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IPO Note
14nd October, 2026

Zetwerk Manufacturing Business Ltd

Neutral

Rating: Neutral

Issue Offer

Total issue size: 50,122 Mn (332 Mn Shares)
Fresh – INR 28,310 Mn (187.48 Mn Shares)
OFS – INR 21,823 Mn (144.52 Mn Shares)

Issue Summary`	
Price Band (INR)	143-151
Face Value (INR)	1
Implied Market Cap (INR Mn)	2,55,832.5
Market Lot	99
Issue Opens on	15th October 2026
Issue Close on	19th October 2026
No. of share pre-issue	1,50,67,72,659
No. of share post issue	1,69,42,54,778
Listing	NSE, BSE

Issue Break-up (% of Total Issue)	
QIB Portion	75
Retail Portion	10
NII Portion	15

Book Running Lead Managers
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) Private Limited
Pantomath Capital Advisors Private Limited

Registrar
KFin Technologies Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	20.66%	10.03%
Public & Others	79.34%	89.97%

Objects of the Issue	
Repayment/prepayment, in part or full, of certain of or all of borrowings availed by our company	13,000 Mn
Subsidiaries	8,600 Mn
Funding inorganic growth through unidentified acquisitions and other strategic acquisitions, and general corporate purposes	-

Zetwerk Manufacturing Business Ltd is a technology-led manufacturing platform that combines a network of 6,979 third-party suppliers across 26 countries with 26 own manufacturing facilities in India, Spain, the USA and Germany, managed through its proprietary Zetwerk OS. It serves sectors including energy, precision products and capital goods, with 1,802 customers in FY26 (1,613 in India and 189 overseas).

Investment Rationale:

Large opportunity: Supply-chain diversification, the domestic capex cycle and defense indigenisation support long-term demand. The manufacturing order book stood at INR 130,620 Mn as of June 30, 2026, about 1.4x FY26 manufacturing revenue.

Sticky but concentrating customers: 80% of FY26 manufacturing revenue came from repeat customers, but the top 10 customers' share rose from 22% in FY24 to 36% in FY26.

Use of proceeds: Of the INR 28,300 Mn fresh issue, INR 21,600 Mn goes towards debt repayment (INR 13,000 Mn at the company and INR 8,600 Mn at subsidiaries). The balance goes to unidentified acquisitions and general corporate purposes. The OFS of INR 21,823 Mn forms ~43.5% of the issue.

Growth without profits: Revenue rose from INR 123,644 Mn in FY24 to INR 159,133 Mn in FY26, and adjusted EBITDA grew from INR 970 Mn to INR 4,213 Mn, though the margin was thin at 2.65%. Net loss widened to INR 16,062 Mn in FY26, mainly due to a one-time INR 7,964 Mn non-cash share-conversion charge and an INR 6,418 Mn loss from the discontinued civil infrastructure business.

Cash burn is the key concern: Reported debt/equity is ~0.4x (INR 19,362 Mn borrowings vs INR 48,137 Mn net worth), though supplier-finance acceptances of INR 10,145 Mn add to effective leverage. Operating cash outflow widened to INR 6,815 Mn in FY26 from INR 3,863 Mn in FY25.

Valuation & Outlook: The EV to sales ratio is 1.55x on the basis of FY26 Revenue. The company offers exposure to the growing organised student accommodation and education-infrastructure market, supported by an expanding asset base, institutional relationships and acquisition-led growth. However, investors should monitor high leverage, lower owned-bed occupancy of 89.37% in FY26, customer concentration and execution risks associated with the proposed K-12 acquisitions. **At the upper price band, we recommend Neutral for this issue.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	1,25,234.57	114922.28	1,61,006.32
Growth (% YoY)		*-8.23%*	*40.10%*
EBITDA	970.3	3225.9	4213.4
Margins	*0.77%*	*2.81%*	*2.62%*
PAT	-9179.5	-3707.1	-16061.7
Margins	*-7.33%*	*-3.23%*	*-9.98%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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