0bn by FY30. Similarly, Boeing (Aequus is a Tier I supplier since 2017) has increased sourcing to USD 1.0bn (CY24) from 300+ suppliers in India from USD 0.25bn in CY14. Given Airbus alone has 1,000+ aircraft orders from Indigo and Air India currently, there is adequate rationale for further sourcing from India by these majors. However, competition is rising as well with Airbus' suppliers rising from 45 in FY16 to 100+ by FY24. Thus, even if **Aequus simply maintains its wallet share we can expect 14% USD sales CAGR (FY24-30)** or potentially 15-16% INR sales CAGR considering 1-2% annual INR depreciation versus the USD.

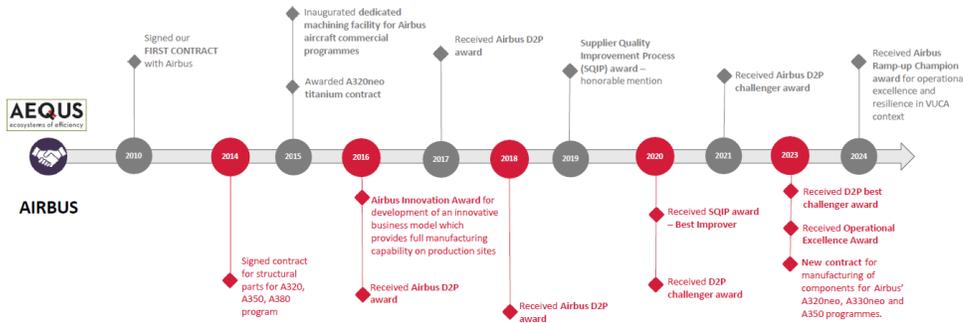
Aerospace majors pursue aggressive price-reduction initiatives with suppliers every year and seek significant volume-based discounts as size of the order increases, which is a key challenge for players like Aequus. Since parts made are customised, specific production lines need to be set up, requiring significant investments.

## Aequus, with healthy credentials, is well placed

We believe that Aequus should be able to increase its wallet share with key aerospace customers by qualifying for additional procurement programmes. It has established credentials, which provides it a right to win further market share, such as:

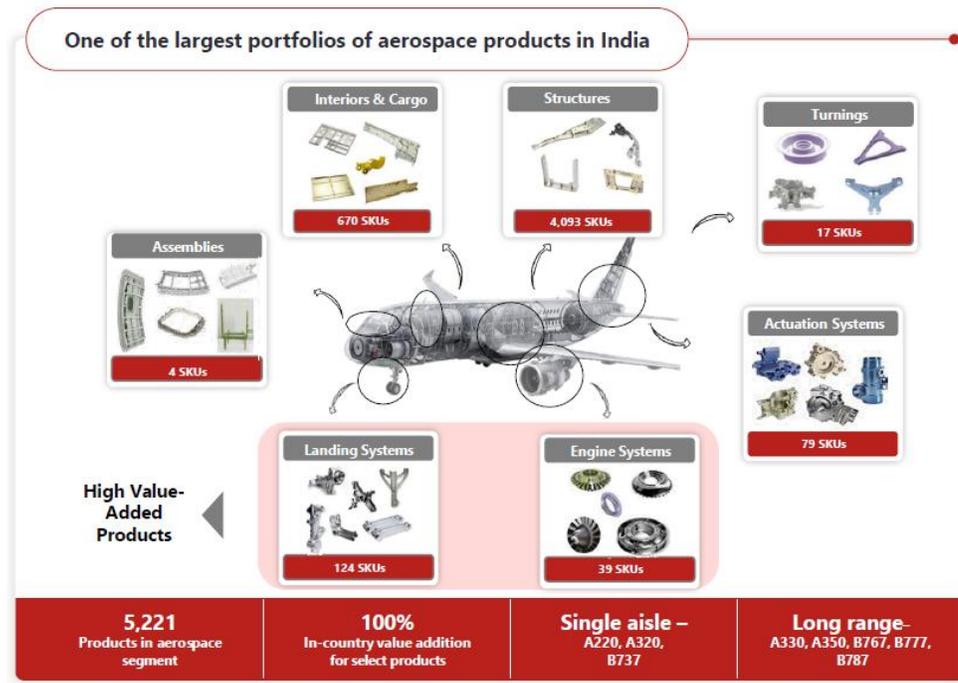
- **Longstanding customer relations:** Aequus has a relationship of 15 years with Airbus, eight with Boeing, nine with Safran and 10 with Collins Aerospace. Aequus has also consistently increased its wallet share from them. Its facilities in Cholet in France, (services Collins Aerospace and Safran) and Paris in Texas, US (serving Boeing and Spirit) deepen its relations with these aerospace majors. The Texas facility is approved for exports as well.
- **Tier I supplier for both Boeing and Airbus:** Aequus has secured D2P (Detailed to Parts) supplier award from Airbus (six times over FY16-23). It has also secured Ramp-up Champion award and SQUIP awards. For Airbus, only the top 100 suppliers globally are classified as D2P, and Aequus being one of them highlights its strong product quality and delivery capability. For Boeing, Aequus has been a Tier I supplier since 2017.
- **Approved JV facilities for value-added works and international presence:** JV facilities like SQuAD and Aequus Aerospace provide niche metal forging and finishing capabilities beyond machining. The combination allows Aequus to offer fully integrated manufacturing solutions for aerospace. As of 9MFY26, it is the only Indian firm to do so.
- **Only player in India to offer fully integrated manufacturing solutions:** Aequus has built a complete ecosystem for precision manufacturing at the Belagavi SEZ. The ecosystem allows components to travel within a 500m radius versus procuring components 5,000km away. The company currently (9MFY26) manufactures 5,221 parts (4,500+ in FY25), highlighting its success in securing new programmes.
- **Ability to fully localise certain products:** The company has attained 100% in-country value for certain products like engine front spinner (a rotating component of engine with precise balance requirement mounted on the front of turbine blade assembly of LEAP engines) and wheels for landing systems.
- **Strong team for new product development:** The company has a team of 300+ professionals (process, tools and testing engineers) who receive customer technical specifications and simulate and industrialise products based on them.

