

ZETWERK MANUFACTURING BUSINESSES LIMITED

Contract manufacturing platform and industrial metals sourcing | IPO Note | 13 October 2026 | Krijuna Research & Analytics
Anchor 14 October 2026 · issue 15–19 October 2026 · band ₹143–151 · lot 99 shares · ₹5,012.3 crore · allotment 21 October · listing 23 October, BSE and NSE

The band is ₹143 to ₹151. At the ₹151 cap the company is valued at ₹25,582 crore, 1.61 times FY26 revenue and 54.0 times FY26 adjusted EBITDA on an enterprise basis; Zetwerk made a loss, so it has no P/E. The cap sits 11.7% below the ₹171 at which Bharat Value Fund paid for ₹500 crore of stock in April 2026 and Susquehanna paid in July 2026, and 15.4% below the ₹178.58 paid by the promoter group's own holding company in 2025. The offer is ₹2,830 crore fresh and ₹2,182.3 crore for sale, with 75% reserved for QIBs. Greenoaks and D1, two large holders, are not selling a single share. We rate the issue **SUBSCRIBE — FOR LISTING GAINS**; it is a listing call, not a long-term endorsement.

1. The offer at a glance

Item	Detail
Total offer	₹5,012.3 crore at the cap; 33.19 crore shares
Fresh issue / offer for sale	₹2,830.0 crore fresh (56.5%) + ₹2,182.3 crore OFS, 14.45 crore shares (43.5%) — 56 paise of every rupee reaches the company
Who is selling	Promoters, Creovate (promoter group), Peak XV, Lightspeed, Accel, Kae, Kalysta and others
Price band · face value	₹143 to ₹151 · ₹1
Lot · minimum application	99 shares · ₹14,949 at the cap; retail maximum 13 lots (1,287 shares), ₹1,94,337
Allocation (net offer)	QIB at least 75% · NII up to 15% · retail up to 10%; employee reservation 7 lakh shares at a ₹14 discount
Retail and anchor portions	Retail about ₹500 crore at the cap; anchor up to about ₹2,251 crore at the cap
Shares before / after the offer	150.68 crore → 169.42 crore at the cap (150.68 + ₹2,830 crore ÷ ₹151 = 18.74 crore new)
Market capitalisation at the cap	₹25,582 crore (169.42 crore × ₹151)
P/E at the cap	Not meaningful — FY26 diluted EPS of ₹6.69 (continuing); post-issue EPS ₹5.85
EV / adjusted EBITDA at the cap	54.0× FY26 (₹25,582 crore + ₹9.8 crore June 2026 net debt – ₹2,830 crore fresh cash = ₹22,762 crore ÷ ₹421 crore)
Price / book at the cap	3.79× post-issue book of about ₹6,758 crore (₹3,928 crore at June 2026 + ₹2,830 crore, before issue expenses)
Return on net worth, FY26	–21.11%
Reference: last private rounds	₹171 per share in April and July 2026; ₹178.58 paid by the promoter group's holding company in 2025; weighted ₹172.77 over the last five primary issues
Listed peer multiples cited	Market cap / sales: Dixon 1.76×, Apar 2.84×, Syrma SGS 5.70×, Kaynes 7.13×; average 4.36× (6 August 2026)
Promoter holding before / after	21.08% including promoter group → 15.71% at the cap; IPO investors 19.59%
Pledge	Promoters' own shares released; part of the promoter-group holding stays pledged
Timetable	Anchor Wed 14 Oct · opens Thu 15 Oct · closes Mon 19 Oct (UPI mandate by 5 p.m.) · basis of allotment Wed 21 Oct · refunds / demat credit Thu 22 Oct · listing Fri 23 Oct 2026
Book-running lead managers · registrar	Kotak Mahindra Capital, Morgan Stanley, Goldman Sachs, Avendus, JM Financial, HSBC, Pantomath · KFin Technologies
Monitoring agency	CARE Ratings — will monitor use of proceeds quarterly
Statutory auditor	S.R. Batliboi & Associates LLP — opinion unmodified, with an emphasis of matter on a ₹88.6 crore Bangladesh receivable
Credit rating	Crisil A-/Negative (NCD) · Crisil A2+ (CP), 3 June 2026

Source: RHP dated 11 October 2026, cover pages, pp. 48, 78–80, 115–116, 173, 201–203, 255–256; price band and lot size announced 12–13 October 2026; timetable RHP p. 654. Market cap uses 169.42 crore post-issue shares at ₹151. EV uses 30 June 2026 net debt of ₹9.8 crore less ₹2,830 crore of fresh proceeds. All multiples are our calculations, derivations shown in brackets.

2. What the business actually does

The one-paragraph answer

Zetwerk is a general contractor for manufacturing. A customer brings a drawing — a transformer, a solar-tracker part, a washing-machine circuit board. Zetwerk prices the job, breaks it into parts, and spreads the work across several qualified factories that make them at the same time. It then inspects, ships and invoices the finished product. In FY26 an average order was split across seven suppliers, up from three in FY24. The supplier network has 6,979 factories in 26 countries, alongside 26 company-owned plants in India, the USA, Spain and Germany; fifteen of those plants were bought and eleven built. Its software, Zetwerk OS, matches orders to suppliers and tracks every job from quote to delivery. The company served 1,802 customers in FY26, 189 of them outside India, among them Siemens Gamesa, Acer India, boAt, NextPower, CG Power, NTPC Renewable Energy, L&T MHI Power Boiler, DRDO, NALCO, Indian Oil, Mortenson, Nordex Acciona, the Indian Air Force and Numaligarh Refinery. It also trades industrial metals in bulk. It was set up in Chennai in December 2017 by two IIT Madras classmates who met at ITC and is now headquartered in Bengaluru.

The structural fact that explains its economics is this: **Zetwerk mostly owns the order, not the factory.** About 80% of FY26 revenue came from products made by third parties. That keeps fixed assets light — revenue was 19 times plant and equipment — and keeps margins thin, because most of each sale passes straight through to the factory that made the item. Gross margin was 12.1% and adjusted EBITDA margin 2.65%. "Zetwerk OS" and "platform" can suggest a high-margin technology business, but Zetwerk books the full value of goods as its own revenue and carries their inventory, receivables and warranty risk. It should be judged as a manufacturer and trader, not as a marketplace that earns commissions.

