



SMC Ranking

★ ★ ★ ☆ ☆ (2.5/5)

Issue Highlights

Industry	Technology-Manufacturing
Offer for sale (Shares)	144,525,036
Fresh Issue (Shares)	187,482,119
Net Offer to the Public	332,007,155
Issue Size (Rs. Cr.)	4747-5013
Price Band (Rs.)	143-151
Offer Date	15-Oct-26
Close Date	19-Oct-26
Face Value	1Lot Size

Issue Composition

	In shares
Total Issue for Sale	332,007,155
QIB	249,005,366
NIB	49,801,073
Retail	33,200,716

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	21.08%	15.71%
QIB	78.92%	79.39%
NIB	0.00%	2.94%
Retail	0.00%	1.96%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Repayment/prepayment, in part or full, of certain of or all of borrowings availed by the company
2. Funding inorganic growth through unidentified acquisitions and other strategic acquisitions
3. General Corporate Purposes
4. Repayment/prepayment, in part or full, of certain of or all of borrowings availed

Book Running Lead Manager

- Kotak Mahindra Capital Company Limited
- Morgan Stanley India Company Private Limited
- Goldman Sachs (India) Securities Private Limited
- Avendus Capital Private Limited
- JM Financial Limited
- HSBC Securities and Capital Markets (India)
- Pantomath Capital Advisors Private Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 2017, Zetwerk Manufacturing Businesses Private Limited is a technology-led, asset-light manufacturing platform that turns fragmented capacity across nearly 7,000 third-party suppliers in 26 countries and its own 26 manufacturing facilities (across four countries) into a unified “universal factory” powered by proprietary Zetwerk OS. It serves customers ranging from startups to large companies in utilities, renewables, consumer electronics, AI infrastructure, aerospace, defence, oil & gas, and industrial automation. The hybrid model mixes mostly outsourced build-to-print manufacturing with selective owned capacity and growing original design manufacturing (ODM). It also runs an Ecosystem Business (Terra91) that aggregates raw-material demand for better pricing and quality. Cumulative GMV delivered since inception is about Rs. 74,374 crore. Continuing operations revenue reached Rs. 15,913 crore in FY26 (up from Rs. 12,364 crore in FY24), with Manufacturing Business contributing the bulk.

Strengths

Unique business model serving multiple demand pools and resilient across cycles: Zetwerk has built an integrated manufacturing platform that connects 6,979 suppliers across 26 countries with 26 of its own facilities. Through Zetwerk OS, the company manages manufacturing activities across industries, markets and customer requirements. Its business has expanded beyond India-focused, capital expenditure-driven manufacturing to include international markets, recurring operational requirements and original design manufacturing (ODM). This diversification reduces dependence on any single industry or economic cycle. For instance, thermal power orders increased from nil in FY24 to Rs. 265 crore in FY26, while recurring-component GMV remained strong at around 51–71% in recent periods.

Ability to scale in a capital-efficient manner: Zetwerk follows a hybrid manufacturing model that combines third-party supplier capacity with selectively owned facilities. This allows the company to expand its operations without making proportionate investments in manufacturing infrastructure. It owns facilities where specialised capabilities, complex production requirements or higher-value products can generate better margins. Its proprietary Zetwerk OS also enables a single order to be executed across multiple facilities, improving production planning, coordination and delivery timelines. As business volumes increase, the platform can benefit from economies of scale and better capacity utilisation. This approach supports capital efficiency while providing flexibility to meet changing customer requirements.

Zetwerk OS proprietary technology for end-to-end workflow and network effects: Zetwerk OS is the company's proprietary technology platform that manages the manufacturing process, from customer enquiries and supplier selection to production planning, quality checks, inventory and logistics. Its AI-powered supplier-matching capabilities help identify suitable manufacturing partners based on project requirements. By coordinating thousands of projects across suppliers and geographies, the platform improves execution speed and operational visibility. Data collected from completed orders also helps refine supplier selection and performance assessment over time. As the network expands, the system can become more efficient and valuable to customers. Digital monitoring and audit trails further strengthen quality control, transparency and compliance.

Deep customer relationships driving revenue visibility and stickiness: Zetwerk has developed long-term customer relationships, with several engagements progressing from individual orders to multi-year and take-or-pay contracts. Repeat customers contributed around 80–95% of Manufacturing Business revenue in recent periods, while median net revenue retention between FY23 and FY26 stood at 129%. These figures indicate the company's ability to retain customers and grow business from existing relationships. As of 30 June 2026, its Manufacturing Order Book stood at Rs. 13,062 crore, providing visibility into future execution. Supplying multiple product categories and participating in design and engineering activities also increases customer dependence on the platform, making supplier replacement more difficult.

