Zetwerk Manufacturing Business Ltd.

AVOID

BP WEALTH

IPO Note | **14th Oct 2026**

Company Overview

Zetwerk Manufacturing Businesses Limited is a technology-led, asset-light manufacturing platform serving industrial and consumer goods industries in India and globally. The company integrates third-party suppliers and its own manufacturing facilities through its proprietary technology platform, Zetwerk OS. Its diversified customer base spans renewable energy, utilities, consumer electronics, artificial intelligence infrastructure, aerospace, space and defence, oil and gas, and industrial automation. Its manufacturing capabilities include metal fabrication, sheet metal stamping, injection moulding, assembly, die casting, forging and machining, enabling it to cater to varied industrial requirements. The company operates through three business segments: Manufacturing Business, Ecosystem Business and Civil Infrastructure Works. The Manufacturing Business comprises three product verticals: Energy Products, Precision Products and Capital Goods, with capabilities spanning design, manufacturing, quality control, logistics and compliance. As of FY26, its manufacturing network included 26 facilities across four countries and 6,979 third-party suppliers across 26 countries, including India. This hybrid model enables the company to scale production, execute complex orders and maintain flexibility in capital deployment. The Ecosystem Business, operated under the Terra91 brand, focuses on supplying raw materials and commodities, including ferrous and non-ferrous metals and petrochemicals such as aluminium, zinc, steel, copper and lead. By aggregating procurement requirements, the company aims to improve sourcing efficiency, cost competitiveness and supply-chain reliability. During FY26, this segment served 828 customers and sourced materials from 562 suppliers. Zetwerk has expanded beyond traditional build-to-print manufacturing into original design manufacturing (ODM), while strengthening its presence across international markets and value-added manufacturing. Its technology-enabled operating model, diversified end-market exposure and global supplier network position it to benefit from increasing manufacturing outsourcing, supply-chain diversification and industrial capacity expansion.

Objects of the issue

The IPO of Zetwerk Manufacturing Businesses Limited comprises a fresh issue aggregating up to Rs. 2,830 crores and an Offer for Sale (OFS) of up to Rs.2,182 crores. The net proceeds from the fresh issue are proposed to be utilised for the following purposes:

1. Repayment/prepayment, in part or full, of borrowings availed by the company, amounting to Rs.1,300 crores; and repayment/prepayment of borrowings availed by certain subsidiaries through investments in such subsidiaries, amounting to Rs.860 crores;

2. Funding inorganic growth through unidentified acquisitions and other strategic acquisitions, and general corporate purposes.

Investment Rationale

Diversified business model with multiple growth drivers and resilience across economic cycles

Zetwerk Manufacturing Businesses Limited operates an end-to-end manufacturing platform powered by its proprietary Zetwerk OS, connecting a fragmented supplier base with customers across multiple industries and geographies. In FY26, the company leveraged 6,979 third-party suppliers across 26 countries and 26 manufacturing facilities across four countries, including India. Its business spans Energy Products, Precision Products and Capital Goods, serving industries such as utilities, infrastructure, transportation, renewable energy, aerospace, defence, automation and space technology. This diversified presence reduces dependence on any single end-market and provides exposure to long-term growth drivers, including industrialisation, defence modernisation and the clean energy transition. The company has also expanded beyond large, project-driven capital goods into recurring components, increasing their share of Manufacturing Business GMV from 49.85% in FY24 to 50.85% in FY26, while the share rose to 71.20% in the three months ended June 2026. This shift towards recurring demand can improve business resilience across economic cycles. Additionally, the company is strengthening its original design manufacturing (ODM) capabilities, with ODM contracts contributing 13.93% of Manufacturing Business GMV in FY26, compared with 8.12% in FY24. Design-led manufacturing offers opportunities for stronger customer relationships, higher switching costs and improved margin potential. Further, its geographically diversified supplier network and manufacturing footprint provide flexibility to manage tariffs, logistics costs and regional disruptions. The company's hybrid model, combining third-party suppliers with its own manufacturing facilities, enables it to address diverse manufacturing requirements while maintaining capital efficiency. Together, these capabilities support revenue diversification, operational flexibility and multiple avenues for sustained long-term growth.