The products, one at a time

Line	What it is, in one line	Where it ends up	FY26 revenue	% of revenue	Growth
Ecosystem (Terra91)	Bulk metals such as aluminium, zinc, copper and steel, bought in volume and resold	Suppliers and outside customers such as cable makers	₹6,539 crore	41.1%	+29% in FY26; nearly doubled in Q1 FY27
Energy Products	Transformers, solar-tracker tubes, wind-turbine parts, solar modules	Grid, solar and wind developers; NextPower is the largest relationship	₹6,508 crore	40.9%	+87% in FY26
Capital Goods	Storage tanks, pressure vessels, process columns, fabricated steel	Refineries, steel and gas plants	₹1,464 crore	9.2%	+8% in FY26
Precision Products	Circuit boards, laptops, audio devices, defence and aerospace parts	Appliance, consumer-electronics and defence customers	₹1,397 crore	8.8%	Flat in FY26

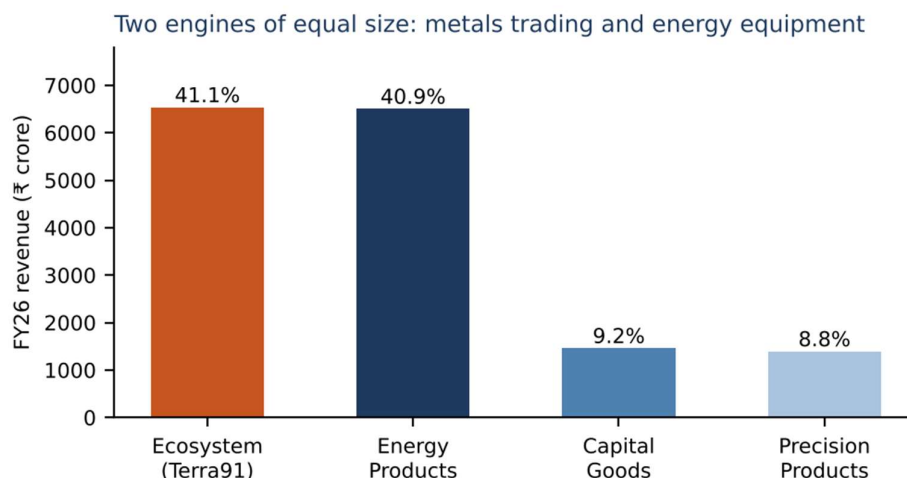
Source: RHP p. 252 (Ind AS 115 disaggregation and Ind AS 108 segment revenue); pp. 314, 319–320, 571. Other operating revenue of ₹5.5 crore is excluded.

Energy Products. This line covers large, heavy items. A power transformer is a room-sized steel box filled with copper coils and oil that steps electricity down from transmission-line voltage to a level a factory or data centre can use, much as a gearbox steps an engine's speed down to wheel speed. A torque tube is a long steel pipe under a row of solar panels that turns slowly through the day so the panels follow the sun, like the spit on a rotisserie. When a transformer fails, a substation or data hall goes dark; when a torque tube fails, a whole row of panels stops generating. That is why buyers pay for proven quality and on-time delivery. Zetwerk's edge here is speed: it promises US transformer deliveries in 12–15 months against an industry norm of 36–42 months, and in FY26 it booked ₹2,032 crore of transformer orders. Its largest single relationship is NextPower: torque-tube sales rose from US\$39.1 million in FY24 to US\$78.7 million in FY26 under a multi-year take-or-pay contract worth about US\$91 million a year.

Ecosystem / Terra91. This is a metals wholesale counter. Terra91 pools the raw-material needs of Zetwerk's suppliers and outside customers, buys aluminium, zinc, copper, steel and lead in bulk and resells them, like a buying club that gets a better rate than a single member could. There is no engineering in the product itself; one bar of aluminium is interchangeable with another, so the margin is thin — segment EBITDA was 1.24% of revenue in FY26. What the buyer gains is reliable supply, credit and quality checks. The segment brings scale and supplier loyalty, but adds little value per rupee of sales.

Capital Goods and Precision Products. Capital Goods are the original project business: storage tanks, Horton spheres for gas, reactors and process columns for refineries and steel plants — a pressure cooker the size of a building. These items

carry ASME code stamps because a failure means a leak or an explosion, and demand comes in one-off orders. Precision Products are the reverse: small items reordered every month — circuit boards for washing machines and energy meters, Acer laptops and motherboards, boAt speakers and defence connectors. A failed board means a dead appliance and a warranty claim. Zetwerk reports a defect rate of 200 parts per million against a 500 ppm benchmark.

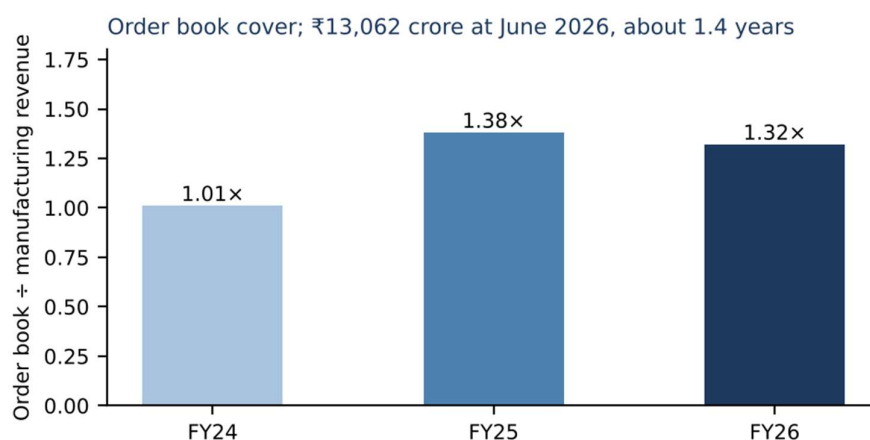


FY26 revenue by segment. Source: RHP p. 252.

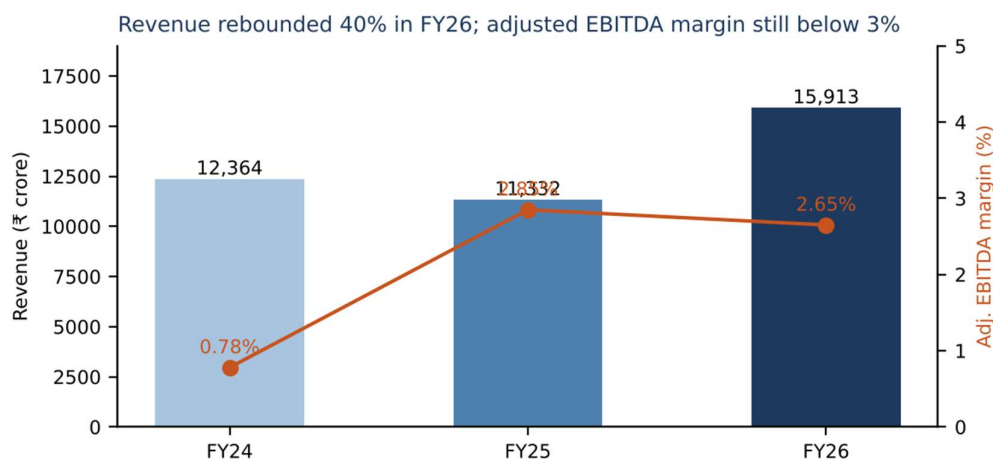
How the money is actually made

Customers place purchase orders, either one-off or under one-to-four-year agreements with volume and price commitments. Zetwerk then places fixed-price orders with suppliers that carry penalties for late delivery. Half the manufacturing business is now recurring: components made for customers' running production were 50.9% of manufacturing sales value (GMV) in FY26 and 71.2% in the June 2026 quarter. Customers stay. Repeat buyers gave 80% of manufacturing revenue, and median net revenue retention over FY23–FY26 was 129%, meaning the average returning customer spends more each year. Contracts generally let tariff and metal-price changes pass through to the customer. Concentration is rising: the top ten customers were 35.9% of FY26 revenue against 22.4% in FY24, though they have been with the company 2.8 years on average, and the top ten suppliers made up 38.2% of expenses.