Ability to add value-added ecosystem services: Zetwerk is expanding its platform beyond manufacturing by introducing complementary services that address customer and supplier requirements. One example is bulk raw-material aggregation under its Terra91 brand. By combining purchasing requirements across customers, the company can negotiate more competitive prices, improved quality standards and favourable supply terms directly with producers. This approach can reduce procurement time and help minimise inconsistencies in raw-material quality. It also allows customers and suppliers to benefit from purchasing advantages that may be difficult to achieve independently. Over time, these additional services can strengthen Zetwerk's overall value proposition, deepen business relationships and create opportunities to generate revenue beyond its core manufacturing operations.

Experienced, cycle-tested management team and board: Zetwerk was founded in 2017 by Amrit Pratik Acharya, its Chairperson, Managing Director and CEO, and Srinath Ramakrushnan, its COO. Both are alumni of IIT Madras and have prior experience at ITC. The founders have led the company's expansion across manufacturing categories, customer segments and international markets. Their experience is supported by a core management team and a board with expertise in industrial operations, technology and business management. This combination of operational knowledge and strategic oversight is important for managing a complex manufacturing network. As Zetwerk grows, experienced leadership and established governance structures can help support disciplined expansion and long-term business development.

Comprehensive institutionalised risk-management framework: Zetwerk has established risk-management processes to address fluctuations in raw-material prices, foreign-exchange movements, customer credit risks and manufacturing-related exposures. The company hedges selected commodities, including aluminium, zinc, copper and lead, along with foreign-exchange exposures. Price-variation clauses in customer contracts help manage changes in input costs, while credit assessment and insurance arrangements reduce potential payment risks. Its largely back-to-back operating structure also helps align supplier obligations with customer requirements, including quality standards and warranties. In addition, board-level oversight through Audit, Management and Risk Evaluation Committees supports accountability. Together, these measures are designed to reduce earnings volatility and strengthen operational resilience.

Strategy

Increase wallet share with customers: Zetwerk plans to generate more business from existing customers by expanding the range of products and services it supplies. This includes entering adjacent product categories, meeting a larger share of customers' bill-of-materials requirements and serving both capital expenditure and recurring operational budgets. The company also aims to convert repeat orders into long-term take-or-pay contracts and sole-supplier arrangements. These initiatives can help increase revenue per customer while reducing the cost of acquiring new business. Deeper relationships may also improve customer retention, strengthen pricing opportunities and make it more difficult for competitors to replace Zetwerk as a manufacturing partner.

Gain customers in rapidly expanding industries: Zetwerk intends to increase its presence in industries experiencing strong demand and supply constraints, particularly power equipment, electricity grids, AI infrastructure and data centres. It is also targeting precision industrial components used in areas such as printed circuit boards, electric vehicles and industrial automation. The company's hybrid manufacturing model allows it to coordinate production across multiple facilities and geographies, helping address capacity shortages and delivery challenges. For example, Zetwerk has reduced transformer lead times to around 12–15 months, compared with the industry's typical 30–42 months. By combining manufacturing flexibility with faster execution, the company aims to win new customers in high-growth markets.

Continue to diversify into new industries ahead of demand inflections: Zetwerk plans to enter promising industries before demand reaches a major growth phase. Potential opportunities include commercial space, green hydrogen, advanced defence manufacturing and thermal power equipment. The company intends to build on its existing manufacturing and engineering capabilities rather than expand indiscriminately into unrelated businesses. It can also balance cyclical industries with segments that have different demand patterns, while identifying opportunities based on the requirements of individual markets. Entering these sectors at an early stage

could help Zetwerk develop customer relationships and manufacturing expertise ahead of wider industry expansion. This strategy aims to diversify revenue streams and reduce dependence on any single sector.

Continue to expand geographically: Zetwerk aims to strengthen its international presence while maintaining its manufacturing base in India. International markets contributed approximately 30–36% of Manufacturing Business revenue in recent periods, highlighting their importance to the company's growth. Its strategy includes selectively establishing owned facilities in the United States and Europe where local manufacturing, tariffs, customer preferences or regulatory requirements make such investments commercially attractive. The company can also combine India's cost advantages with production facilities closer to customers in the United States and Latin America. This approach is intended to improve delivery timelines, manage trade-related risks and serve customers more effectively across different markets.