**Exhibit 12: Airbus relationship history: D2P partner status**



Source: Company, JM Financial

**Exhibit 13: Aequus has a large portfolio of 5,200+ parts in aerospace (versus 4,500+ at end-FY25)**



Source: Company, JM Financial

**Exhibit 14: Aerospace parts and products descriptions – Engine systems and landing systems are considered high value**

Aerospace	No of parts	Parts description
Structures	4,093	Bracket, corner fitting, cable quadrant, triangular bracket, wing flap support, coupling, gearbox bracket, floorboard, latch assembly, bracket structure
Interiors and cargo	670	Power distribution unit tray, side panel, pawls, base, pan-seat, beam-back support, panel-side top, seat stay, outer paw, housing left, bracket offset
<b>Landing systems</b>	<b>124</b>	<b>Main landing gear, main fitting, bracket assembly, front panel, front assembly uplock, rim, half wheel, main fitting assembly</b>
Actuation Systems	79	Housing, manifold, mounting foot, mounting flange, actuator piston, housing, jack head, radar box
<b>Engine systems</b>	<b>39</b>	<b>Front spinner, seal rotating bearing, fan disk, cone sub-shaft, shroud, pylon rib, rotating spacer, fuel injection rail</b>
Turnings	17	Cover (compressor), fitting, shear plate, coupling, bushings
Assemblies	4	Structure (emergency exit panel), non-operable door panel, outflow valve door, retainer (seal), handle, machining (frame), front panel, racks

Source: Company, JM Financial

## Strategic joint ventures enhance capabilities

Aequus has enhanced its capabilities within the Belagavi SEZ by undertaking strategic joint ventures with global partners. Its joint venture SQuAD Forging India Private Limited (SQuAD) has given it the ability to, among others, forge small to medium-sized aero-structural parts for engines, landing gear and braking system components in aluminium, steel, titanium or nickel-based alloys. Further, Aerospace Processing India Private Limited (API), its joint venture with Magellan Aerospace Limited, Canada, formed in 2007, has enabled it to provide innovative surface treatment solutions.

## Strong ecosystem but investments also significant

Aequus seems to have addressed a key supply chain challenge through its concept of fully integrated vertical manufacturing at Belagavi. Typically, materials such as aluminium and titanium alloys are imported from Europe by its suppliers (e.g.: Thyssen Krupp in Bengaluru supplies special grade aluminium imported from Germany). These are generally transported as aircraft belly load. Currently, Aequus is seeking customer approval for local aluminium parts from Hindalco, which can partly localise the supply chain.

Depending on product lines and future new products to increase customer wallet share, Aequus must consistently invest in CNC machines to increase its machining capacity. Besides machining capacity, Aequus has developed significant forging capabilities for aerospace parts with the SQuAD JV (hydraulic close die-press of 10kt capacity). The JV with Magellan Aerospace is the approved facility for Boeing and Airbus for surface treatment. The company has also developed aero assemblies at Belagavi for non-operable door panels and structures (emergency exit panels). Some low-value activities are outsourced to third-party subcontractors within the SEZ.

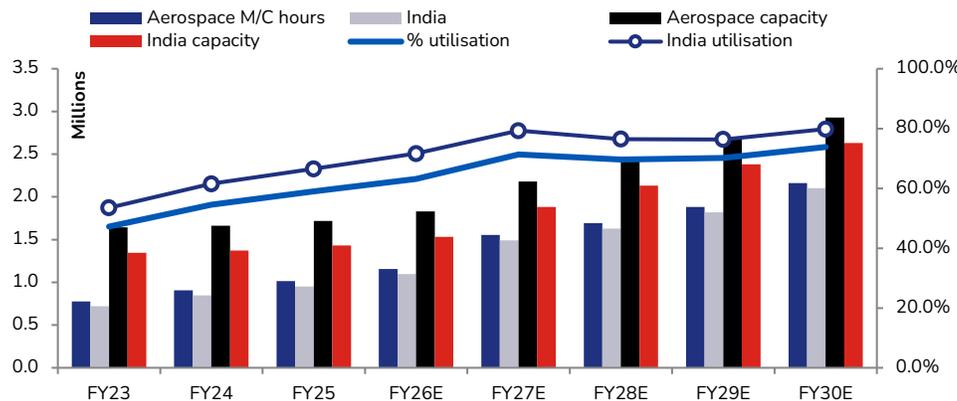
The manufactured aircraft parts are delivered to customers by air as well. Thus, logistics (inbound and outbound) are significantly dependent on air cargo. The Belagavi SEZ reduces the distance components or machined parts need to travel between facilities from as high as 5,000km (if parts are imported) to less than 1km within the SEZ.

Exhibit 15: Belagavi SEZ supports a fully vertically integrated aerospace facility



Source: Company, JM Financial

Exhibit 16: Aerospace will require significant addition of machining capacity in India



Source: Company, JM Financial

# Consumer Segment; Scaling Up is the Key

## Business has struggled despite marquee client profile

Aequus originally focused on aerospace, and capabilities developed in areas like plastic moulding and metal working (niche metallurgy) were translated into entry into plastic toys (marquee customers like Hasbro and Mattel) as well as consumer durables (cookware) through a tie-up (joint venture) with Tramontina. It has also built long-term customer relationships, the longest of which is with Hasbro (nine years), a premium global toymaker. It has been associated with Wonderchef and SpinMaster for 5 years and 7 years respectively (9MFY26). The relatively recent (Jun'24) tie-up with Tramontina is for supply of non-stick pans and the scope may increase going forward. Some macro trends like China plus One are also at play in toys with Hasbro targeting increased sourcing from regions such as India (Aequus to benefit) and Vietnam. Management stated that it has also begun shipments to Mattel from 3QFY26 and we expect it to gain traction in FY27.

The consumer business (current state) is significantly seasonal with revenue peaking generally in 3Q of a financial year (especially toys). The key competency required is the ability to mobilise significant manpower during peak seasons and manage volatility of demand.

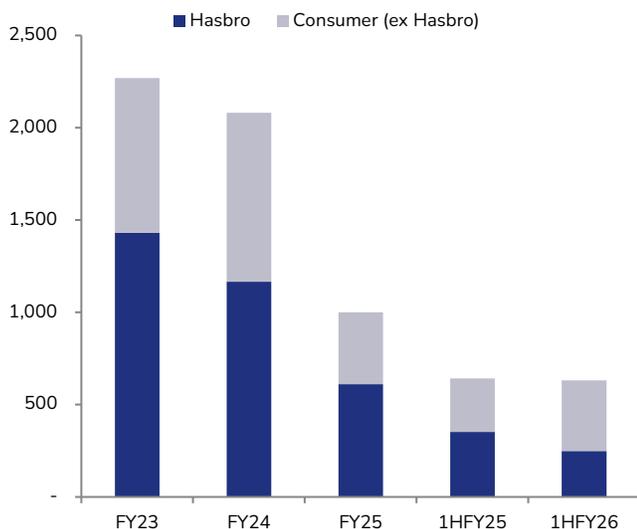
However, despite a premium clientele, the consumer business suffered from low scale and revenue volatility. This often led to under-absorption of overheads, leading to large losses. It had also faced a voluntary product recall with Hasbro earlier (FY21) due to high lead content (partly covered by insurance). However, there have been no product recalls in the last three years. Belagavi is focused on aerospace with plastic toy sales. The other two manufacturing clusters Hubballi (0.55mnsqft) and Koppal (0.30mnsqft) are focused on the consumer segment.