Customer indicators, FY24 / FY25 / FY26: repeat-customer share of manufacturing revenue 78.1% / 84.8% / 80.2%; India share of revenue 75.4% / 79.4% / 82.5%; USA share 21.5% / 19.1% / 14.3%; recurring components 49.9% / 57.8% / 50.9% of manufacturing GMV; design-led (ODM) contracts 8.1% / 8.3% / 13.9%.



Order book cover of manufacturing revenue. Source: RHP pp. 252, 330. Ratios as computed in the ratio table (Annexure B); the June 2026 order book is ₹13,062 crore.



Revenue and adjusted EBITDA margin, FY24–FY26. Source: RHP pp. 84, 252.

The physical shape of the company

Own plants supplied 33% of manufacturing revenue in FY26, up from 7% in FY24; the business is getting more asset-heavy. In the USA, Las Vegas makes solar torque tubes (66,000 tonnes) at 75.8% utilisation, near the anchor customer, while Houston's torque-tube plant (66,000 tonnes) ran at 3.0% in FY26 with nil output in Q1 FY27, and its solar-pile plant (36,000 tonnes) at 37.2%. León in Spain makes wind-turbine composite parts at 41.3% and Cuxhaven in Germany wind-turbine canopy assemblies at 60.8%. In India, Noida (Zet Town) makes audio devices, wearables and circuit boards at 59.7%, and Bhopal (Kryfs, acquired in FY26) makes transformer tanks at 100.4% on extra shifts. A solar-module plant at Sangareddy, Telangana, a joint venture with Pennar Industries, is under construction. The company had 3,554 permanent staff and 6,422 contract workers; revenue per permanent employee was ₹4.5 crore in FY26.

How it got here

Revenue fell 8.4% in FY25 to ₹11,332 crore and rose 40.4% in FY26 to ₹15,913 crore. The growth was partly bought. Kryfs Power, acquired on 31 July 2025, reported ₹1,322 crore of standalone FY26 revenue; only the post-acquisition months are consolidated, but it is a meaningful part of the ₹4,581 crore rise in group revenue. FY26 acquisitions also added ₹708 crore of goodwill. Gross margin jumped from 7.66% to 12.06% in FY25 because the company exited low-margin apparel and textile trading, a mix effect that has now been banked. The June 2026 quarter shows acceleration: revenue rose 55% and adjusted EBITDA from ₹31 crore to ₹103 crore.

3. What makes it different — and where it doesn't

The company advances four claims. They do not all survive equally.

Compressing lead times in supply-short categories is a real head start. Splitting one order across several factories that work at the same time cuts delivery time, and that counts most where supply is tight — as with power transformers, where customers placed ₹2,032 crore of orders in FY26. To copy it, a rival would need hundreds of vetted suppliers, the data on their past performance and project teams in three continents: several years of work, but not a patent. POWERGRID's chairman said in August 2025 that transformer prices had doubled in seven years and that tenders draw no more than two bidders. Verdict: real, but it narrows as transformer capacity catches up.

Design-led work is a barrier; build-to-print is not. In design-led (ODM) contracts Zetwerk owns the drawing, so a customer that wanted to switch would have to re-engineer the product. That slice was 13.9% of manufacturing GMV in FY26. Everything else is build-to-print work, which a rival can quote against tomorrow. Verdict: a real barrier for about 14% of manufacturing; ordinary for the rest.

Sticky customers are a good sign. Repeat buyers gave 80% of manufacturing revenue, median net revenue retention was 129% and recurring components were 71% of manufacturing GMV in Q1 FY27. But the top-ten share has risen from 22.4% to 35.9%, so stickiness is also concentration. Verdict: genuine, with a rising dependency.

Terra91 metals trading is not differentiated at all. Forty-one per cent of revenue is buying bulk metal and selling it on at a 1.24% EBITDA margin. No barrier, no technology, no lock-in.

The competitor's view

A well-briefed rival would say this: Zetwerk coordinates suppliers well where equipment is scarce, and I cannot match its transformer delivery times quickly. But it has posted a loss every year, operating cash flow has been negative in every period shown, and its supplier credit is shrinking. Four-fifths of its revenue is goods other people make, and the biggest line is metal I can buy from the same dealers. Its own plants are filling unevenly — Houston at 3% — and when Siemens Energy's transformer plant comes on stream between FY30 and FY32, the speed premium shrinks and the contest becomes one of price and credit.

The honest summary

About 18% of revenue — design-led work and the transformer niche — sits behind a real barrier. The rest, including all of Terra91, is ordinary trade that competes on price and credit. The strategic question is not whether the capability is real. It is whether it can be turned into cash at a margin that exceeds the cost of the debt that funds it.

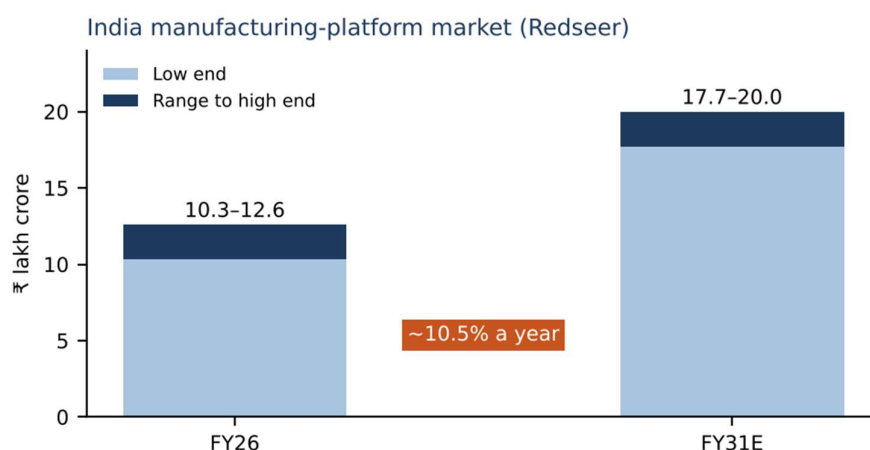
4. The industry

Redseer's industry study, commissioned for this offer, sizes the Indian market that manufacturing platforms can address at ₹10.3–12.6 lakh crore in FY26. It expects ₹17.7–20.0 lakh crore by FY31, about 10.5% a year at the mid-point. The US market is put at ₹2.1–6.3 lakh crore, rising to ₹26.8–31.0 lakh crore. On those figures Zetwerk's ₹9,375 crore of manufacturing revenue is under 1% of the Indian pool. The market is highly fragmented: India has about 7.6 crore registered MSMEs. Redseer also states that no listed company in India or abroad runs the same model. Growth here therefore depends on taking share from in-house procurement teams and small job shops, not on the market growing. The 10.5% market growth rate is only modestly above India's 7.7% real GDP growth in FY26 (MoSPI provisional estimate, 5 June 2026).