Increase design-led manufacturing and ODM: Zetwerk plans to expand its original design manufacturing (ODM) business by investing in engineering capabilities, category-specific design libraries and intellectual property platforms. ODM accounted for approximately 14% of Manufacturing GMV, providing a base for further growth. Under this model, the company participates more actively in product design and development instead of only manufacturing products to customer specifications. This deeper involvement can help customers reduce development time and improve product customisation. Design-led engagements may also command higher margins and increase switching costs, as customers become more dependent on Zetwerk's technical expertise. The strategy could strengthen customer relationships while improving the company's position in higher-value manufacturing.

Expand and deepen the supplier network: Zetwerk plans to expand its supplier network by adding manufacturing partners with new technical capabilities, specialised products and geographic reach. At the same time, it intends to strengthen relationships with high-performing suppliers by allocating them more business and integrating their operations more closely with Zetwerk OS. This two-pronged approach can improve production capacity, quality consistency and delivery reliability without requiring the company to own every manufacturing facility. A broader network also gives Zetwerk greater flexibility to shift orders between suppliers and countries as demand, costs and trade conditions change. Over time, better supplier coordination can improve purchasing efficiency, strengthen supply-chain resilience and support business expansion.

Selectively expand own facilities through greenfield investments and acquisitions: Zetwerk intends to expand its owned manufacturing capacity through carefully selected greenfield projects and acquisitions. In FY26, the company had 26 own facilities, including 15 acquired and 11 developed organically, with three additional facilities under construction. Future investments are expected to be guided by order-book visibility, customer contracts, capacity requirements and gaps in supplier availability. This approach aims to maintain high utilisation and avoid unnecessary capital expenditure. Acquisitions of established marketplace suppliers

can also provide access to proven manufacturing capabilities, experienced teams and existing customer relationships. By combining targeted ownership with its wider supplier network, Zetwerk aims to strengthen capabilities while preserving capital efficiency.

Key Risk Factors

- The company has reported restated losses from continuing operations of Rs. 964 crore in FY26, Rs. 215 crore in FY25 and Rs. 853 crore in FY24 (and further losses in Q1 FY27), and continued losses or failure to reach sustained profitability could hurt financial condition and cash flows.
- Heavy reliance on third-party suppliers for the majority of manufacturing and raw materials exposes the business to capacity, quality, price-volatility, supply-disruption, trade, and foreign-exchange risks.
- Performance depends on end-industries such as renewables, AI infrastructure, oil & gas, consumer electronics, and defence & aerospace; a downturn in any of these could reduce demand.
- The business is working-capital intensive with significant float between supplier payments and customer collections, and any funding shortfall or elongated cycles could constrain growth and liquidity.
- Orders in the Manufacturing Order Book can be delayed, modified, or cancelled, and the company faces competition in highly competitive industries while pursuing expansion and acquisitions that may not integrate as expected.

Peer comparison:

As Per RHP, there are no listed companies in India or globally which operate in a similar business model as the company .

Valuation:

As the company is loss making so we are considering the P/BV valuation, Looking at the P/B ratio at higher band of Rs. 151 pre issue, book value of Rs. 27.17 of P/BV 5.56x. Post issue, book value of Rs. 40.87 of P/BV 3.69x. Looking at the P/B ratio at lower band of Rs. 143 pre issue, book value of Rs. 27.17 of P/BV 5.26x. Post issue, book value of Rs. 40.87 of P/BV 3.50x.

Industry overview

Zetwerk operates in the durable-goods procurement and manufacturing-platform market. Global manufacturing GVA reached about Rs. 1,43,012 trillion in CY2024 (CAGR 5.45% from CY2020) and remains 16–19% of global economy GVA; manufactured goods form ~70% of world merchandise exports. India is a key beneficiary of the China+1 shift, with manufacturing GVA growing faster than the global average (CAGR ~4.8% 2014–2024 to Rs. 4,168 crore trillion) supported by PLI, Make in India, defence indigenisation, and infrastructure spending. High-growth,

high-diversification industries include EVs, solar, data centres, wind, consumer electronics, power grid, aerospace & defence. Manufacturing platforms have a large TAM (roughly Rs. 10–12.5 lakh crore in India and higher in the USA by later years). Drivers are re-industrialisation, supply-chain resilience, and policy; challenges include cyclicalities, commodity volatility, tariffs, working-capital intensity, and digital readiness of suppliers.