**Exhibit 17: Consumer segment offerings; consumer electronics a key growth driver**

Consumer	Products
Consumer electronics	Components for portable computers and smart devices
Plastics	Outdoor games/darts, toy vehicles, figures, dolls, role play toys and STEM toys
Consumer durables	Non-stick cookware and small home appliances

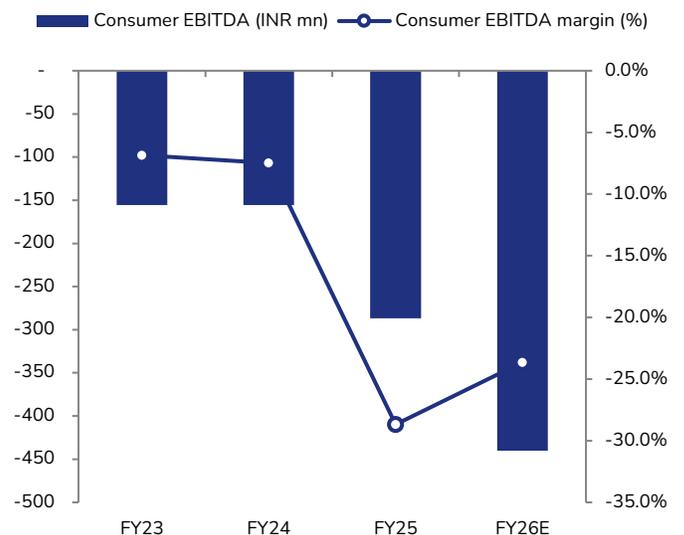
Source: Company, JM Financial

**Exhibit 18: Consumer sales (INR mn) impacted by low toy sales**



Source: Company, JM Financial

**Exhibit 19: Margin dipped on volume under-recovery**



Source: Company, JM Financial

## Exhibit 20: Consumer manufacturing processes and capabilities



Source: Company

## Breakthrough contract with global electronics major

Aequus has secured orders for mass production of components for laptops and smart devices for a global leading consumer electronics major. The company began shipments of laptop components from 31<sup>st</sup> Jul'25. It has dedicated 0.30mnsqft at Hubballi for target production of high-precision consumer products, such as portable computers, and smart devices that require significant titanium-based machining capabilities.

Our management interaction suggests that the consumer electronics customer has significant plans for expanding production in Vietnam for smart devices. The eventual manufacturing capacities Aequus needs to set up in Karnataka will be contingent on the customer's projections. The products (mechanical enclosures) have qualified for government incentives, which can aid margins. The parts are to be flown to Vietnam for final assembly by the customer's vendor in that country.

## Exhibit 21: Aequus has deployed significant machinery in consumer segment in 9MFY26

Consumer machine categories	Nos
Plastic moulding machines (80-450T)	161
Blow moulding machines (1-15L)	7
Moulding machining hours (mn)	2
Assembly lines	46
CNC machines (consumer electronics)	218

Source: Company, JM Financial

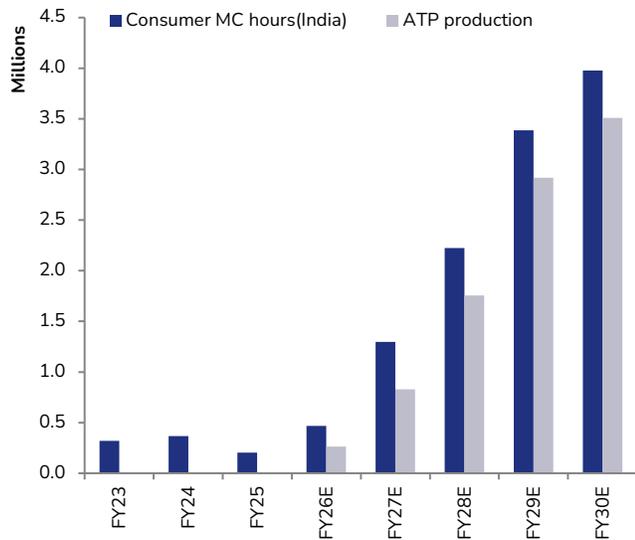
## High capex intensity: Capacity addition needed for scale-up

Global electronics major Apple targets to source 20% of global iPad and Apple watches, 5% of Macbooks and 65% of AirPods from Vietnam, according to *Vietnam Briefing*. These opportunities indicate the significant scope for Aequus to scale up, though there are Chinese competitors in Vietnam as well. Aequus can aspire to increase its share both in India (Apple plans to manufacture 50mn iPhones) and Vietnam. It had already deployed 218 CNC machines by 9MFY26 specifically for electronics, but we believe it needs to add significant machining capacity over FY26-30E to address these opportunities as well as those arising from increased demand for toys and consumer durables.

Further, Mattel has closed its factory in China and is looking to reallocate manufacturing to India and Vietnam, and Hasbro is also looking to source additionally from India; these can drive up toy volumes. The removal of reciprocal tariffs by the US can support export growth. In case of plastic toys, we believe adequate moulding and machining capacity exists.

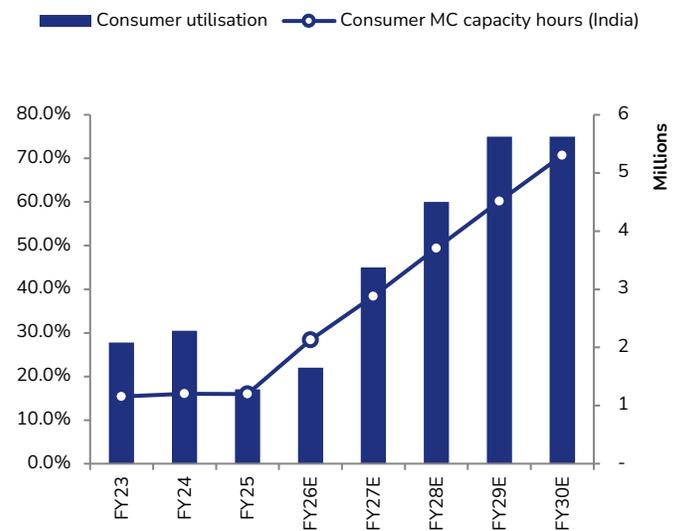
The current utilisation levels are low at 31% (9MFY26) leading to negative EBITDA and negative RoCE (pre-tax) as well. However, as mass manufacturing of smart devices and portable computer parts ramps up, utilisation could reach 70-80% in the long run (FY29-30E), at which time EBITDA margin could become strong (approaching that of the aerospace segment).