What physically creates demand: grid build-out and data-centre power in India and the US, China-plus-one sourcing, defence indigenisation and solar module localisation. On the last, the ALMM rules — the approved list of solar models and manufacturers that public projects must buy from — have pushed public-sector buyers such as NTPC Renewable Energy towards Indian-made modules, and Zetwerk coordinated a 1.5 GW order across six manufacturers.

Policy backdrop. Three policies matter. The PLI scheme for IT hardware and the Electronics Component Manufacturing Scheme pay incentives on Zetwerk's laptops, servers, PCBs and optical transceivers made in India, which helps the Precision line directly. ALMM protects domestic module demand, which helps the Sangareddy solar plant now under construction. On the other side, US tariffs are a recurring headwind: in 2025 Indian suppliers to the US faced a 50% tariff against 10% for Oman, and Zetwerk shifted transformer sourcing to Omani suppliers to stay competitive. Its USA revenue share has fallen from 21.5% to 14.3% in two years.

An independent read on demand. India's manufacturing PMI — a monthly survey of purchasing managers, where a reading above 50 means expansion — was 55.1 in September 2026, a seven-month high, and new orders grew at the fastest pace since February (HSBC/S&P Global, 1 October 2026). The same survey flags a less welcome point: input costs, led by electronic components and steel, rose faster than in August. For a business earning 2.7% EBITDA on pass-through sales, cost inflation it cannot pass on quickly hurts more than slow demand does.



India manufacturing-platform market, FY26 and FY31E. Source: Redseer study (3 August 2026), RHP p. 311.

Indicator	Earlier	Latest	Change
India manufacturing-platform TAM (₹ lakh crore)	10.3–12.6 (FY26)	17.7–20.0 (FY31E)	~10.5% a year
India electronics production (₹ lakh crore)	1.90 (FY15)	11.30 (FY25)	~6×
India thermal power capacity (GW)	234.7 (FY21)	249.3 (FY26)	+6.2%
Power-transformer lead time, India (months)	30–36 (industry)	12–15 (Zetwerk, US deliveries)	~60% faster
HSBC India Manufacturing PMI	—	55.1 (Sep 2026)	Seven-month high

Source: Redseer study for the offer (RHP pp. 287, 292, 311, 319); HSBC/S&P Global PMI release, 1 October 2026.

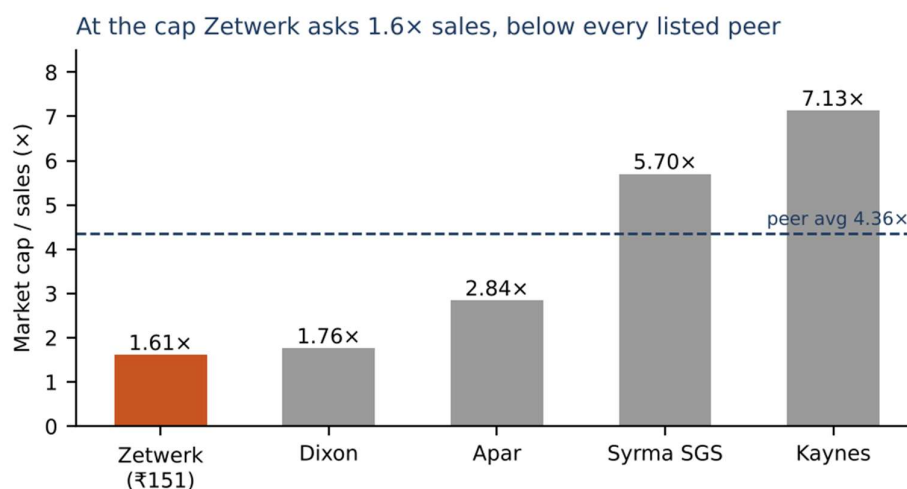
The counterweight. The transformer shortage that is Zetwerk's best selling point is temporary. Siemens Energy, for one, has announced a 30,000 MVA power-transformer plant in India, due on stream between FY30 and FY32 (Mercom India, 19 February 2026). As lead times shorten, the speed premium will shrink and the business will compete more on price.

Verdict: a tailwind. Growth depends on taking share in a fragmented market, not on the market growing.

5. Peer comparison

FY26	Revenue (₹ crore)	EBITDA margin	PAT margin	RoE	P/E (TTM)	Mcap / sales	P/B
Zetwerk (at ₹151 cap)	15,913	2.7% (adj.)	(6.1)%	(21.1)%	NM	1.61×	3.79×
Dixon Technologies	49,586	5.2%	3.3%	30.8%	46.5×	1.76×	18.7×
Apar Industries	22,902	9.0%	4.3%	18.1%	55.1×	2.84×	12.1×
Syrma SGS	4,857	12.0%	7.1%	11.1%	75.2×	5.70×	9.7×
Kaynes Technology	3,626	15.8%	10.0%	7.7%	71.1×	7.13×	5.5×
Peer average		10.5%		16.9%	62.0×	4.36×	11.5×

Source: peer market capitalisation, trailing P/E, P/B and RoE from market data as of 6 August 2026; peer FY26 revenue, EBITDA and PAT from the companies' FY26 results releases (May–August 2026); Zetwerk from RHP pp. 82–85. Comparability: Dixon is the closest on scale and thin assembly margins; Kaynes and Syrma match the electronics (Precision) line; Apar matches the conductor and energy-equipment end market. None runs a multi-supplier platform or a metals-trading arm, so the comparison is directional.



Market cap / sales at the cap against listed peers. Source: market data (6 August 2026); company FY26 results; RHP p. 84.

The multiples at the cap, with workings. Post-issue shares are 150.68 crore existing plus 18.74 crore new (₹2,830 crore ÷ ₹151), or 169.42 crore. Market value is 169.42 crore × ₹151 = ₹25,582 crore. Against FY26 revenue of ₹15,913 crore that is **1.61 times sales**, or 2.73 times manufacturing revenue alone. Enterprise value is ₹25,582 crore plus ₹9.8 crore of June 2026 net debt minus ₹2,830 crore of fresh cash, or ₹22,762 crore — **54.0 times FY26 adjusted EBITDA** of ₹421 crore, or about 56.5 times if the ₹1,015 crore of acceptances is treated as debt. Post-issue book is roughly ₹3,928 crore plus ₹2,830 crore, or ₹6,758 crore, so **price to book is 3.79 times**. P/E is not meaningful. Even after the interest saved on ₹2,160 crore of repaid debt (about ₹227 crore at 10.5%), FY26 proforma pre-tax profit before exceptional items is about ₹146 crore, which puts the stock at roughly **175 times proforma pre-tax earnings**.