Outlook

Zetwerk's unique hybrid platform, Zetwerk OS network effects, multi-industry resilience, and large order book (Rs. 13,062 crore) support long-term growth potential, with strategies targeting wallet share, high-growth sectors, geography, and ODM. However, it is still loss-making (continuing-operations loss Rs. 964 crore in FY26), relies heavily on third-party suppliers, faces industry cyclicalities and competition, and has no direct listed peers for comparison. Major risks are sustained losses, supply disruptions, and order cancellations. Also the issue looks expensive.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Thu, Oct 15, 2026
IPO Close Date	Mon, Oct 19, 2026
Tentative Allotment	Wed, Oct 21, 2026
Initiation of Refunds	Thu, Oct 22, 2026
Credit of Shares to Demat	Thu, Oct 22, 2026
Tentative Listing Date	Fri, Oct 23, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-26 (6 Months)	Period ended 31-Dec-26 (12 Months)	Period ended 31-Dec-25 (12 Months)
Revenue from operations	4117.88	15913.32	11331.86
Total expenditure	4046.42	15578.81	11054.15
Operating Profit	71.46	334.51	277.71
OPM%	1.74	2.10	2.45
Other Income	77.83	187.31	160.37
Total Net Income	149.29	521.82	438.08
Interest	126.44	366.22	336.87
PBDT	22.85	155.60	101.21
Depreciation	66.17	196.69	161.01
Restated loss before share of loss of JV/associates, exceptional items and tax from continuing operations	-43.32	-41.10	-59.80
Share of loss of joint ventures and associate	-8.07	-39.51	-61.20
Restated loss before exceptional items and tax from continuing operations	-51.39	-80.60	-121.00
Exceptional items (net)	0.00	-835.84	-83.55
PBT	-51.39	-916.44	-204.55
Tax	12.74	47.95	10.52
PAT	-64.13	-964.39	-215.07

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-26	As on 31-Mar-26	As on 31-Dec-25
Non-current assets			
Property, plant and equipment	808.62	821.53	596.04
Capital work-in-progress	326.62	255.48	14.73
Investment properties	215.10	212.21	40.53
Right-of-use assets	360.04	373.14	235.05
Goodwill	1066.99	1054.02	345.61
Other intangible assets	78.28	85.63	50.02
Investments accounted for using equity method	21.01	28.82	64.07
Financial assets - Investments	17.15	28.23	21.86
Financial assets - Trade receivables	222.37	223.55	363.26
Financial assets - Loans	35.33	60.31	255.84
Financial assets - Other financial assets	208.34	238.75	337.03
Other non-current assets	33.05	17.79	31.46
Deferred tax assets (net)	3.33	6.46	0.00
Non-current tax assets (net)	148.21	138.17	159.85
Total non-current assets	3544.43	3544.08	2515.35
Current assets			
Financial Assets			
Inventories	1417.04	1249.58	931.09
Financial assets - Investments	257.49	128.00	280.36
Financial assets - Trade receivables	2143.99	2329.93	1752.83
Cash and cash equivalents	444.97	1321.95	884.14
Bank balances other than cash and cash equivalents	1229.97	1121.85	1024.05
Financial assets - Loans	12.34	12.07	0.41
Financial assets - Other financial assets	543.30	572.53	685.91
Other current assets	1612.47	1716.96	2281.29
Assets classified as held for Sale	810.11	1387.68	0.00
Total current assets	8471.66	9840.55	7840.08
Total Assets	12016.09	13384.63	10355.43
LIABILITIES			
Non-current liabilities			
Borrowings	432.46	475.33	41.08
Lease liabilities	285.36	292.27	183.93
Other financial liabilities	447.39	429.20	0.64
Provisions	13.17	11.61	7.63
Deferred tax liabilities (net)	27.24	29.26	18.93
Government grants	34.54	6.37	0.00
Total non-current liabilities	1240.15	1244.04	252.21
Current liabilities			
Financial liabilities			
Borrowings	1509.73	1460.83	1705.47
Lease liabilities	105.16	109.95	68.38
Trade payables - MSME	129.13	141.15	113.43
Trade payables - Others	1785.30	2058.13	1841.72
Acceptances	771.29	1014.45	1015.01
Other financial liabilities	336.30	369.77	82.89
Other current liabilities	633.55	697.23	789.68
Provisions	31.24	30.56	28.85
Government grants	1.10	1.15	0.00
Current tax liabilities (net)	32.27	27.39	4.03
Liabilities associated with Assets held for Sale	1346.76	1416.27	0.00
Total current liabilities	6681.81	7326.87	5649.46
Total liabilities	7921.97	8570.91	5901.67
Net worth represented by:			
Equity Share Capital	11.39	11.38	11.31
Instrument entirely equity in nature	4687.72	4658.48	45.26
Other equity	-771.23	-15.96	4355.22
Non-controlling interests	166.25	159.82	41.98
Total Equity	4094.13	4813.72	4453.76

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

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