Exhibit 22: Expect significant increase in machining hour needs...



Source: Company, JM Financial

Exhibit 23: ...leading to investments into machining capacity



Source: Company, JM Financial

## Successful scale-up can mirror that of Luxshare (China)

Aequs' closest peer is Luxshare due to its machining-linked capabilities and deep penetration in the global consumer electronics space. Unlike other Asian peers that focus on assembly rather than machining (higher margin), Luxshare represents the frontier of possibility for Aequs.

Despite threats of China-plus-One-linked diversification of supply chains Luxshare has derisked by increasing its presence in Vietnam (north-central region). If Aequs can meet stringent delivery timelines and quality criteria, then the consumer electronics business is highly scalable.

However, scaling requires capex in machinery, which can impact near-term RoCE. Further, higher capex will lead to higher depreciation loads as well. In the longer term, we assess that the business is profitable at scale.

Exhibit 24: Luxshare has witnessed significant scale-up and growth with decent return profiles

CNY mn	2018	2019	2020	2021	2022	2023	2024
Revenue	35,850	62,516	92,501	1,53,946	2,14,028	2,31,906	2,68,795
Growth		74.4%	48.0%	66.4%	39.0%	8.4%	15.9%
EBITDA	4,638	7,465	10,454	13,246	18,779	21,460	22,277
EBITDA margins	12.9%	11.9%	11.3%	8.6%	8.8%	9.3%	8.3%
Net Profit	2,842	4,745	6,623	6,781	9,184	11,081	13,511
ROE %	19.2%	26.3%	29.9%	22.3%	22.7%	21.6%	21.28%
ROCE %	13.7%	19.9%	21.8%	15.2%	14.3%	13.4%	12.1%
<b>CFO</b>	<b>3,028</b>	<b>7,224</b>	<b>6,951</b>	<b>7,437</b>	<b>12,222</b>	<b>26,735</b>	<b>27,123</b>
<b>Capex</b>	<b>-5,156</b>	<b>-6,363</b>	<b>-7,502</b>	<b>-12,567</b>	<b>-13,584</b>	<b>-1,13,887</b>	<b>-12,111</b>
<b>Free Cash Flow</b>	<b>-2,128</b>	<b>862</b>	<b>-551</b>	<b>-5,131</b>	<b>-1,363</b>	<b>-87,153</b>	<b>15,012</b>

Source: Company, JM Financial, Bloomberg

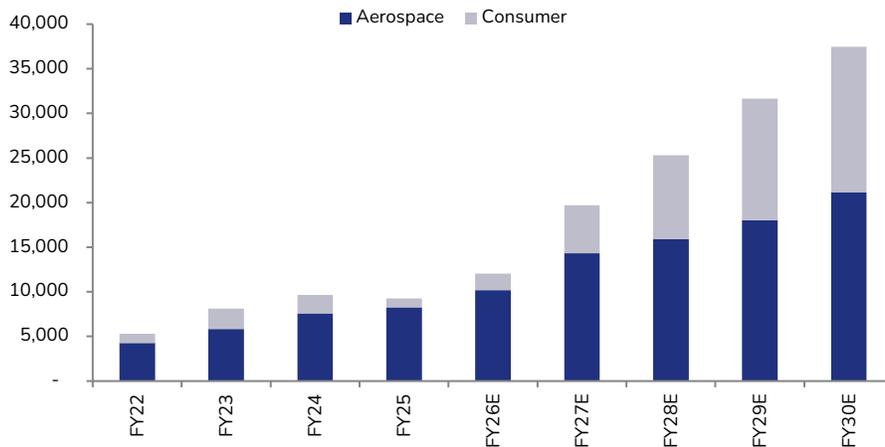
# Exports-Driven Make in India Sales Model

## Strong aerospace orders, consumer ramp-up fuel growth

The aerospace orderbook was USD 814mn in 9MFY26, with average execution expected by FY30E. Thus, an annual average execution of USD 200mn or above is likely in the near term. The scale of execution and potential further programme wins with Airbus or Boeing places the segment favourably. We expect 21% sales CAGR in aerospace over FY26-30E.

Similarly, with the breakthrough consumer electronics orders for smart devices enclosures and portable computer parts, we expect 75% sales CAGR over FY26-30E. Overall, we estimate consolidated sales CAGR of 32% over FY26-30E.

**Exhibit 25: Revenue CAGR (30%+) driven by aerospace and consumer; consumer rises from a weak base; aerospace supported by strong orderbook of USD 814mn (9MFY26)**



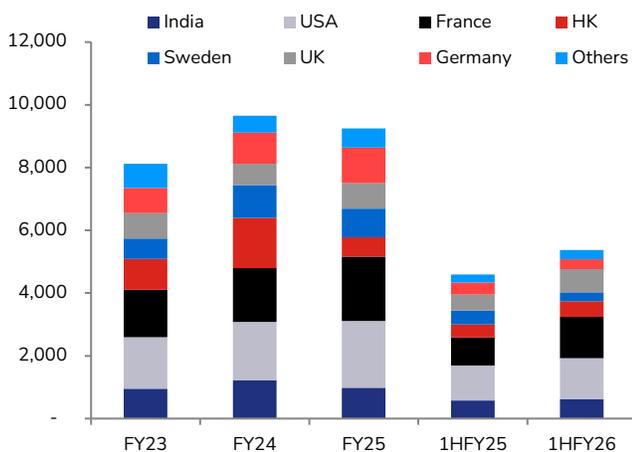
Source: Company, JM Financial

## Sales and raw materials from overseas; USD-linked margin

Direct exports contributed to 90% of sales in 9MFY26; Indian sales from SEZ (Belagavi) will also be considered as deemed exports. Based on our management interaction, 97% of sales is either direct exports or deemed exports and, hence, invoicing will be linked to USD.

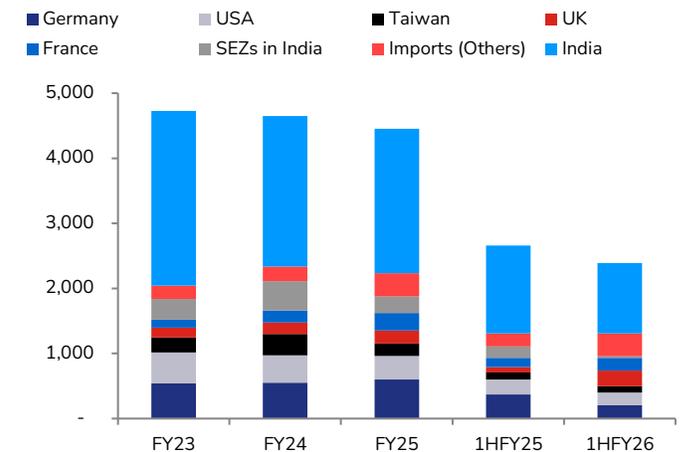
Aequus imports a significant quantity of raw materials (special grades of aluminium, titanium and steel) from overseas. Further, procurement from Indian SEZs is deemed imports. Thus, there is a significant share of imports in the raw material mix, so effectively gross margin is also USD linked. Costs like freight may be USD linked due to dependence of air freight.