Where Zetwerk sits. It is the third-largest of the five by revenue, but it has the lowest margin and is the only one losing money. Part of the margin gap is structural: 41% of revenue is metals trading at about 1% EBITDA, and the rest passes most of its value to supplier factories. The manufacturing segment on its own earned a 6.0% EBITDA margin in FY26, in line with Dixon's 5.2%. On that view the low sales multiple is earned: a rupee of Zetwerk revenue carries less profit than a rupee of Kaynes revenue.

The listing-window argument rests on a narrow comparison. Against Dixon, the single closest comparable, Zetwerk is 9% cheaper on sales (1.61 times against 1.76 times). That discount is far too small if you judge the stock on profit. It looks reasonable if you judge it on a manufacturing business that is about to stop paying 11–15% interest. Against its own private market, the stock is 12.6% below the last five rounds' weighted cost of ₹172.77 — a ratio of 0.87 times. That is the argument institutions will price on listing day, and we think it carries the call. It is not an argument that the stock is fundamentally cheap.

6. Issue size and use of funds

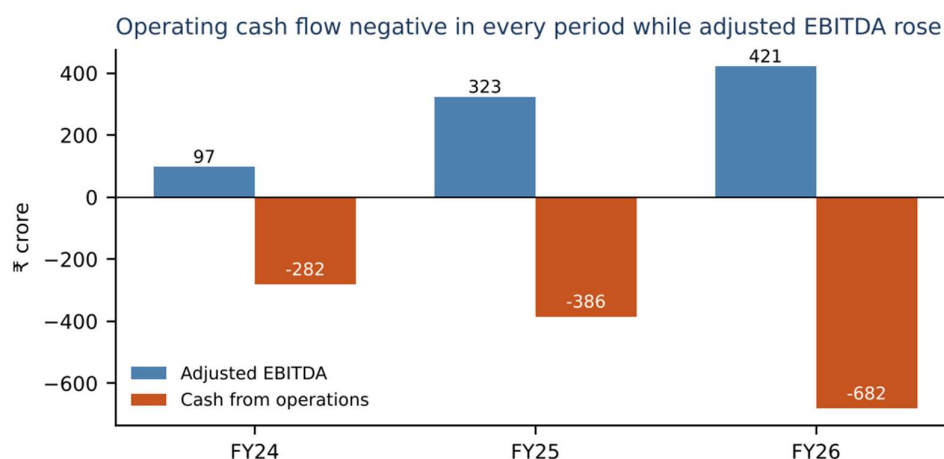
Object	₹ crore	% of fresh issue	Deployment
Repay / prepay company borrowings	1,300.0	45.9%	FY27
Repay borrowings of nine subsidiaries (via investment in them)	860.0	30.4%	FY27
Unidentified acquisitions and general corporate purposes	up to 670.0, less issue expenses	23.7%	Not specified
Fresh issue (gross)	2,830.0	100%	

Source: RHP pp. 202–204. Unidentified acquisitions and general corporate purposes together are capped at 35% of gross proceeds, and each at 25%.

Of every rupee raised, 56 paise reaches the company and 44 paise goes to the selling shareholders. Of the company's share, 76 paise repays debt, the most useful thing the money can do here, given NCDs costing up to 15.25%. There is no project capex, so the 75% firm-financing certification required for funded projects does not arise. The promoter group is not exiting: the holding falls from 21.08% to 15.71% and the founders sell 2.85 crore shares at a near-zero acquisition cost, while Creovate sells 2.30 crore.

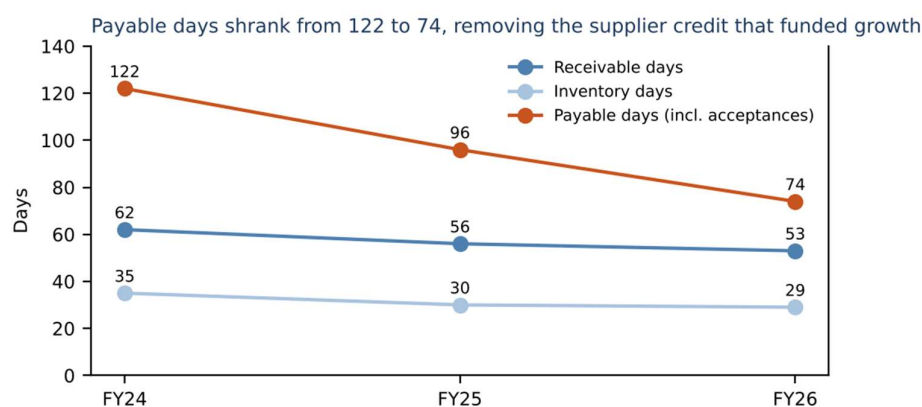
Three points need watching. First, part of the ₹860 crore flows into Unimacts Global, the US subsidiary, which had ₹1,063 crore of borrowings on ₹119 crore of FY26 revenue and ₹256 crore of losses over FY24–FY26. Second, some lenders being repaid are affiliates of the book running lead managers, including JM Financial funds that hold Zetwerk NCDs. Third, up to ₹670 crore is uncommitted and can fund acquisitions not yet named — a company that has already bought 15 of its 26 plants. CARE Ratings will monitor use of the proceeds quarterly, and no object routes money to a promoter entity.

Repaying ₹2,160 crore of a ₹3,366 crore fund-based debt pile saves roughly ₹225–243 crore a year at 10.4–11.25%. That alone would move FY26 continuing pre-tax results, before exceptional items, from a ₹81 crore loss to roughly ₹146 crore of profit. Most loans identified for repayment carry 10.4–15.25% interest, much of it NCDs placed with credit funds. Fund-based borrowings were ₹3,366 crore on 31 August 2026, ₹1,424 crore more than the ₹1,942 crore on the 30 June balance sheet; part of the difference is debt held inside the civil-infrastructure assets held for sale, and the RHP does not bridge the two figures.



Adjusted EBITDA and cash from operations, FY24–FY26. Source: RHP pp. 87, 252.

Cash conversion is the central weakness. Over FY24–FY26, adjusted EBITDA added up to ₹841 crore while operating cash outflow was ₹1,349 crore. Two things explain the gap. Suppliers are being paid faster: payable days fell from 122 to 74, and acceptances fell by ₹722 crore. And "other current and financial assets", mostly supplier advances and unbilled revenue, absorbed ₹1,651 crore over three years. A business that pays its suppliers ahead of collecting from customers needs outside capital to grow, which is what this IPO is partly funding.



Receivable, inventory and payable days, FY24–FY26. Source: Krijuna calculation on RHP pp. 82–84.

