IPO REVIEW

Zetwerk Manufacturing Business IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 14 October 2026

- The company is a technology-led, asset-light manufacturing platform for industrial and consumer goods serving global markets.
- It revamped its business model while discarding non-profitable business and adding new facilities to make in India for global markets.
- Post revamp, its top line shot up, but bottom line mirrored is cleaning of balance-sheet exercise.
- Based on its recent average financial data, due to losses, its offer is at a negative P/E.
- Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About the Company

Zetwerk Manufacturing Business Ltd. (ZMBL) is a technology-led, asset-light manufacturing platform for industrial and consumer goods in India and globally. Its aggregate manufacturing capacity across a network of third-party suppliers and its own facilities into a “universal factory,” unified through Zetwerk OS, its proprietary technology backbone. Its customers range across sizes, from innovative startups to mature companies, and across industries, including utilities, renewables, consumer electronics, artificial intelligence infrastructure, aerospace, space & defence, oil & gas, and industrial automation.

Some of its customers include Siemens Gamesa, Acer India Private Limited, boAt, NextPower (formerly Nextracker), CG Power and Industrial Solutions Limited, NTPC Renewable Energy Limited, L&T MHI Power Boiler Pvt Ltd, DRDO (Electronics & Radar Development Establishment (LRDE)), National Aluminium Company Limited, Indian Oil Corporation Limited, Mortenson, Nordex Acciona, Indian Air Force, and Numaligarh Refinery Limited. Third-party suppliers with whom it works have capabilities in manufacturing processes, including sheet metal stamping, metal fabrication, injection moulding, extrusions, assembly, die casting, forging, grinding and machining, and span several countries, including industrial geographies such as India, Vietnam, Thailand, Taiwan, Germany, Spain, Eastern Europe, Mexico and the USA. Since its incorporation, the company has cumulatively delivered products and raw materials worth Rs. 74374.21 cr. in terms of GMV to customers.

According to the Redseer Report: manufacturing capacity is often globally fragmented, with production typically carried out in uncoordinated, discrete facilities characterized by variable quality and inconsistent service levels, making scaling inefficient and unreliable. This challenge is particularly pronounced in new, high-growth industries such as renewable energy, artificial intelligence, defense, aerospace, and space exploration, where rapid growth in demand for manufactured goods is often

bottlenecked by supply chain constraints. The company is well positioned to address these challenges and pursue manufacturing opportunities in new industries. It enables customers to build complex products faster, across multiple geographies, while meeting quality requirements and maintaining competitive costs. Its platform model is designed to scale capacity and capabilities in an asset light manner.

ZMBL is focused on accelerating time to market for customers. By aggregating spare capacity from multiple third party suppliers, it is able to manufacture products at low cost while optimizing for speed and quality. Zetwerk OS, its proprietary technology, drives the end to end order flow, from supplier selection and digital recipes to project management, quality control, and logistics. Its manufacturing platform can distribute a single order across multiple third party suppliers and its own manufacturing facilities, enabling simultaneous manufacturing. Through such distribution, the company is also able to break geographic barriers, enabling it to serve customers using suppliers across geographies. Through a combination of the capabilities mentioned above and the inherent benefits of a platform model, it has been able to build a large base of customers.

Additionally, according to the Redseer Report, manufacturing in India has multiple secular tailwinds, such as China+1 diversification, ‘Make in India,’ defence indigenization, and large infrastructure spending on public and private capital expenditure, but faces challenges around supply fragmentation, thereby creating reliability issues. According to the Redseer Report, as of Fiscal 2026, manufacturing platforms have a total addressable market (“TAM”) of Rs. 10.26 – Rs. ₹12.57 trillion (US$120.65-147.91 billion) and Rs. 2.07 – Rs. 6.26 trillion (US$24.32-73.60 billion) in India and the USA, respectively. From Fiscal 2026, the total addressable market for manufacturing platforms is expected to grow to Rs. 17.68 – Rs. 20.00 trillion (US$208.01-235.27 billion) and Rs. 26.76 – Rs. 30.95 trillion (US$314.81-364.09 billion) in India and the USA, respectively, by Fiscal 2031.

ZNBL’s two reportable business segments through which it monetizes manufacturing platform are:

(i) its Manufacturing Business segment, where it offers customers the ability to manufacture diversified industrial and consumer products through its aggregated base of suppliers and own facilities; and

(ii) its Ecosystem Business segment, branded Terra91, where it aggregates and source industrial commodities from suppliers, enabling cost effective procurement for customers, including customers in its Manufacturing Business.

