

		
JM Financial Limited 7 th Floor, Nerga Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India Tel: + 91 22 6630 3030 E-mail: aequs ipo@jmfml.com Website: www.jmfml.com Investor grievance e-mail: grievance.ibd@jmfml.com SEBI registration no.: INM000010361 CIN: L67120MH1986PLC038784	IIFL Capital Services Limited (formerly known as IIFL Securities Limited) 24 th Floor, One Lodha Place, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India Tel: + 91 22 4646 4728 E-mail: aequs.ipo@iiflcap.com Website: www.iiflcap.com Investor grievance e-mail: ig.ih@iiflcap.com SEBI registration no.: INM000010940 CIN: L99999MH1996PLC132983	Kotak Mahindra Capital Company Limited 27 BKC, 1 st Floor Plot No. C – 27, “G” Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 E-mail: aequs.ipo@kotak.com Website: https://investmentbank.kotak.com/ Investor grievance e-mail: kmccredresal@kotak.com SEBI registration no.: INM000008704 CIN: L65110MH1985PLC038137

Annexure III

May 31, 2025

Securities and Exchange Board of India

Corporation Finance Department

Division of Issues and Listing

SEBI Bhavan, Plot C4-A, G Block Bandra Kurla Complex

Bandra (East) Mumbai 400 051 Maharashtra, India

Dear Sir/ Madam,

Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (“Equity Shares”) by Aegus Limited (“Company”) comprising a fresh issue of Equity Shares and an offer for sale of Equity Shares by existing shareholders of the Company undertaken in accordance with Chapter IIA of the SEBI ICDR Regulations (as defined below) pursuant to filing a pre-filed draft red herring prospectus dated May 31, 2025

We, JM Financial Limited, IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*) and Kotak Mahindra Capital Company Limited (together, “**Book Running Lead Managers**” or “**BRLMs**”), who have been appointed by the Company to manage the Offer, confirm as follows:

- (1) We have examined various documents including those relating to litigation, commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalizing the pre-filed draft red herring prospectus dated May 31, 2025 (“**Pre-filed DRHP**”) pertaining to the Offer. – **Complied with to the extent applicable.**
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the Objects of the Offer, price justification, contents of the documents and other papers furnished by the Company, we confirm that:
 - (a) the Pre-filed DRHP filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Offer;
 - (b) all material legal requirements relating to the Offer as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
 - (c) the material disclosures made in the Pre-filed DRHP are true and adequate to enable the investors to make a well informed decision as to the investment in the proposed Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) and other applicable legal requirements.
- (3) Besides us, all intermediaries named in the Pre-filed DRHP are registered with the SEBI and till date, such registration is valid. – **Complied with to the extent applicable and noted for compliance.**
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. – **Noted for compliance.**
- (5) Written consent from the Promoters has been obtained for inclusion of their specified securities as part of promoters’ contribution subject to lock-in and the specified securities proposed to form part of promoters’ contribution that are subject to lock-in, shall not be disposed or sold or transferred by the Promoters during the period starting from the date of pre-filing of the Pre-filed DRHP with the SEBI until the date of

		
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commencement of lock-in period as stated in the Pre-filed DRHP. – **Complied with and noted for compliance.**

- (6) All applicable provisions of the SEBI ICDR Regulations, which relate to specified securities ineligible for computation of promoters’ contribution, have been and/or shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the Pre-filed DRHP. – **Complied with and noted for compliance.**
- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters’ contribution prior to opening of the Offer, shall be complied with. Arrangements have been made to ensure that the promoters’ contribution shall be received at least one day before the opening of the Offer and that the auditors’ certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the promoter’s contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Offer. – **Not applicable**
- (8) Necessary arrangements shall be made to ensure that the monies received pursuant to the Offer are credited or transferred to a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from all the Stock Exchanges, and that the agreement entered into between the bankers to the Offer, the Selling Shareholders and the Company specifically contains this condition. – **Noted for compliance.**
- (9) The existing business as well as any new business of the Company for which the funds are being raised fall within the ‘main objects’ in the object clause of the Memorandum of Association or other charter of the Company and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association. – **Complied with to the extent applicable.**
- (10) Following disclosures have been made in the Pre-filed DRHP:
- (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company, excluding SR equity shares, where the Company has outstanding SR equity shares; and – **Complied with, to the extent applicable, and noted for compliance. There are no SR equity shares issued by the Company.**
- (b) An undertaking from the Company that it shall comply with all disclosures and accounting norms specified by the SEBI. – **Complied with and noted for compliance.**

- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. – **Noted for compliance.**

We enclose in **Annexure III-A**, a note explaining the process of due diligence that has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoters and that the related party transactions entered into for the period disclosed in the Pre-filed DRHP have been entered into by the Company in accordance with applicable laws.

We also enclose in **Annexure III-B**, a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the Pre-filed DRHP where the regulation has been complied with and our comments, if any.