**Exhibit 26: 90% of sales are exports, Indian sales (SEZ based) are deemed exports (USD linked)**



Source: Company, JM Financial

**Exhibit 27: Significant share of imports in cost base (aluminium, titanium, steel grades) – SEZ supplies are deemed imports**



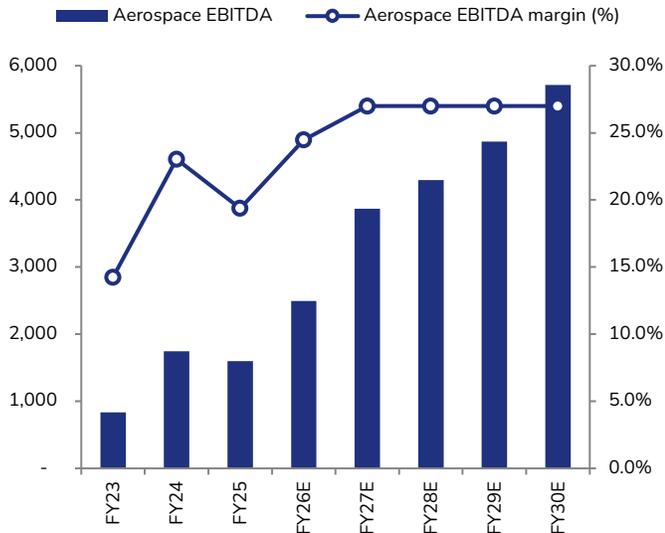
Source: Company, JM Financial

## EBITDA margin to expand; consumer turns the corner

We expect Aerospace EBITDA margin to sustain at 26-27% (FY27-30E), modestly higher than 25% we estimate in FY26E. Aerospace capacity utilisation is 71% (India) currently and we expect an optimal utilisation of 75-80%. For this, Aequus needs to invest in adding machining capacities.

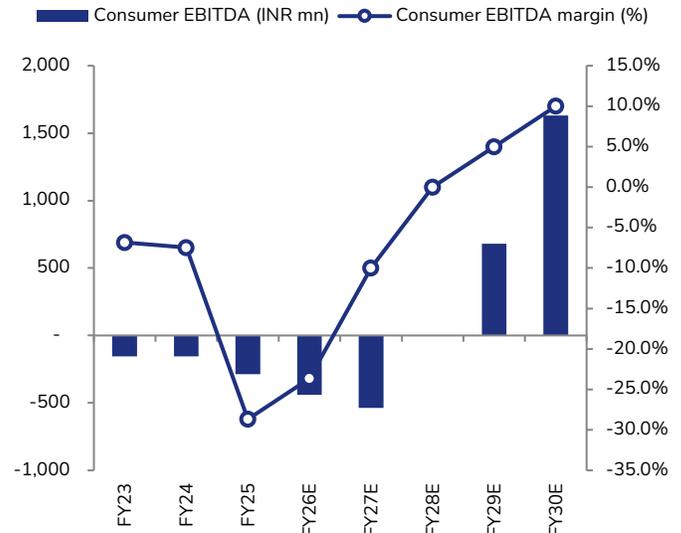
Consumer EBITDA margin is currently negative due to weak utilisation (31%) and initial start-up cost of advanced technical products (ATP). But based on our assessment of utilisation we estimate breakeven by FY28E for the consumer segment and potentially 10% EBITDA margin by FY30E. The margins are similar to those attained by Luxshare, which operates at significant scale.

**Exhibit 28: Aerospace EBITDA margin steady at 26-27%**



Source: Company, JM Financial

**Exhibit 29: Consumer margin to turn positive with scale**

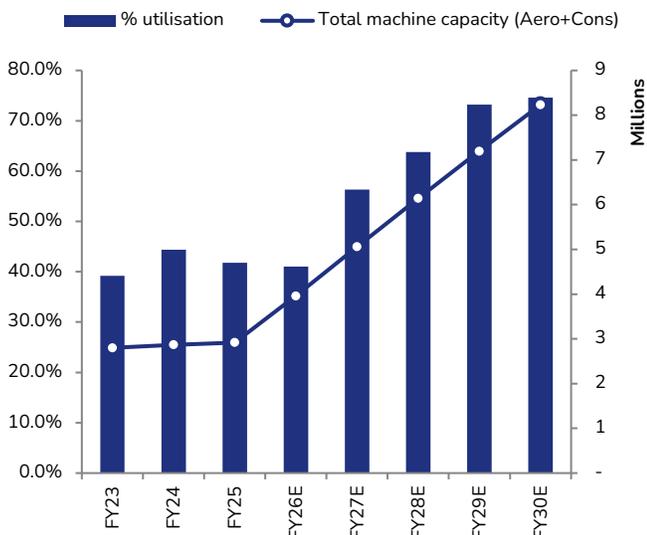


Source: Company, JM Financial

## Capex intensity and working capital rises on scaling-up

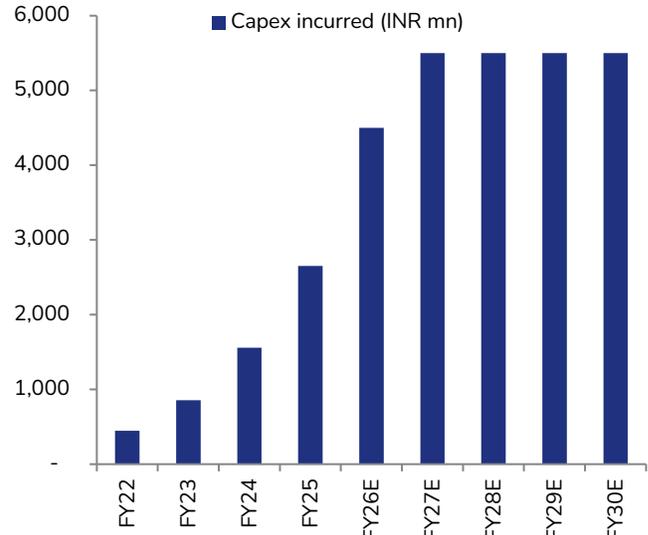
Success in winning further programmes from aerospace majors and the demand-driven requirement for consumer electronics will require significant levels of capex over FY26-30E. Capex intensity may remain elevated at INR 4.5bn-5.5bn annually. Further, for aerospace, long lead item inventories are necessary, which may lead to some investments in working capital.