Its segment revenue - Manufacturing business based on Ind AS 108 Operating Segments has been the key driver of its growth, accounting for 46.19% and 58.91% of its revenue from operations – continuing operations for the three months period ended June 30, 2026 and Fiscal 2026, respectively. It has evolved from an India only marketplace catering to limited industries into a diversified and resilient manufacturing platform with multiple demand engines, a multi-geography supplier base and an expanded capability for customers in India and internationally. As of June 30, 2026, it had 3754

employees on its payroll, and additional 7482 temporary workers. As of the said date, its order book stood approx. at Rs. 16210 cr.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 5012.33 cr. (of approx. 331942255 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 2830.00 cr. (approx. 187417219 equity shares at the upper cap), and an Offer for Sale (OFS) of 144525036 equity shares (worth Rs. 2182.33 cr. at the upper cap). The company has announced a price band of Rs. Rs. 143 – Rs. 151 per equity shares of Re. 1 each. The issue opens for subscription on October 15, 2026, and will close on October 19, 2026. The minimum application to be made is for 99 equity shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 19.59% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 1300 cr. repayment/prepayment of certain borrowings taken by the company, Rs. 860 cr. for repayment/prepayment of certain borrowings taken by its subsidiaries, and the rest for inorganic growth / general corporate purposes.

The company has reserved 700000 equity shares (worth Rs. 10.57 cr. at the upper cap) for its eligible employees, and offering them a discount of Rs. 14 per share. From the rest, it has allocated not less than 75% for QIBs, not more than 15% for HNIs, and not more than 10% for Retail investors.

The joint Book Running Lead Managers (BRLMs) to this issue are Kotak Mahindra Capital Co. Ltd., Morgan Stanley India Company Pvt. Ltd., Goldman Sachs (India) Securities Pvt. Ltd., Avendus Capital Pvt. Ltd., JM financial Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd., and Pantomath Capital Advisors Pvt. Ltd., while KFin Technologies Ltd. is the registrar to the issue. Kotak Securities Ltd., Spark Institutional Equities Pvt. Ltd., JM financial Services Ltd., and Asit C Mehta Investment Interrmediates Ltd. as the syndicate members.

Having issued initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 1835 – Rs. 49926 per shares (on the basis of Re. 1 FV), between July 2018, and September 2020. It has also issued bonus shares in the ratio of 999 for 1 in November 2022. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. Negligible, Rs. 0.06, Rs. 0.18, Rs. 0.23, Rs. 3.94, Rs. 6.31, Rs. 7.84, Rs. 8.88, Rs. 8.89, Rs. Rs. 12.92, 13.97, Rs. 42.28, Rs. 46.30, Rs. 54.66, Rs. 130.34, RS. 157.87, Rs. 178.58, and RS. 182.10 per share.

Post-IPO, its current paid-up equity capital of Rs. 150.68 cr. (1506772659 equity shares) will stand enhanced to Rs. 169.42 cr. (1694189878 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 25582.27 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit/ - (loss), of Rs. 12523.46 cr. / Rs. – (852.53) cr. (FY24), Rs.

11492.23 cr. / Rs. – (215.07) cr. (FY25), and Rs. 16100.63 cr. / Rs. – (964.39) cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it posted a loss of Rs. – (64.13) cr. on a total income of Rs. 4195.70 r. The company posted growth in its toplines from FY26 onwards, but marked higher losses for FY26, that reduced for Q1-FY27. Higher trade receivables of Rs. 222.37 cr. raise concerns. Its contingent liabilities stood at Rs. 1144.55 cr. as of June 30, 2026 raise alarm.

For the last three fiscals, the company has posted an average EPS of Rs. – (4.54) and an average RoNW of – (15.64) %. The issue is priced at a P/BV of 5.84 based on its NAV of Rs. 25.85 as of June 30, 2026, and at a P/BV of 3.81 based on its post-IPO NAV of Rs. 39.59 per share at the upper cap.

If we attribute FY27 annualized losses to its post-IPO fully diluted paid-up equity capital, then the asking price is at a negative P/E of 49.72. Based on FY26 earnings also, the P/E stands negative. Thus, the issue is negatively priced, making it a costly bet.

For the reported periods, following losses, the company has not given its PAT margins, or RoCE margins data.

Dividend Policy

The company has not declared any dividends for the reported periods of the offer document. It has adopted a dividend policy in March 2026, based on its earnings and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

The seven BRLMs associated with this issue have handled 109 public issues in the past three fiscals, out of which 29 issues closed below the offer price on listing date.

Conclusion / Investment Strategy

ZMBL is a technology-led, asset-light manufacturing platform for industrial and consumer goods serving global markets. It revamped its business model while discarding non-profitable business and adding new facilities to make in India for global markets. Post revamp, its top line shot up, but bottom line mirrored is cleaning of balance-sheet exercise. Its order book stood at Rs.16+K as of June 30, 2026. It’s a pure long term race horse. Based on its recent average financial data, due to losses, its offer is at a negative P/E. Only well-informed/cash surplus/risk seekers may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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