We also enclose a plan of action for compliance with Regulation 8 and Regulation 15 of the SEBI ICDR Regulations – See **“F. Compliance with Regulations 8 and 15 of the SEBI ICDR Regulations”** on page 5 of the cover letter.

		
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All capitalized terms used herein and not specifically defined have the same meaning as ascribed to such terms in the Pre-filed DRHP.

Encl.: *Annexures as above*

Place: Mumbai

Sincerely,

		
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This signature page forms an integral part of the letter submitted to Securities and Exchange Board of India, in relation to the initial public offering of Aequs Limited.

For JM Financial Limited



Authorised Signatory
Name: Sugandha Kaushik
Designation: Director
Contact Number: +91 98673 24552
Email: Sugandha.Kaushik@jmfl.com

		
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For IIFL Capital Services Limited (formerly known as IIFL Securities Limited)




Authorised Signatory
Name: Pawan Kumar Jain
Designation: Vice President
Contact Number: +91 90040 72913
Email: pawan.jain@iiflcap.com

		
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For Kotak Mahindra Capital Company Limited



Authorised Signatory

Name: Abhijit Vaidya

Designation: Managing Director & Co-Head – Equity Corporate Finance

Contact Number: +91 98201 60275

Email: Abhijit.Vaidya@kotak.com

		
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Annexure III-A

Due Diligence Process Note

In connection with the pre-filed draft red herring prospectus dated May 31, 2025 (“**Pre-filed DRHP**”), we, the BRLMs, with assistance from the Legal Counsels (*defined below*) have undertaken due diligence in relation to the current business of the Company and its background for the purposes of complying with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable laws, and to the extent that it is customary for initial public offerings of this nature in India, along with other professionals and experts engaged in this Offer.

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the Pre-filed DRHP.

In connection with the Offer, Shardul Amarchand Mangaldas & Co. has been appointed as legal counsel to the Company as to Indian law, Trilegal has been appointed as domestic legal counsel to the BRLMs as to Indian law, Sidley Austin LLC has been appointed as international legal counsel to the BRLMs, and Rajani Associates has been appointed as legal counsel to the Selling Shareholders (collectively, “**Legal Counsels**”). The Legal Counsels have assisted in carrying out due diligence and drafting of the Pre-filed DRHP in compliance with the SEBI ICDR Regulations and other applicable laws and advising the Company and the BRLMs, in relation to the Offer, including for the purpose of issuing legal opinions in relation to the Offer to the BRLMs, as applicable.

The due diligence process carried out involved attending virtual and physical meetings involving, *inter alia* interactions with the Promoters, Directors, Key Managerial Personnel (including the Chief Financial Officer), Senior Management and other members of the management of the Company, its Subsidiaries and Joint Ventures for gaining an understanding, amongst other matters, of the business of the Company, key risks involved, industry overview and financial overview. These interactions were conducted with the objective of assisting the Company in preparing necessary disclosures as required under the SEBI ICDR Regulations and other applicable laws in relation to the Offer. In this regard, the Company was provided with a due diligence questionnaire and information requisition lists prepared in consultation with the Legal Counsels. The Company provided supporting documents for review and diligence and gave clarifications and explanations for queries raised, to the extent applicable. In order to facilitate such review, the Company set-up an online data room where copies of such relevant documents were made available for undertaking the due diligence.

The BRLMs were also assisted by the statutory auditor of the Company, namely B S R & Co. LLP, Chartered Accountants (“**Statutory Auditor**”) and previous statutory auditor of the Company, Price Waterhouse Chartered Accountants LLP (“**Previous Statutory Auditor**”) for financial due diligence and they have provided an examination report dated May 30, 2025 in relation to the restated consolidated financial statements of the Company. The Statutory Auditor has verified details and provided certifications with respect to certain other financial information included in the Pre-filed DRHP. Further, Manian & Rao, Chartered Accountants, in their capacity as independent chartered accountant (“**Independent Chartered Accountant**”) have verified and provided certifications with respect to certain information included in the DRHP, including, without limitation, key performance indicators included in the “*Basis for Offer Price*” section of the Pre-filed DRHP and operational information about the Company, weighted average price of acquisition of Equity Shares acquired by the Promoters and Selling Shareholders, average cost of acquisition of Equity Shares of the Promoters and Selling Shareholders, details of price at which specified securities were acquired by the Promoters, members of Promoter Group, Selling Shareholders and Shareholders with a right to nominate directors or any other special rights, weighted average cost of acquisition of Equity Shares transacted in the last one year, eighteen months and three years, details of taxation proceedings, details of any amounts outstanding to micro, small and medium enterprises, and material creditors and other creditors of the Company. The Independent Chartered Accountant has also confirmed that all related party transactions entered into for the periods disclosed in the Pre-filed DRHP have been entered into by the Company in accordance with applicable laws, on an arm’s length basis. The Independent Chartered Accountant has also certified that (i) the employee stock option plan of the Company is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SEBI SBEB & SE Regulations**”); and (ii) the Company is in compliance with the requirements on

		
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corporate governance under applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on the date of the Pre-filed DRHP, the Statutory Auditor and the Independent Chartered Accountant have confirmed that they hold valid peer review certificates issued by the peer review board of the Institute of Chartered Accountants of India.