**Exhibit 30: Significant investment expected in machining capacity...**



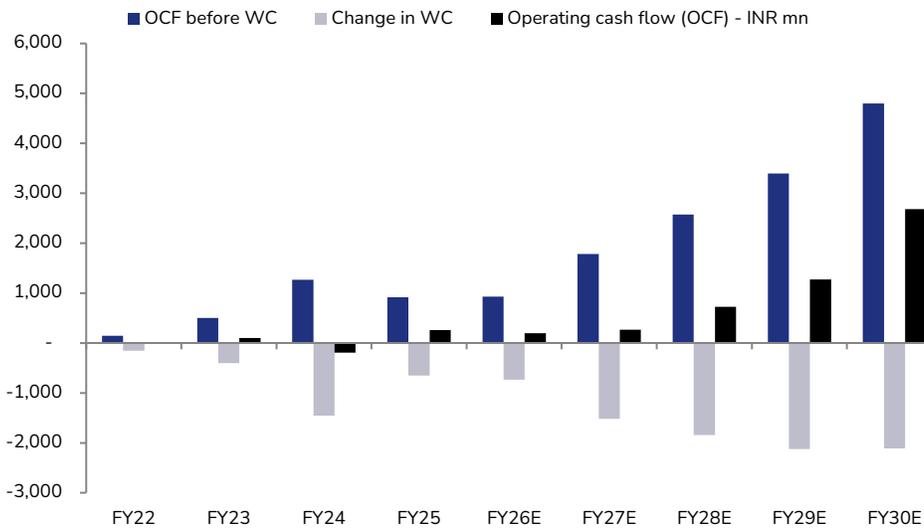
Source: Company, JM Financial

**Exhibit 31: ...leading to sustained capex level of INR 4.5bn-5.5bn p.a.**



Source: Company, JM Financial

**Exhibit 32: Significant investments in working capital essential to support growth**



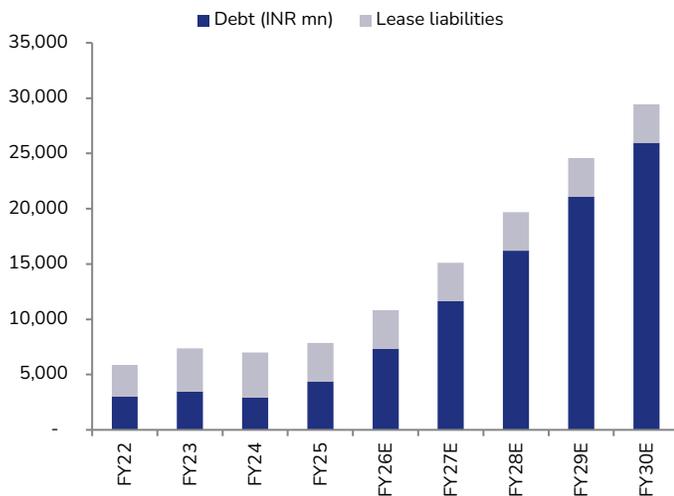
Source: Company, JM Financial

## Depreciation and interest costs rise on additional capacity and rising net debt

The higher spends in capacity may lead to increase in depreciation costs. Further, investments in capex and working capital to support growth can increase net debt, which, in turn, can raise interest costs. We note that some portions of financial costs are on lease rentals, which should remain unaffected (same for depreciation as well).

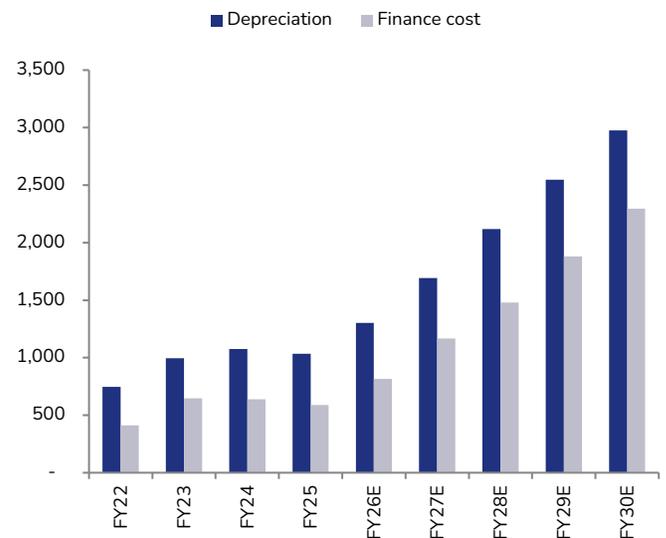
The rising investment levels can impact return metrics in the near term. This can also impact overall profitability. Aequus may continue to incur taxes as aerospace is profitable, but consumer overall is unlikely to be PBT positive within FY26-30E.

**Exhibit 33: Debt levels rise in working capital and capex investments...**



Source: Company, JM Financial

**Exhibit 34: ...leading to rising depreciation and finance costs**



Source: Company, JM Financial

## Management Profile

**Aravind Shivaputrappa Melligeri** is the executive chairman and chief executive officer on the company's board. He is also one of the promoters. He has over 25 years of experience in the aerospace sector and has been associated with the company since its incorporation in 2000. He has led the setting up of the company's manufacturing clusters including the Belagavi Manufacturing Cluster, which is recognised as the first precision manufacturing SEZ in India (Source: F&S Report) and has been instrumental in the company's operations.

He holds a bachelor's degree in mechanical engineering from Mangalore University, and a master's degree in mechanical engineering from the Pennsylvania State University. He is also an alumnus of the National Institute of Technology, Karnataka. In 2023, he was conferred with the title of 'Outstanding Engineering Alumnus' in recognition of his distinguished career and exemplary leadership abilities, by PennState College of Engineering.

**Rajeev Kaul** is the managing director. He holds a bachelor's degree in arts in mathematics from the University of Delhi and is a member of the Institute of Chartered Accountants of India. He is responsible for overall operations and performance of different verticals in the company, including aerospace and consumer durable goods and has been associated with the company since 1<sup>st</sup> Apr'07. He has over 22 years of experience in finance and aerospace sectors. He was previously associated with QuEST Global Engineering Services Private Limited and A.F. Ferguson & Co.

**Ajay Aravind Prabhu** is a non-executive director on the company's board. He holds a bachelor's degree in electronics and communication engineering from Mangalore University, and a master's degree in electrical and computer engineering and a doctorate in philosophy from the University of Massachusetts, USA. He has over 23 years of experience in operations and technology sectors. He is currently associated with QuEST Global Engineering Services Private Limited.

**Eberhard Klaus Richter** is an independent director on the company's board. He holds a degree in engineering and a doctorate in robotics from the Technical University of Munich. He has over 29 years of experience in the field of procurement, materials management and business management. He was previously associated with Airbus SAS, Diehl Verwaltungs-Stiftung, the BMW Group and McKinsey.