7. What we would want answered

#	The question	What the documents show
1	How much of the ₹3,366 crore of August fund-based debt sits inside the civil-infrastructure unit, and who takes it on in the sale?	Fund-based borrowings were ₹3,366 crore on 31 August 2026 against ₹1,942 crore on the 30 June balance sheet; the RHP does not bridge the two (p. 559). The discontinued unit lost ₹642 crore in FY26 and ₹669 crore in the June 2026 quarter, ₹1,311 crore over fifteen months, and its liabilities exceed its assets by ₹537 crore (pp. 82–84). The sale is expected within FY27 and a buyer may demand a further discount (p. 525). Why it matters: the debt a buyer does not assume stays with the continuing business. What would settle it: a bridge of group debt by entity and the terms of the sale.
2	Why have internal controls drawn auditor qualifications, and have they been fixed?	Auditors disclaimed the internal-financial-controls opinion in FY24 and qualified it in FY25; CARO remarks cover lending through intermediary group companies and missing audit-trail logs (pp. 35–36). The company has paid RBI late-filing fees for six FEMA allotments, its Series D RoC filings had discrepancies, and the previous auditor resigned in 2023 (pp. 48, 63, 115–116). The FY26 opinion is unmodified, with an emphasis of matter on an ₹88.6 crore Bangladesh receivable. Why it matters: reliable numbers are the base for everything else in this note. What would settle it: an unmodified internal-controls opinion in the FY27 report.
3	Why has operating cash flow been negative in every period?	Cash from operations was –₹282 crore, –₹386 crore and –₹682 crore in FY24–FY26 and –₹506 crore in Q1 FY27 against adjusted EBITDA of ₹97 crore, ₹323 crore and ₹421 crore (pp. 86–87, 252). Payable days fell from 122 to 74 and other current and financial assets absorbed ₹1,651 crore. Why it matters: growth is being funded from outside. What would settle it: a quarterly working-capital bridge and the unbilled-revenue ageing.

#	The question	What the documents show
4	Why were conversion ratios on preference shares re-set in the founders' favour weeks before the IPO?	Before the IPO the shareholders re-set the conversion ratios, giving the two promoters 19.67 crore additional shares in July 2026, worth ₹2,969 crore at the cap, booked as a ₹796 crore non-cash expense (pp. 131, 574). Founder remuneration rises to ₹4 crore a year each from FY27 (p. 405). Why it matters: it determines who owns the company that new investors are buying into. What would settle it: the approval process and the basis of the revised ratios.
5	What is the plan for Unimacts Global and the idle Houston capacity?	Unimacts Global had ₹1,063 crore of borrowings on ₹119 crore of FY26 revenue and ₹256 crore of losses over FY24–FY26, and part of the ₹860 crore subsidiary repayment flows into it (p. 206). The Houston torque-tube plant ran at 3.0% utilisation in FY26 and produced nothing in Q1 FY27 (p. 342). Why it matters: the US business is 14.3% of revenue and has absorbed tariffs without pass-through (p. 33). What would settle it: a utilisation and order plan for Houston and a path to profit for Unimacts.
6	Which acquisitions is the uncommitted ₹670 crore earmarked for, and why are BRLM affiliates among the lenders being repaid?	Up to ₹670 crore can fund unidentified acquisitions in a company that has bought 15 of its 26 plants and whose goodwill tripled to ₹1,054 crore in FY26 (pp. 82, 203). JM Financial funds hold Zetwerk NCDs that are being repaid (pp. 64, 559). Why it matters: proceeds may not reduce leverage as the headline suggests, and a lender-banker overlap is a conflict. What would settle it: named targets or a commitment on use, and the amounts repaid to each affiliate.

Source: RHP pages as cited in each row.

None of these is an allegation. Each is a gap between two disclosures that the company is in a position to close in a sentence. Set against them, several things are clean here: the FY26 audit opinion is unmodified; the balance sheet held net cash at each year-end; no object routes money to a promoter entity; repeat customers gave 80% of manufacturing revenue; and the proceeds will be monitored quarterly by CARE Ratings.

The three that matter most

- **Cash conversion.** A quarterly working-capital bridge would show whether the negative operating cash flow is a timing effect or a structural one. Nothing else moves the quality of the earnings base this much.
- **The civil-infrastructure exit.** A completed sale with no further write-down, and clarity on who carries the debt inside it, would close a ₹1,311 crore loss in fifteen months.
- **Internal controls.** An unmodified internal-controls opinion in the FY27 audit report and a Crisil outlook back to Stable would settle the governance question.

8. Bottom line

Two things have to go right. Cash has to turn: operating cash flow positive for the half against –₹506 crore in Q1 FY27, so that growth stops being funded from outside. And the debt repayment has to stick — ₹2,160 crore removes expensive paper at 10.4–15.25% and would move FY26 pre-tax results from a ₹81 crore loss to roughly ₹146 crore of profit, but acquisitions funded from the ₹670 crore uncommitted pool or new borrowing would undo it.

Two things would break it. The civil-infrastructure exit could keep costing more: it lost ₹669 crore in the June 2026 quarter alone, and a buyer may demand a further discount. And thin, trade-heavy revenue offers little cushion — 41% of revenue is metals trading at a 1.24% EBITDA margin, and rising steel and component costs, which the September 2026 PMI flagged, can wipe out a quarter's margin before price-variation clauses take effect. A Negative Crisil outlook and ₹650 crore of bank guarantees and ₹379 crore of corporate guarantees outside the balance sheet make both harder to carry.

Five things to watch after listing, with the number that settles each:

- Cash conversion. H1 FY27 operating cash flow positive (published with Q2 results, by mid-November 2026), against –₹506 crore in Q1 FY27.
- Civil-infrastructure exit. Sale completed by 31 March 2027, with cumulative discontinued losses held at or below ₹1,311 crore (FY26 + Q1 FY27).
- Profit in continuing operations. Q3 FY27 continuing profit after tax above zero, against a ₹64 crore loss in Q1 FY27.
- Manufacturing quality of growth. Manufacturing EBITDA margin at or above 6.0% (FY26: 6.03%) and order book at or above ₹13,062 crore at each quarter-end.
- Governance. FY27 audit report with an unmodified internal-controls opinion, and the Crisil outlook back to Stable from Negative.

Questions we would put to management before adding to a starter position: how much of the ₹3,366 crore of August fund-based debt sits inside the civil-infrastructure unit, and who takes it on in the sale; what the plan is for the idle Houston torque-tube capacity; and which acquisitions the uncommitted ₹670 crore is earmarked for.

On price, ₹143–151 asks little on sales and a great deal on earnings. At the cap the company is 1.61 times FY26 revenue — 9% below Dixon and well below the 4.36 times peer average — but 54.0 times FY26 adjusted EBITDA and about 175 times proforma pre-tax profit, with a Negative Crisil outlook and 15 months of losses to digest. Three things carry the listing case: the cap is 11.7% below the ₹171 paid in April and July 2026 and 15.4% below the promoter group's ₹178.58; a June 2026 quarter with revenue up 55%, adjusted EBITDA up 3.3 times and a ₹13,062 crore order book gives the roadshow a growth story; and with 75% of the book reserved for QIBs and only about ₹500 crore for retail, qualified buyers will set the listing price, with Greenoaks and D1 not selling. Against it, the company has not shown it can turn its capability into cash. The band prices in that conversion before it has begun.