Further, BMP & Co. LLP, Company Secretaries, a practicing company secretary firm (“PCS”) has provided certifications confirming that (i) the employee stock option plan of the Company is in compliance with the Companies Act, 2013 and the SEBI SBEB & SE Regulations; and (ii) all issuances of securities by the Company since inception till the date of filing of Pre-filed DRHP are in compliance with the Companies Act, 2013 and Companies Act, 1956, as applicable; (iii) the structural digital database is in compliance with Regulations 3(5) and 3(6) of SEBI PIT Regulations.

In relation to the build-up of the existing share capital of the Company, the statutory forms and resolutions filed with the RoC and statutory registers prepared and maintained by the Company were reviewed. Requisite representations and certifications from the Company in connection with such statutory and / or regulatory matters were obtained. Further, M. R. Prathibha Priya, independent company secretary, a peer reviewed independent practising company secretary (“Independent PCS”), has carried an online and physical inspection at the ROC, and verified and certified missing records.

Additionally, reliance has been placed on the statement of tax benefits available to the Company, and its Shareholders issued by the Statutory Auditor and on the statement of tax benefits available to some of the Material Subsidiaries issued by their respective tax consultants as stated below:

(i) M/s. K.G. Acharya and Co, Chartered Accountants has issued report dated May 15, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Aerostructures Assemblies India Private Limited; (ii) Martin Bahl, CPA, Bahl & Co., P.C has issued report dated May 16, 2025 on the statement of possible special tax benefits available to two of the Material Subsidiaries, being, (a) Aequs Aero Machine Inc.; and (b) Aequs Oil & Gas LLC; (iii) PKF Arsilon has issued report dated May 15, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Aequs Aerospace France SAS and (iv) KC Legal has issued report dated May 15, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Aequs Aerospace B.V.

Additionally, Vishvakarma Consultancy Services Private Limited, in their capacity as an independent chartered engineer, has issued certificate dated May 31, 2025 certifying and confirming the disclosures in relation to the manufacturing facilities of the Company.

Further, for confirmations in relation to various disclosures in relation to its foreign Material Subsidiaries (i) Aequs Aero Machine, Inc., (ii), Aequs Oil & Gas LLC (iii), Aequs Aerospace B.V. and (iv) Aequs Aerospace France SAS and Aequs Holdings SAS, the Company has obtained opinions from its respective foreign counsels.

The Independent Chartered Accountant, the Statutory Auditor, M/s. K.G. Acharya and Co, Chartered Accountants, Martin Bahl, CPA, Bahl & Co., P.C, PKF Arsilon, KC Legal and Vishvakarma Consultancy Services Private Limited each have consented to be named as experts, in terms of the Companies Act, 2013, as amended, in the Pre-filed DRHP and such consent has not been withdrawn as at the date of filing of the Pre-filed DRHP with the SEBI.

The Company has also placed reliance on the industry report titled “An Assessment of Aerospace and Consumer PEC Industry” dated May 30, 2025 issued by Frost & Sullivan (India) Private Limited (“F&S”) exclusively commissioned and paid for by the Company pursuant to an engagement letter between F&S and the Company dated December 10, 2024 (such report, “F&S Report”), for disclosures in relation to industry information in the Pre-filed DRHP. Further, the Company has received a written consent from F&S dated May 30, 2025 to include the F&S Report in the Pre-filed DRHP and as a material document for inspection by the public in the section titled “Material Contracts and Documents for Inspection” of the Pre-filed DRHP from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date. The F&S Report will be uploaded on the website of the Company at the time of filing of the Updated Draft Red Herring Prospectus- I .

		
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Further, the Company has received written consents from BDO Valuation Advisory LLP and Fedex Securities Private Limited dated May 20, 2025 and May 15, 2025, respectively in their capacity as a registered valuer for the valuation reports issued by them in relation to the share purchase agreements entered by the Company with (i) Aequs Manufacturing Investments Private Limited; and (ii) Saab AB (publ) and Aerostructures Assemblies India Private Limited, respectively.