Issue Details	
Offer Period	15th Sep 2026-19th Sep 2026
Price Band	Rs.143 to Rs.151
Bid Lot	99
Listing	BSE & NSE
Issue Size (no. of shares in	33.2
Issue Size	5,012
Face Value	1

Issue Structure	
QIB	75%
NIB	15%
Retail	10%
BRLM	Kotak Mahindra Capital Company Ltd., Morgan Stanley India Company Pvt Ltd., Goldman Sach (India) Securities Pvt Ltd., Avendus Capital Pvt Ltd., JM Finacial Ltd., HSBC Securities and Capital Market (India) Pvt Ltd.,Pantomath Pvt
Registrar	KFin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	15.9%	11.4%
Public	84.1%	88.6%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

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Zetwerk Manufacturing Business Ltd.

Capital-efficient business model with scalable manufacturing capabilities

Zetwerk Manufacturing Businesses Limited operates a hybrid, technology-driven manufacturing platform that combines the scalability of a distributed supplier network with the operational control of selective in-house manufacturing. Unlike traditional manufacturers that require substantial investments in plant, machinery and working capital to expand production, the company primarily accesses capacity through third-party manufacturers, enabling it to scale operations without a proportionate increase in invested capital. At the same time, its selective investments in own manufacturing facilities allow it to undertake complex, high-value manufacturing activities and capture higher margins. This flexible operating model supports capacity expansion while maintaining capital efficiency. Further, the company's proprietary Zetwerk OS enables simultaneous manufacturing by coordinating a single order across multiple facilities, helping shorten production cycles and automate key manufacturing workflows. By integrating production planning, capacity allocation and execution through technology, the platform improves operational coordination and supports efficient fulfilment of diverse customer requirements. As the business scales, this technology-led model can generate operating leverage by enabling higher production volumes without a corresponding increase in fixed costs. The combination of an asset-light supplier network and selective in-house manufacturing capabilities provides flexibility to address varying demand requirements while limiting incremental capital investment. Over the long term, this model has the potential to improve capital productivity, strengthen operating efficiency and support better returns on invested capital as the platform expands.

Valuation

Zetwerk Manufacturing Businesses Limited is a diversified manufacturing and supply-chain solutions company operating across sectors such as electronics, aerospace, energy, industrial products and infrastructure. Its integrated manufacturing capabilities, broad product portfolio and international presence provide opportunities to benefit from increasing global demand for outsourced manufacturing and supply-chain diversification. However, the business remains exposed to competitive pressures, execution risks, working-capital requirements and fluctuations in input costs. Financially, revenue from operations increased from Rs.12,364 crores in FY24 to Rs.15,913 crores in FY26, translating into a CAGR of 13.4%. Despite the revenue growth, profitability remains a concern. The company reported a consolidated net loss of Rs.853 crores in FY24, Rs.215 crores in FY25 and Rs.964 crores in FY26. While the company offers exposure to the long-term manufacturing opportunity, persistent losses, volatility in financial performance and uncertainty regarding the timing of a sustainable turnaround warrant caution. **Given the absence of positive earnings and limited visibility on near-term profitability, we assign an "AVOID" rating to the issue.**

Key Risks:

⇒ The company has reported negative operating cash flows in FY24, FY25, FY26 and recent interim periods, primarily due to working capital requirements. Persistent cash flow pressure could affect its liquidity and ability to fund business operations and expansion.

⇒ The company relies on third-party manufacturers to fulfil customer orders. Any disruption in supplier capacity, quality or timely delivery could adversely affect order execution, customer relationships and profitability.

⇒ The company depends on repeat customers and consistent order inflows for growth. Loss of key customers, reduced orders or weaker demand across end-user industries could adversely affect revenue and profitability.

Zetwerk Manufacturing Business Ltd.

Income Statement (Rs. in Crores)