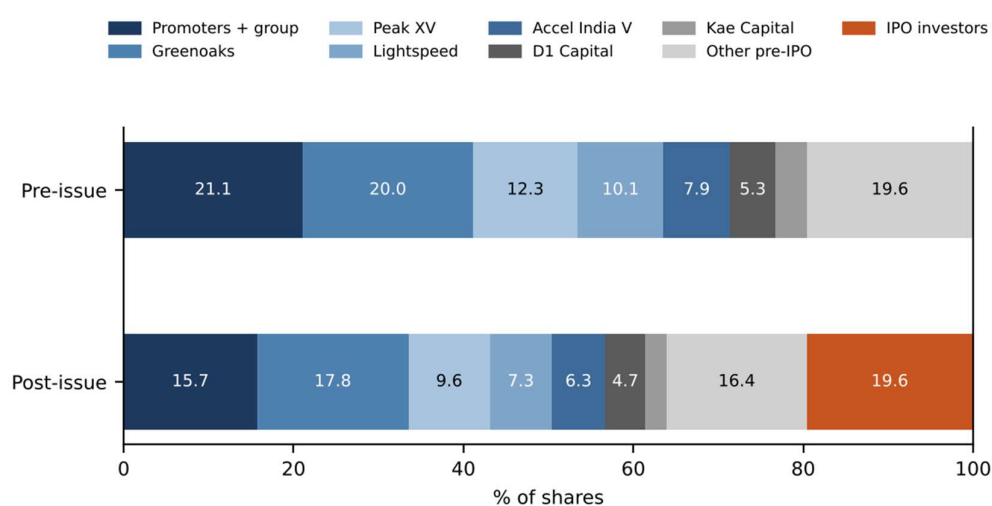
Rating: SUBSCRIBE — FOR LISTING GAINS. Suits applicants who want a short-term listing trade, apply at the cap and will exit on or near listing day. It does not suit investors looking for a profitable compounder to hold. For investors on a longer horizon: do not hold this stock for the long term on the strength of the IPO; if listing gains are booked, wait for the H1 FY27 and Q3 FY27 results, and re-enter only if operating cash flow has turned positive and the civil-infrastructure sale has closed without a further write-down.

Prepared from the Red Herring Prospectus dated 11 October 2026, the Redseer study prepared for the offer (3 August 2026), MoSPI (5 June 2026), HSBC/S&P Global India Manufacturing PMI (1 October 2026), Mercom India (28 August 2025), peer market data as of 6 August 2026 and the companies' FY26 results releases, as attributed. No target price is expressed; the rating is a subscription call only. Grey-market premia are unofficial, unregulated and excluded from this note.

Annexure A — Shareholding pattern

Holder	Pre-issue shares (crore)	Pre-issue %	Post-issue %	Selling in OFS?
Promoters & promoter group	31.76	21.08%	15.71%	Yes, 5.14 crore shares
Greenoaks (four funds)	30.18	20.03%	17.81%	No
Peak XV (two funds)	18.61	12.35%	9.60%	Yes, 2.34 crore
Lightspeed (three funds)	15.15	10.06%	7.27%	Yes, 2.83 crore
Accel India V	11.87	7.88%	6.30%	Yes, 1.20 crore
D1 Capital	8.00	5.31%	4.72%	No
Kae Capital	5.57	3.69%	2.54%	Yes, 1.26 crore
Other pre-IPO holders	29.53	19.60%	16.44%	Partly, 1.68 crore
IPO investors	—	—	19.59%	—
Total	150.68	100.00%	100.00%	

Source: RHP pp. 173–175 (shareholding as on RHP date), pp. 1–2 (OFS). Post-issue count of 169.42 crore shares at the ₹151 cap. Percentages are indicative until the basis of allotment.



Founders will own under 16% after listing; venture investors remain the controlling bloc. Source: RHP pp. 173–175, 1–2.

Annexure B — Financial statements

Key financials and profit and loss (continuing operations)

₹ crore	FY24	FY25	FY26	2-yr CAGR
Revenue from operations	12,364	11,332	15,913	13.4%
Growth	—	(8.4)%	40.4%	
Gross profit	947	1,367	1,931	42.8%
Gross margin	7.66%	12.06%	12.13%	
Adjusted EBITDA	97	323	421	108.4%
Adjusted EBITDA margin	0.78%	2.85%	2.65%	
Other income	159	160	187	
Depreciation	182	161	197	
Finance costs	323	337	366	
Share of JV/associate loss	(103)	(61)	(40)	

₹ crore	FY24	FY25	FY26	2-yr CAGR
Exceptional items	(372)	(84)	(836)	
Loss before tax	(798)	(205)	(916)	
Tax	54	11	48	
Loss (continuing)	(853)	(215)	(964)	
Loss (discontinued civil infra)	(65)	(156)	(642)	
Total loss, owners	(919)	(366)	(1,632)	
Diluted EPS, continuing (₹)	(4.86)	(1.17)	(6.69)	
Return on net worth	(21.00)%	(4.76)%	(21.11)%	
Debt to equity	0.30×	0.40×	0.42×	

Source: RHP pp. 82–85, 250, 252, 570–576. One-offs: FY26 exceptional items include ₹796 crore non-cash for re-setting share conversion ratios; FY24 includes ₹285 crore of doubtful-debt provisions; FY26 discontinued loss includes a ₹453 crore impairment. Total loss including discontinued operations was ₹918 crore, ₹371 crore and ₹1,606 crore in FY24–FY26. Adjusted EBITDA excludes other income and share-based pay.

Operating leverage has not yet shown up. Other expenses rose 56% in FY26 against 40% revenue growth, and freight costs rose 231% to ₹254 crore. In the June 2026 quarter the continuing loss narrowed to ₹64 crore, while the discontinued civil-infrastructure book lost another ₹669 crore, mostly receivable provisions.

Balance sheet

₹ crore, 31 March	FY24	FY25	FY26	Comment
Net worth (owners)	4,065	4,412	4,654	Fell to ₹3,928 crore by June 2026
Total borrowings	1,232	1,747	1,936	₹3,366 crore fund-based by 31 Aug 2026
Lease liabilities	170	252	402	Rising with own plants
Cash, bank balances, liquid investments	1,549	2,189	2,572	Much of it as deposits
Net debt / (cash)	(317)	(442)	(636)	Net debt of ₹10 crore by June 2026
Acceptances (supplier credit via banks)	1,115	1,015	1,015	Debt-like, outside borrowings
Property, plant & equipment	326	596	822	
Goodwill	278	346	1,054	Acquisition-led
Inventories	1,172	931	1,250	
Trade receivables (current)	2,112	1,753	2,330	Plus ₹224 crore non-current
Trade payables	3,004	1,955	2,199	
Total assets	10,331	10,355	13,385	

Source: RHP pp. 82–83, 559. In the civil-infrastructure assets held for sale, liabilities exceed assets by ₹537 crore.