1. Business and Commercial Diligence

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending the kick off meeting, discussions to understand the business and other related matters, which was attended by senior management of the Company and its Subsidiaries, along with representatives of the Promoters, the Legal Counsels and representatives of BRLMs. A broad overview of the business of the Company, its Subsidiaries and Joint Ventures, the industry, regulatory framework with respect to the business, the corporate structure, the Company’s capital structure, financial statements, the Company’s shareholding pattern were discussed with us, followed by detailed interactive discussions;
- (b) Interacting with the senior management of the Company, including the Key Managerial Personnel, business heads and personnel from secretarial, legal and finance departments including the Company Secretary and Compliance Officer and the Chief Financial Officer, for the purpose of understanding the business, the risks involved and the financial overview of the Company, amongst other matters. The Statutory Auditor and Independent Chartered Accountant also participated in some of these discussions. These interactions included (i) drafting sessions, in person meetings and conference calls to discuss the disclosures in the Pre-filed DRHP; (ii) due diligence calls and seeking appropriate clarification with the Statutory Auditor, Independent Chartered Accountant and independent chartered engineer; (iii) due diligence calls with customers, and suppliers; (iv) due diligence calls with management to receive updated information from the Company before filing the Pre-filed DRHP; (v) due diligence call with F&S; (vi) seeking appropriate certifications, confirmations, formal representations and undertakings from the Company, Directors, Promoters, Promoter Group, Group Companies, Joint Ventures, Subsidiaries, Key Managerial Personnel and Senior Management. Accordingly, disclosures in respect of the business carried out by the Company as well as associated risks in relation thereto, have been made in the sections titled “Our Business” and “Risk Factors”, respectively, in the Pre-filed DRHP. We expect these interactions, and due diligence calls to continue until allotment of Equity Shares in the Offer;
- (c) Physical site visit of the Registered Office at Bengaluru, Karnataka, India; Corporate Office at Belagavi, Karnataka, India; and manufacturing units of the Company and its Subsidiaries in Belgavi Manufacturing Cluster, Hubballi Manufacturing Cluster and Koppal Manufacturing Cluster in Karnataka, India.
- (d) Requesting the Company to provide relevant documents, and reviewing such documents along with the Legal Counsels, as is customary in such transactions.
- (e) Interacting with the Key Managerial Personnel (who are also the Senior Management Personnel) of the Company to understand, among others, the Company’s day to day operations, key business processes and to verify the disclosures being made in the Pre-filed DRHP.
- (f) Interactions with the Selling Shareholders and their respective counsels to prepare disclosures in the Pre-filed DRHP in relation to such Selling Shareholders and their respective Offered Shares, and obtaining certifications in this regard; and
- (g) Reviewing, together with the Legal Counsels, material agreements relating to the business and operations of the Company and, agreements for the loans availed by the Company. Where such agreements were large in number and standard in form, the review was carried out on a sample basis;

		
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- (h) Obtaining (i) circle-ups and certificates from the Statutory Auditor in accordance with SEBI ICDR Regulations; (ii) circle-ups and certificates from the Previous Statutory Auditor for the financials audited by them; and (iii) circle-ups and certificates from the Independent Chartered Accountant, on certain key performance indicators, operational data and certain financial related information included in the Pre-filed DRHP;
- (i) Reviewing the audit committee resolution dated May 30, 2025, pursuant to which the audit committee (a) noted the key performance indicators (“KPIs”) pertaining to the Company disclosed to investors at any point of time during the three years’ period prior to the date of filing of Pre-filed DRHP, (b) identified the KPIs disclosed in the “Basis for Offer Price” section of the Pre-filed DRHP, (c) took on record the certificate from the Independent Chartered Accountant for the KPIs; and (d) took on record the management certificate on the KPIs;
- (j) Interacting with the industry data provider, F&S and assisting the Company in obtaining the F&S Report, exclusively commissioned and paid for by the Company in connection with the Offer for the purposes of confirming the Company’s understanding of the industry in which it operates. Further, necessary consent was obtained from F&S to disclose the contents of the F&S Report in the Pre-filed DRHP;
- (k) Obtaining and relying on formal representations and undertakings from the Company in the Offer Agreement. For certain information, relying on management certificates from the Company; and
- (l) Reviewing such other documents as were deemed necessary and as have been provided to us by the Company, from time to time.

2. Financial information of the Company and financial indebtedness

The restated consolidated financial information disclosed in the Pre-filed DRHP comprises the restated consolidated financial information of the Company, Aequus Stock Option Plan Trust, the Subsidiaries, associate and Joint Ventures comprising the restated consolidated statement of assets and liabilities as at December 31, 2024, and financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the restated consolidated statement of profit and loss (including other comprehensive income, the restated consolidated statement of changes in equity and the restated consolidated statement of cash flows for the nine months ended December 31, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, the material accounting policies and other explanatory information (“**Restated Consolidated Financial Information**”).