**Vidya Sarathy** is an independent director on the company's board. She holds a bachelor's degree in chemistry from the University of Madras, and a diploma in international financial reporting from the Association of Chartered Certified Accountants. She is also an associate of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. She has over 23 years of experience in various sectors such as, finance and secretarial compliance. She was previously associated with Robert Bosch Engineering and Business Solutions Limited, 3M India Limited, Lifestyle International Private Limited, Tata Motors Limited, Tata Cummins Private Limited, AGP CGD Private Limited and SUD-Chemie India Private Limited.

**Anup Wadhawan** is an independent director on the company's board. He holds a bachelor's degree in arts (honours) in economics and a master's degree in arts in economics from University of Delhi, master's degree in arts, and a doctorate of philosophy from Duke University. He is a former Indian Administrative Services (IAS) officer from the batch of 1985. He has held several important positions over the course of over 35 years, including as secretary, Department of Commerce, Government of India, joint secretary in the Ministry of Finance, Government of India, director at the Prime Minister's Office. He is also associated with the World Bank as a consultant.

### Exhibit 35: Profile of Board of Directors

Board Member	Designation
Aravind Shivaputrappa Melligeri	Executive Chairman and CEO
Rajeev Kaul	MD
Ajay Aravind Prabhu	Non-executive director
Eberhard Klaus Richter	Independent Director
Vidya Sarathy	Independent Director
Anup Wadhawan	Independent Director

Source: Company, JM Financial

## Valuations: Risk-Reward Favourable Post Recent Corrections

We have witnessed significant erosion in share price since the start of the West Asia crisis. We believe the eventual impact is overplayed. Admittedly, there may be impact on delivery schedules to Europe (Airbus, Safran, Collins Aerospace) as air routes are reworked but, we believe, based on management interactions, that the increased logistics costs are a pass-through (on actuals). Shipments to Vietnam are likely to be unimpacted. On the other hand, the recent strengthening of the USD may be a key offset as 97%+ of sales are USD denominated. Material costs are USD denominated as well; thus, gross profit levels (USD terms) may be maintained. Employee and other overheads are INR denominated and, thus, there may be a positive EBITDA impact.

We value Aequus at 22x FY30E EBITDA (benchmarked to peers in aerospace and EMS) and discount back to FY27 since the benefits of the capex-intensive phase (currently) are seen at later stages. This effectively implies an effective EV/EBITDA of 40x EV/EBITDA for FY28E EBITDA of INR 2.65bn (including JV share of profits of INR 0.8bn) and deduct net debt (including lease liabilities) to derive our TP of INR 145 and initiate at BUY. We are including lease liabilities in net debt to offset the fact that lease rentals incurred are below EBITDA items.

### Exhibit 36: Our TP of INR 145 implies ~40x EV/EBITDA on FY28E

INR mn	FY27	FY28	FY29	FY30
EV (at TP)	1,07,232	1,07,232	1,07,232	1,07,232
EBITDA	2,072	2,654	3,479	4,876
EV/EBITDA	51.7	40.4	30.8	22.0

Source: JM Financial

### Exhibit 37: Peer comparison

Company	Mcap INR bn	CAGR (FY23-25)		CAGR FY25-28E		ROCE	EV/EBITDA			PE		
		Sales	EBITDA	Sales	EBITDA	FY25	FY26	FY27	FY28	FY26	FY27	FY28
Aequus Ltd	82	7%	39%	40%	52%	0%	66.6	44.2	36.5	NA	NA	NA
Azad Engineering Ltd	97	35%	45%	35%	35%	8%	43.5	32.8	24.4	75.7	57.1	40.8
Unimech Aerospace and Manufacturing Ltd	40	61%	66%	37%	36%	19%	44.2	25.5	15.9	59.5	37.5	23.8
PTC Industries Ltd	258	19%	11%	98%	132%	6%	172.2	71.0	27.3	249.8	100.2	36.6
<b>Average</b>		<b>31%</b>	<b>40%</b>	<b>52%</b>	<b>64%</b>	<b>9%</b>	<b>81.6</b>	<b>43.4</b>	<b>26.0</b>	<b>128.3</b>	<b>64.9</b>	<b>33.7</b>
Dixon Technologies (India) Ltd	625	79%	71%	29%	32%	42%	32.3	23.9	18.0	60.3	48.1	35.2
Kaynes Technology India Ltd	243	55%	51%	43%	46%	11%	37.0	25.2	17.9	53.0	39.8	29.8
Amber Enterprises India Ltd	238	20%	23%	24%	29%	9%	26.5	19.3	15.0	75.4	42.4	30.5
Syrma SGS Technology Ltd	147	34%	48%	30%	39%	9%	26.8	20.5	15.6	44.6	33.7	25.9
Avalon Technologies Ltd	60	47%	44%	31%	39%	10%	34.9	24.7	19.1	55.4	38.3	29.0
<b>Average</b>		<b>47%</b>	<b>47%</b>	<b>32%</b>	<b>37%</b>	<b>16%</b>	<b>31.5</b>	<b>22.7</b>	<b>17.1</b>	<b>57.8</b>	<b>40.5</b>	<b>30.1</b>
<b>Total average</b>		<b>39%</b>	<b>44%</b>	<b>42%</b>	<b>50%</b>	<b>12%</b>	<b>56.6</b>	<b>33.0</b>	<b>21.6</b>	<b>93.0</b>	<b>52.7</b>	<b>31.9</b>

Source: Bloomberg, JM Financial

## Key Investment Risks

- Weaker-than-estimated ramp-up in consumer electronics production is the single biggest risk to our estimate. Conversely, a stronger ramp-up can lead to significantly higher upside.
- Capex intense phase is likely to continue over FY26-28 and potential interest rate hikes at a time of rising net debt levels can be a concern.
- Competition is rising in India for aerospace contracts as both Airbus and Boeing expand their vendor ecosystem. This can impact pricing power in the near to medium term.
- The toys business had witnessed exceptionally strong volatility (e.g., in FY25) in sales and margins.