Particulars in Rs. Cr.	FY24	FY25	FY26	Q1FY27
Revenue:				
Revenue from operations	12,364	11,332	15,913	4,118
Total revenue	**12,364**	**11,332**	**15,913**	**4,118**
Expenses:				
Cost of materials consumed	2,217	3,036	3,964	1,252
Purchase of stock-in-trade	9,431	6,800	9,880	2,398
Changes in inventories of finished goods, work in progress and stock in	-231	129	139	-28
Employee benefits expense	424	477	644	204
Other expenses	501	612	952	221
Total expenses	**12,343**	**11,054**	**15,579**	**4,046**
EBITDA	**22**	**278**	**335**	**71**
Depreciation & amortization	182	161	197	66
EBIT	**-160**	**117**	**138**	**5**
Finance costs	323	337	366	126
Other Income	159	160	187	78
PBT before share of loss of joint ventures and exceptional items	**-324**	**-60**	**-41**	**-43**
Share of loss of joint ventures and associate	-103	-61	-40	-8
Exceptional items (net)	-372	-84	-836	0
Total expenses	**-474**	**-145**	**-875**	**-8**
PBT	**-798**	**-205**	**-916**	**-51**
Current Tax	12	8	61	12
Deferred tax	42	3	-13	1
Total tax	**54**	**11**	**48**	**13**
Net profit	**-853**	**-215**	**-964**	**-64**
Diluted EPS	**-5.2**	**-2.0**	**-11.0**	**4.8**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26	Q1FY27
Cash Flow from operating activities	-282	-386	-682	-506
Cash flow from investing activities	-622	-148	-394	-135
Cash flow from financing activities	763	151	1789	-263
Net increase/(decrease) in cash and cash equivalents	**-140**	**-384**	**714**	**-905**
Effect of exchange translation cash and cash equivalents held in foreign currency	1	0	-2	0
Cash and cash equivalents at the beginning of the period	**673**	**533**	**149**	**861**
Cash and cash equivalents at the end of the period	**533**	**149**	**861**	**-43**

Note: *Cash flow include continue and discontinue operation and bank overdraft*

Source: RHP, BP Equities Research

Zetwerk Manufacturing Business Ltd.

Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26	Q1FY27
Assets				
Non-Current Assets				
Property, plant and equipment	326	596	822	809
Capital work-in-progress	50	15	255	327
Investment properties	39	41	212	215
Right-of-use assets	158	235	373	360
Goodwill	278	346	1,054	1,067
Other intangible assets	55	50	86	78
Intangible assets under development	0	0	0	0
Investments accounted for using equity method	27	64	29	21
Investments	0	22	28	17
Trade receivables	346	363	224	222
Loans	0	256	60	35
Other financial Assets	194	337	239	208
other non Current assets	5	31	18	33
Deferred Tax Assets (net)	5	0	6	3
Other non-current assets	134	160	138	148
Total Non Current assets	**1,617**	**2,515**	**3,544**	**3,544**
Current Assets				
Inventories	1,172	931	1,250	1,417
Financial Assets				
(i) Investments	399	280	128	257
(ii) Trade receivables	2,112	1,753	2,330	2,144
(iii) Cash and cash equivalents	726	884	1,322	445
(iv) Other bank balances	425	1,024	1,122	1,230
Loans	21	0	12	12
Other financial asset	1,594	686	573	543
Other current assets	2,266	2,281	1,717	1,612
Total current assets	**8,714**	**7,840**	**8,453**	**7,662**
Assets classified as held for sale	0	0	1,388	810
Total Assets	**10,331**	**10,355**	**13,385**	**12,016**
Equity and Liabilities				
Equity Share Capital	11	11	11	11
Other equity	4,025	4,355	-16	-771
Instrument entirely equity in nature	30	45	4,658	4,688
Equity attributable to owners of the Holding Company	**4,065**	**4,412**	**4,654**	**3,928**
Non-controlling interests	-3	42	160	166
Total equity	**4,062**	**4,454**	**4,814**	**4,094**
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowing	74	41	475	432
Lease liabilities	114	184	292	285
Other financial liabilities	0	1	429	447
Government grants	0	0	6	13
Provisions	9	8	12	27
Deferred Tax Liabilities (net)	9	19	29	35
Total Non-Current Liabilities	**205**	**252**	**1,244**	**1,240**
Current Liabilities				
Financial Liabilities				
(i) Borrowing	1,159	1,705	1,461	1,510
Lease liabilities	56	68	110	105
Trade Payables	3,004	1,955	2,199	1,914
Acceptances	1,115	1,015	1,014	771
Other financial liabilities	132	83	370	336
Other current liabilitie	573	790	697	634
Provisions	21	29	31	31
Government grants	0	0	1	1
Current tax liabilities (net)	4	4	27	32
	6,063	**5,649**	**5,911**	**5,335**
Liabilities associated with assets held for sale	0	0	1,416	1,347
Total Current Liabilities	**6,063**	**5,649**	**7,327**	**6,682**
Total Liabilities	6,268	5,902	8,571	7,922
Total Equity and Liabilities	**10,331**	**10,355**	**13,385**	**12,016**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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