The Statutory Auditors’ examination report on the Restated Consolidated Financial Information was reviewed, and calls/ meetings were conducted with the Statutory Auditor, Previous Statutory Auditor and the finance department of the Company in relation to the same, and confirmations/ certifications with respect to certain financial information included in the Pre-filed DRHP from the Statutory Auditor. Further, the Statutory Auditor and Previous Statutory Auditor were required to review the financial information relating to the Company in the Pre-filed DRHP and has delivered customary comfort letters and circle-ups to the BRLMs. Such comfort letters will be issued and/or brought down at certain future dates as the Offer progresses, by the Statutory Auditor, including on the date of the Updated Draft Red Herring Prospectus - I, the Updated Draft Red Herring Prospectus - II, the RHP, the Prospectus and the allotment of Equity Shares in the Offer. We have reviewed the Statutory Auditors’ reports and obtained certifications with respect to certain financial information included in the Pre-filed DRHP from the Statutory Auditor. We have had discussions with the Statutory Auditor on the form and manner of the reports/certifications required for such financial information.

Reliance was also placed on the statement of tax benefits available to the Company, and its Shareholders issued by the Statutory Auditor and on the statement of tax benefits available to some of the Material Subsidiaries.

		
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Additionally, reliance was also placed on *inter alia* the certificates issued by the Statutory Auditor including in relation to eligibility of the Company to undertake the Offer under Regulation 6(2) of the SEBI ICDR Regulations and the certificate issued for compliance with corporate governance requirements by the Company. Furthermore, the Independent Chartered Accountant have verified and provided certifications in respect of the KPIs, operational data and certain other operating information pertaining to the Company included in the Pre-filed DRHP. The Independent Chartered Accountant was also required to review the financial information of the Company and provide circle-ups confirming certain accuracy of the financial information contained in the Pre-filed DRHP.

In relation to the information disclosed in the section “*Financial Indebtedness*” of the Pre-filed DRHP, the relevant sanction letters and agreements issued by the lenders as well as other financing related documents were made available and, together with the Legal Counsels, the same were reviewed. Reliance has also been placed on a certification from the Independent Chartered Accountant in connection with the Company’s financial indebtedness, on a consolidated basis, ascertaining the amount of outstanding borrowings as of April 30, 2025, which is disclosed in the section titled “*Financial Indebtedness*” beginning on page 523 of the Pre-filed DRHP.

In addition to the above, discussions were conducted with the management of the Company, the Statutory Auditor and the Previous Statutory Auditor, and reliance was placed on explanations and representations provided by the management of the Company that all the related party transactions entered into for the periods disclosed in the Pre-filed DRHP have been entered into by the Company in accordance with applicable laws and on arms’ length basis. Further, for this purpose, certification from Independent Chartered Accountant were also obtained.

3. **Objects of the Offer**

The Company proposes to utilise the Net Proceeds for the following purposes:

1. Repayment and/ or prepayment, in full or in part, of certain outstanding borrowings and prepayment penalties, as applicable, availed by:
 - (a) the Company; and
 - (b) three of the wholly-owned Subsidiaries, AeroStructures Manufacturing India Private Limited, Aequs Consumer Products Private Limited and Aequs Engineered Plastics Private Limited, through investment in such Subsidiaries;
2. Funding capital expenditure to be incurred on account of purchase of machinery and equipment by:
 - (a) the Company; and
 - (b) one the of the wholly-owned Subsidiaries, AeroStructures Manufacturing India Private Limited, through investment in such Subsidiary; and
3. Funding inorganic growth through unidentified acquisitions, strategic initiatives and general corporate purposes (collectively, the “**Objects**”).

In relation to repayment and/ or prepayment, in full or in part, of certain outstanding borrowings and prepayment penalties, as applicable, availed by the Company and three of the wholly-owned Subsidiaries, AeroStructures Manufacturing India Private Limited, Aequs Consumer Products Private Limited and Aequs Engineered Plastics Private Limited a certificate dated May 31, 2025 issued by the Statutory Auditor, has been obtained certifying the utilisation of the borrowings for purpose for which the borrowings were availed in accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations.

Further, in relation to capital expenditure to be incurred on account of purchase of machinery and equipment,

		
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the Company and one of the wholly-owned Subsidiaries, AeroStructures Manufacturing India Private Limited a certificate dated May 31, 2025 issued by Independent Chartered Accountant has been obtained certifying an indicative list of such machinery and equipment that is intended to be purchased, along with details of the quotations that are received.

Further, the Selling Shareholders will be entitled to its portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

4. Key Performance Indicators

SEBI has, vide its circular dated February 28, 2025 on the Industry Standards on Key Performance Indicators Disclosures in the Draft Offer Document and Offer Document (“**SEBI Circular on KPIs**”), introduced certain industry standards for the disclosure of key performance indicators to be followed by issuers and merchant bankers. In compliance with the same, key performance indicators of the Company have been identified and disclosed in the section titled “*Basis for Offer Price*” on page 143 of the Pre-filed DRHP. Further, such KPIs were certified by the Company pursuant to their certificate dated May 31, 2025 and were approved by the Audit Committee of the Company pursuant to its resolution dated May 30, 2025 and such key performance indicators as disclosed in the Pre-filed DRHP have been certified by the Independent Chartered Accountant. Such certificate issued by Independent Chartered Accountant in relation to the KPIs will form part of the section “*Material Contracts and Documents for Inspection*” on page 626 of the Pre-filed DRHP and will be available for public inspection from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date.