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	9,651	9,246	12,053	19,692	25,303	
Sales Growth (%)	18.8	-4.2	30.4	63.4	28.5	
Other Operating Income	-	-	-	-	-	
<b>Total Revenue</b>	<b>9,651</b>	<b>9,246</b>	<b>12,053</b>	<b>19,692</b>	<b>25,303</b>	
Cost of Goods Sold/Op. Exp	4,166	3,922	4,780	7,810	10,035	
Personnel Cost	1,434	1,587	2,024	3,011	3,742	
Other Expenses	2,828	3,003	4,014	6,879	8,951	
<b>EBITDA</b>	<b>1,223</b>	<b>734</b>	<b>1,235</b>	<b>1,992</b>	<b>2,574</b>	
EBITDA Margin (%)	12.7	7.9	10.2	10.1	10.2	
EBITDA Growth (%)	252.9	-40.0	68.4	61.3	29.2	
Depn. & Amort.	1,077	1,034	1,302	1,691	2,119	
EBIT	146	-300	-67	301	455	
Other Income	232	346	524	614	404	
Finance Cost	638	589	815	1,167	1,479	
PBT before Excep. & Forex	-260	-543	-358	-252	-620	
Excep. & Forex Inc./Loss(-)	186	-483	-167	-170	-	
PBT	-73	-1,026	-525	-422	-620	
Taxes	100	83	209	120	81	
Extraordinary Inc./Loss(-)	-	-	-	-	-	
Assoc. Profit/Min. Int.(-)	17	85	68	80	80	
Reported Net Profit	-87	-1,024	-666	-462	-621	
<b>Adjusted Net Profit</b>	<b>-87</b>	<b>-1,024</b>	<b>-666</b>	<b>-462</b>	<b>-621</b>	
Net Margin (%)	-0.9	-11.1	-5.5	-2.3	-2.5	
Diluted Share Cap. (mn)	832	582	671	671	671	
<b>Diluted EPS (INR)</b>	<b>-0.1</b>	<b>-1.8</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-0.9</b>	
Diluted EPS Growth (%)	-	-	-	-	-	
Total Dividend + Tax	-	-	-	-	-	
Dividend Per Share (INR)	-	-	-	-	-	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Profit before Tax	-87	-1,024	-666	-462	-621	
Depn. & Amort.	1,077	1,034	1,302	1,691	2,119	
Net Interest Exp. / Inc. (-)	638	589	815	1,167	1,479	
Inc (-) / Dec in WCap.	-1,455	-652	-734	-1,519	-1,845	
Others	-363	314	-524	-614	-404	
Taxes Paid	-	-	-	-	-	
<b>Operating Cash Flow</b>	<b>-191</b>	<b>261</b>	<b>193</b>	<b>264</b>	<b>728</b>	
Capex	-1,556	-2,648	-4,500	-5,500	-5,500	
Free Cash Flow	-1,747	-2,387	-4,307	-5,236	-4,772	
Inc (-) / Dec in Investments	17	-147	-	-	-	
Others	-1,895	2,057	524	614	404	
<b>Investing Cash Flow</b>	<b>-3,434</b>	<b>-738</b>	<b>-3,976</b>	<b>-4,886</b>	<b>-5,096</b>	
Inc / Dec (-) in Capital	5,005	23	7,718	-	-	
Dividend + Tax thereon	-	-	-	-	-	
Inc / Dec (-) in Loans	-370	861	2,984	4,269	4,595	
Others	-730	-591	-815	-1,167	-1,479	
<b>Financing Cash Flow</b>	<b>3,905</b>	<b>293</b>	<b>9,887</b>	<b>3,102</b>	<b>3,116</b>	
<b>Inc / Dec (-) in Cash</b>	<b>280</b>	<b>-183</b>	<b>6,104</b>	<b>-1,520</b>	<b>-1,252</b>	
Opening Cash Balance	513	793	798	6,902	5,382	
Closing Cash Balance	2,520	798	6,902	5,382	4,130	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Shareholders Fund	8,156	7,160	14,212	13,750	13,129	
Share Capital	8,319	5,818	6,707	6,707	6,707	
Reserves & Surplus	-153	1,351	7,514	7,053	6,432	
Preference Share Capital	-	-	-	-	-	
Minority Interest	-9	-9	-9	-9	-9	
Total Loans	2,919	4,371	7,355	11,624	16,219	
Def. Tax Liab. / Assets (-)	-127	-162	-206	-307	-381	
Other non-current liabilities / Lease Liabilities	4,077	3,783	3,783	3,783	3,783	
<b>Total - Equity &amp; Liab.</b>	<b>15,152</b>	<b>15,313</b>	<b>25,349</b>	<b>29,156</b>	<b>33,131</b>	
Net Fixed Assets	8,356	9,203	12,400	16,209	19,590	
Gross Fixed Assets	10,835	10,537	15,037	20,537	26,037	
Intangible Assets	655	173	173	173	173	
Less: Depn. & Amort.	4,888	5,458	6,760	8,452	10,571	
Capital WIP	1,754	3,951	3,951	3,951	3,951	
Investments	919	768	768	768	768	
Current Assets	8,955	8,628	16,785	18,517	21,470	
Inventories	3,541	4,083	5,106	6,523	9,246	
Sundry Debtors	1,369	1,566	2,334	3,044	3,698	
Cash & Bank Balances	2,520	798	6,902	5,382	4,130	
Loans & Advances	-	-	-	-	-	
Other Current Assets	1,525	2,181	2,442	3,568	4,396	
Current Liab. & Prov.	3,078	3,285	4,604	6,338	8,697	
Current Liabilities	2,918	3,500	4,545	5,977	8,113	
Provisions & Others	160	-214	59	361	584	
Net Current Assets	4,984	4,151	10,973	10,514	10,770	
Other Non Current Assets/ROU Assets	893	1,191	1,207	1,665	2,002	
<b>Total - Assets</b>	<b>15,152</b>	<b>15,313</b>	<b>25,349</b>	<b>29,156</b>	<b>33,131</b>	

Source: Company, JM Financial

Dupont Analysis		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Margin (%)	-0.9	-11.1	-5.5	-2.3	-2.5	
Asset Turnover (x)	0.8	0.6	0.6	0.7	0.8	
Leverage Factor (x)	2.3	2.0	1.9	2.0	2.3	
RoE (%)	-1.6	-13.4	-6.2	-3.3	-4.6	

Source: Company, JM Financial

Key Ratios		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
BV/Share (INR)	9.8	12.3	21.2	20.5	19.6	
ROIC (%)	4.2	-3.7	-0.8	2.3	2.3	
ROE (%)	-1.6	-13.4	-6.2	-3.3	-4.6	
Net Debt/Equity (x)	0.0	0.5	0.0	0.5	0.9	
P/E (x)	-	-	-	-	-	
P/B (x)	12.8	10.2	5.9	6.1	6.4	
EV/EBITDA (x)	69.2	120.0	68.7	45.5	37.5	
EV/Sales (x)	8.8	9.5	7.0	4.6	3.8	
Debtor days	52	62	71	56	53	
Inventory days	134	161	155	121	133	
Creditor days	88	99	113	89	98	

Source: Company, JM Financial

## APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

### Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

### Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5<sup>th</sup> Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

---

#### JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [ashley.johnson@jmfl.com](mailto:ashley.johnson@jmfl.com)

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

---