Cash flow

₹ crore	FY24	FY25	FY26	Comment
Cash from operations	(282)	(386)	(682)	Negative in all periods; (506) in Q1 FY27
Capital expenditure	(354)	(195)	(285)	
Free cash flow	(635)	(581)	(966)	
Acquisitions (net)	(118)	(144)	(648)	Kryfs, Angelina, JZNEE
Cash used in investing	(622)	(148)	(394)	
Cash from financing	763	151	1,789	Equity ₹1,112 crore + new debt in FY26

Source: RHP pp. 86–87. Includes discontinued operations.

Ratios

Ratio	FY24	FY25	FY26	Direction
Return on net worth	(21.0)%	(4.8)%	(21.1)%	Negative

Ratio	FY24	FY25	FY26	Direction
Return on capital employed (pre-exceptional)	(2.0)%	3.5%	4.3%	Improving, low
Debt to equity	0.30×	0.40×	0.42×	Rising
Receivable days	62	56	53	Improving
Inventory days	35	30	29	Improving
Payable days (incl. acceptances)	122	96	74	Sharply shorter
Revenue ÷ plant & equipment	37.9×	19.0×	19.4×	Halved as own plants rise
Order book ÷ manufacturing revenue	1.01×	1.38×	1.32×	Healthy cover

Source: Krijuna calculation on RHP pp. 82–84, 252. Days on revenue × 365. RoNW as stated by the company (p. 250).

Annexure C — Promoters and management

Name	Role	Background
Amrit Pratik Acharya, 38	Co-founder, Chairperson, MD & CEO	B.Tech Electrical, IIT Madras; MBA, UC Berkeley Haas; ex-ITC, ex-McKinsey; 13 years' experience; ET 40 under 40, Fortune India 40 under 40 (2022)
Srinath Ramakkrushnan, 38	Co-founder, Executive Director & COO	B.Tech Mechanical, IIT Madras; ex-ITC, ex-Zinka Logistics (BlackBuck), co-founder at OFB Tech; 15 years' experience
Vinod Kumar Dasari, 60	Independent Director	Ex-CEO Eicher Motors, ex-MD Ashok Leyland, ex-CMD Cummins India
Aruna Sundararajan, 67	Independent Director	Retired IAS (1982); ex-Secretary, Telecommunications; served in MeitY and Steel
Sanjiv Rangrass, 66	Independent Director	Ex-Divisional CEO, ITC agri-business; 43 years' experience
Jai Shanker Krishnan, 60	Independent Director	Ex-President, high-growth markets, DHR Holding India
Shailesh Lakhani, 48	Non-executive, non-independent	Ex-Managing Director, Peak XV Partners
Prayank Swaroop, 45	Investor nominee (Accel)	Partner, Accel India
Board	8 directors	2 executive · 1 non-executive · 1 nominee · 4 independent · 1 woman

Source: RHP pp. 401–406.

This is the founders' first listed company. There is no wider promoter group with a public track record to judge them by. Four facts about promoter behaviour around the issue matter. First, before the IPO, the shareholders re-set the conversion ratios of preference shares in the founders' favour, giving the two promoters 19.67 crore additional shares in July 2026, worth ₹2,969 crore at the cap, booked as a ₹796 crore non-cash expense. Second, the promoter-group company Creovate Innovation bought ₹172 crore of stock at ₹178.58 in 2025, and its shares were pledged to a debenture trustee under the promoters' borrowing arrangements; it now sells 2.30 crore shares at ₹151 or less, below its own cost, and also lends ₹24 crore to the company. Third, the founders themselves sell 2.85 crore shares at a near-zero acquisition cost. Fourth, their own remuneration rises to ₹4 crore a year each from FY27.

Pedigree is not a balance sheet. The founders' IIT–ITC–McKinsey background and a board that includes a former Eicher CEO and a former telecom secretary are good signs of intent; they do not cover losses. After listing the founders hold under 16% and venture investors close to half, so control in practice lies with the board and those investors, not with a promoter family.

Annexure D — Key risks

- Losses and cash burn may persist.** The company lost money in every reported period, and operating cash flow was negative in all of them: –₹1,349 crore over FY24–FY26 against ₹841 crore of adjusted EBITDA. If working capital keeps absorbing cash, the IPO money buys time, not a turnaround.
- The civil-infrastructure exit is costing more than expected.** This discontinued unit lost ₹642 crore in FY26 and ₹669 crore in the June 2026 quarter alone, and the group booked ₹512 crore of loss allowance on receivables in that quarter. Its liabilities exceed its assets by ₹537 crore. The sale is expected within FY27, and a buyer may demand a further discount.

3. **Internal controls have been qualified.** Auditors disclaimed the internal-financial-controls opinion in FY24 and qualified it in FY25. CARO remarks cover lending through intermediary group companies and missing audit-trail logs. The company has also paid RBI late-filing fees for six FEMA allotments, and its Series D allotment filings with the RoC had discrepancies. The previous auditor resigned in 2023.

4. **Debt is expensive and the credit outlook has weakened.** Fund-based borrowings were ₹3,366 crore in August 2026, with NCDs at up to 15.25%. Crisil moved the outlook to Negative on 3 June 2026. Bank guarantees of ₹650 crore and corporate guarantees of ₹379 crore sit off the balance sheet.

5. **Valuation leaves no room on earnings.** At 54× EV/adjusted EBITDA and about 175× proforma pre-tax profit, the price assumes margins rise well above today's 2.7%. If listing-day demand is weak, the sales-based discount to peers gives little support.

6. **Thin, trade-heavy revenue.** Forty-one per cent of revenue is metals trading at a 1.24% EBITDA margin, and 80% of revenue is goods made by third parties. Rising steel and component costs, which the September 2026 PMI flagged, can wipe out a quarter's margin before price-variation clauses take effect.

7. **US exposure and idle US capacity.** The US contributed 14.3% of FY26 revenue. The Houston torque-tube plant ran at 3% utilisation in FY26 and produced nothing in the June 2026 quarter. In FY25 the company absorbed tariffs on contracts that had no pass-through clause.

8. **Concentration is rising.** The top ten customers made up 35.9% of FY26 revenue against 22.4% in FY24. The top ten suppliers made up 38.2% of expenses.

9. **Acquisition and overhang risk.** Goodwill tripled to ₹1,054 crore in FY26, and up to ₹670 crore of proceeds can fund acquisitions not yet named. After the lock-ins end, venture holders owning nearly half the company form a large potential supply of stock.

Source: RHP pp. 30, 33–37, 48, 63, 82–88, 115–116, 203, 208–243, 252, 314, 342, 525, 559.

Annexure E — Disclosures

About the Research Analyst

Krijuna Research and Analytics (hereinafter referred to as the "Research Analyst" or "RA") is a registered SEBI Research Analyst under the SEBI (Research Analysts) Regulations, 2014, having Registration No. INH000014881. Below are the brief details:

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History, present business and background: The Research Analyst is engaged in offering research recommendation to the clients in the Indian Securities Market. Its scope of services is restricted to providing the independent research services and is in no way involve in offering any Investment Advice, Portfolio Management or any other ancillary services. The Research Analyst does not offer any execution or distribution services.

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