5. Industry Information

Reliance has been placed on industry and market data derived from the report titled, “*An Assessment of Aerospace and Consumer PEC Industry*” (“**F&S Report**”) dated May 30, 2025, prepared by Frost & Sullivan (India) Private Limited, appointed by the Company pursuant to an engagement letter dated December 10, 2024, and such F&S Report has been commissioned by and paid for by the Company, exclusively in connection with the Offer. The information contained in certain sections of the Pre-filed DRHP, including “*Risk Factors*” “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Result of Operations*”, has been included from this report. Interactions were conducted with the representatives of F&S and assisted the Company in obtaining the F&S Report prepared by F&S for the purposes of confirming the Company’s understanding of the industry in connection with the Offer. A due diligence call was also conducted with F&S to discuss the contents of the report. The F&S Report will be available on the website of the Company at <https://www.aequs.com> at the time of filing UDRHP-1, and forms part of the material documents for inspection as listed in the section “*Material Contracts and Documents for Inspection*” of the Pre-filed DRHP from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date.

6. Outstanding Litigation Proceedings and Material Creditors

The Company has disclosed outstanding litigation involving the Company, Subsidiaries, its Promoters, and its Directors (collectively, the “**Relevant Parties**”), its Group Companies, its Key Managerial Personnel and Senior Management on the basis of the legal requirements under the SEBI ICDR Regulations and in accordance with the policy of materiality adopted by the Board by a resolution dated May 30, 2025 (“**Materiality Policy**”). Disclosures on material creditors have also been made as per the Materiality Policy in the “*Outstanding Litigation and Material Developments*” section of the Pre-filed DRHP. The materiality threshold in relation to outstanding litigation proceedings and material creditors as approved by the board of directors of the Company has been disclosed in the Pre-filed DRHP.

We have disclosed: (i) all criminal proceedings (including first information reports whether or not cognizance has been taken by any court or judicial authority) involving the Relevant Parties, Key Managerial

		
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Personnel and Senior Management; (ii) all actions (including show cause notices issued by such authorities) taken by statutory or regulatory authorities involving the Relevant Parties, Key Managerial Personnel and Senior Management; (iii) claims related to direct or indirect taxes in a consolidated manner, giving the total number of claims and the total amounts involved, involving the Relevant Parties, (iv) disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against the Promoters in the last five financial years, including outstanding action and (v) other pending litigation/arbitration proceedings involving the Relevant Parties as determined to be material pursuant to the Materiality Policy.

Pursuant to the Materiality Policy, for the purposes of (v) above, any outstanding litigation involving the Relevant Parties (including tax matters mentioned in point (iii) above), has been considered ‘material’ and accordingly disclosed in the Pre-filed Draft Red Herring Prospectus where the monetary amount of claim/ amount in dispute, to the extent quantifiable exceeds, (a) two percent of turnover, for the most recent financial year as per the restated consolidated financial statements; or (b) two percent of net worth, as at the end of the most recent financial period as per the Restated Consolidated Financial Information; or (c) five percent of the average of absolute value of profit or loss after tax, for the last three financial years as per the Restated Consolidated Financial Information, whichever is lower (“**Materiality Threshold**”).

Accordingly, 5% of the average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information for the last three Fiscals is ₹ 37.78 million, i.e., ₹ 37.78 million has been considered as the Materiality Threshold.

Further, in terms of the Materiality Policy, all outstanding litigation involving the Relevant Parties, other than (i) outstanding criminal litigation (including matters at FIR stage where no/some cognizance has been taken by any court), (ii) any outstanding tax matters (direct or indirect), which have been disclosed in a consolidated manner, giving the number of cases and the total amount involved, (iii) outstanding actions by statutory and regulatory actions (iv) disciplinary actions including penalty imposed by SEBI or Stock Exchanges in the last five financial years against the Promoters including outstanding action, have been considered ‘material’ for the purposes of disclosure in the Pre-filed DRHP if:

- (a) such matters involves the Company, Subsidiaries, Directors and our Promoters, where the monetary amount of claim by or against the respective entity in any such pending proceeding, exceeds ₹ 37.78 million.
- (b) pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed ₹ 37.78 million for litigation involving the Company, Subsidiaries, Directors and Promoters; and
- (c) any pending civil litigation/ arbitration proceedings involving the Relevant Parties wherein the monetary liability is not quantifiable, or does not exceed the Materiality Threshold, if the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

It is clarified that for the above purposes, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory or regulatory or taxation authorities or notices threatening criminal action), shall not be evaluated for materiality until such persons are impleaded as defendants or respondents in proceedings before any judicial/ arbitral forum or is notified by any governmental, statutory, or regulatory authority of any such proceeding that may be commenced.

Further, any disciplinary action including any penalties imposed by SEBI or stock exchanges against the Promoters in the last five financial years preceding the date of the Pre-filed DRHP, including outstanding action as required under the SEBI ICDR Regulations has been disclosed in the Pre-filed DRHP.

In addition, there is no pending litigation involving our Group Companies, the adverse outcome of which may have a material impact on our Company.

The Company had provided a list of outstanding litigation involving the Company and supporting documents

		
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for material proceedings involving the Company and its Subsidiaries in the online virtual access data room. Further, we interacted with the relevant representatives of the Company to understand the status of various pending proceedings involving the Company. In relation to the litigation involving the Promoters, Key Managerial Personnel, Senior Management Personnel, Group Companies and Directors, relevant certificates have been received from the respective individuals/entities, as the case may be, based on which appropriate disclosures, wherever applicable, in relation to litigation proceedings involving them have been included in the Pre-filed DRHP. With respect to consolidated disclosure of taxation proceedings involving the Company, its Subsidiaries, its Directors and Promoters, reliance has been placed on a list provided by the Company and the certificate dated May 31, 2025 issued by the Independent Chartered Accountant in this regard. In terms of the Materiality Policy, outstanding dues to any creditor of the Company having monetary value which exceeds 5% of total outstanding dues (trade payables) of the Company, as on the date of the most recent financial period in the Restated Consolidated Financial Information as disclosed in this Pre-filed DRHP, being December 31, 2024, being outstanding dues exceeding ₹ 110.25 million; have been considered as material outstanding dues for the purposes of disclosure. Further, consolidated disclosure on the dues to (a) creditors that are micro, small and medium enterprises; and (b) other creditors have been provided in a summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors) along with a link to the website of the Company where details of the material creditors shall be made available upon filing of Updated Draft Red Herring Prospectus - I. For outstanding dues to any micro, small or medium enterprise, the disclosure is based on the information available with the Company regarding the status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

7. Group Companies

Pursuant to a resolution dated May 31, 2025, the Company's Board has formulated a policy for identification of group companies and has noted that in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations and for the purpose of disclosure in the Pre-filed DRHP, the 'group companies' of the Company shall include (a) the companies (other than subsidiaries and promoters) with which there were related party transactions during the period for which Restated Consolidated Financial Information have been disclosed in the Pre-filed DRHP, as covered under the applicable accounting standards (i.e., Ind AS 24); and (b) any other companies which are considered material by the Company's Board.

In accordance with the SEBI ICDR Regulations, information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit/(loss) after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, of our top five Group Companies determined on the basis of their annual turnover, based on their respective audited financial statements for the preceding three years shall be hosted on the website of the respective Group Companies or the website of our Company upon filing of the Updated Draft Red Herring Prospectus-I.

8. Disclosures pertaining to Promoters, members of the Promoter Group, Group Companies, Subsidiaries, Joint Ventures, Directors, Key Managerial Personnel, Senior Management and Selling Shareholders

For the purposes of making certain disclosures with respect to the Promoters, members of the Promoter Group, Group Companies, Directors, Subsidiaries, Joint Ventures, Key Managerial Personnel, Senior Management and Selling Shareholders, in the Pre-filed DRHP, supporting documents (as applicable), consents and certifications, as applicable, from the relevant entities/ persons have been obtained. The Company does not have any associates as of the date of the Pre-filed DRHP. Interactions were held with the relevant parties, to assist them to understand the requirements of law and disclosures in terms of SEBI ICDR Regulations.

For the purposes of disclosure of the professional experience and educational qualifications of Directors, Key Managerial Personnel and Senior Management of the Company, reliance was placed on *inter alia* relevant transcripts, degree certificates, experience certificates and appointment letters issued by previous and current employers and other back-up documents in addition to certification received from the relevant Promoters, Directors, Key Managerial Personnel and Senior Management.

		
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In addition, confirmations were received from the Company, the Directors, the Promoters, the Selling Shareholders, the members of the Promoter Group, Subsidiaries, Joint Ventures and the Group Companies, stating that they have not been debarred or prohibited from accessing or operating in the capital markets, restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI. Confirmations were also received from the Company, its Promoters and its Directors that none of the Company, the Promoters or the Directors of the Company have been declared as “wilful defaulters” or “fraudulent borrowers” as defined under the SEBI ICDR Regulations and the Promoters and the Directors are not “fugitive economic offenders” as defined under the SEBI ICDR Regulations. Confirmations have also been taken from each of the Promoters and Directors that: (a) they have not been on the board of directors of any listed company whose shares have been/ were suspended from being traded on any stock exchange during five preceding years prior to the date of the Pre-filed DRHP, during their tenure; and (b) they have neither been, nor are a director on the board of directors of any listed company that has been compulsorily delisted from any stock exchange, during their tenure and appropriate disclosures have been made in the Pre-filed DRHP, as applicable.

Additionally, confirmations have also been obtained from the Company, Promoter and other members of the Promoter Group and Promoter Selling Shareholder, in respect of their compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable to them, in relation to the Company and its securities.

Further, public domain searches, including on the websites of CIBIL and watchout investors for Company, its Subsidiaries, Joint Ventures, Group Companies, Directors, Key Managerial Personnel, Senior Management, Promoters and members of the Promoter Group were carried out and the results of such searches were analyzed and written confirmations in respect of the relevant parties, were obtained.

With respect to the Selling Shareholders, consent letter has been provided along with the relevant information and documents which include, various confirmations, covenants, representations and warranties, as required from the Selling Shareholders.

9. Statutory and/or regulatory and other diligence

In connection with diligence of matters relating to statutory and/or regulatory matters, interactions were conducted with the officials of the Company and its Material Subsidiaries along with the Legal Counsels to understand the various approvals that are necessary for the Company and its Material Subsidiaries to carry out its respective businesses, followed by a review was conducted of the relevant statutory and/or regulatory records of the Company, its Material Subsidiaries *inter alia*, including, among other things, relevant corporate records, the various approvals and registrations applied for and/or received by the Company and its Material Subsidiaries in relation to their business, filings made by the Company and its Material Subsidiaries with various statutory and/or regulatory authorities.

The description of the material approvals required for the business operations, and disclosure of such material approvals in respect of which applications have been made has been disclosed in the Pre-filed DRHP.

Reliance was also placed on the list of the properties of the Company provided by the Company and its Subsidiaries and the underlying property/lease documents and approvals in relation to registered and corporate offices, units in manufacturing clusters and facilities of the Company and its Subsidiaries, were reviewed.

Reliance has been placed on the opinion from foreign legal counsel, Arendes, Green & Stahl, PLLC, Synergy Business Lawyers B.V. and UGC Avocats, for diligence confirmations on various disclosures in relation to the Company’s foreign Material Subsidiaries (i) Aequs Aero Machine, Inc., (ii), Aequs Oil & Gas LLC (iii) Aequs Aerospace B.V.; and (iv) Aequs Aerospace France SAS and Aequs Holding France SAS including for the details of their share capital, licenses and registrations and properties, amongst others.

		
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Further, details of registrations and applications submitted by the Company with respect to intellectual property have been disclosed in the Pre-filed DRHP. Reliance was placed on the list of intellectual property provided by the Company.

In relation to the build-up of the existing share capital of the Company, the statutory forms and resolutions filed with the RoC and statutory registers prepared and maintained by the Company, as applicable, have been reviewed. Reliance was also placed on a certificate delivered by the PCS in connection with the existing share capital of the Company and the build-up of the shareholding of the Promoters and the Promoter Group.

Reliance was placed on representations and certifications provided by the Company and its Subsidiaries in connection with such statutory and/or regulatory matters. The material agreements executed by, or in relation to, the Company and its Subsidiaries and such other documents as have been deemed necessary and as have been provided by the Company, from time to time have been reviewed.

10. Price information of past issues handled by the BRLMs

In respect of price information of past issues handled by the BRLMs, reliance has been placed on the information available on the websites of National Stock Exchange of India Limited and/or BSE Limited for preparing the statement of price information of the past issues handled by the BRLMs and shall be suitably updated at the time of the filing of the Updated Draft Red Herring Prospectus - I.

		
JM Financial Limited 7 th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai – 400 025 Maharashtra, India Telephone: +91 22 6630 3030 E-mail: aequs.ipo@jmfl.com Investor grievance e-mail: grievance.ibd@jmfl.com Website: www.jmfl.com SEBI registration no.: INM000010361 CIN: L67120MH1986PLC038784	IIFL Capital Services Limited <i>(formerly known as IIFL Securities Limited)</i> 24 th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, Maharashtra, India Telephone: +91 22 4646 4728 E-mail: aequs.ipo@iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Website: www.iiflcap.com SEBI registration no.: INM000010940 CIN: L99999MH1996PLC132983	Kotak Mahindra Capital Company Limited 27 BKC, 1 st Floor Plot No. C – 27, “G” Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Maharashtra, India Telephone: +91 22 4336 0000 E-mail: aequs.ipo@kotak.com Investor grievance e-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com SEBI registration no.: INM000008704 CIN: U67120MH1995PLC134050

This signature page forms an integral part of the letter submitted to Securities and Exchange Board of India, in relation to the initial public offering of Aequs Limited.

For JM Financial Limited



Authorised Signatory
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For IIFL Capital Services Limited (formerly known as IIFL Securities Limited)




Authorized Signatory
Name: Pawan Kumar Jain
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For Kotak Mahindra Capital Company Limited



Authorised Signatory

Name: Abhijit Vaidya

Designation: Managing Director & Co-Head – Equity Corporate Finance

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