**Zetwerk Manufacturing Businesses Limited**
(Formerly known as Zetwerk Manufacturing Businesses Private Limited)
**CIN:** U74999KA2017PLC128777

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November 18, 2026

To,

**BSE Limited,**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai -400001
**Scrip Code: 545000**

**National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai-400051
**Scrip Symbol: ZETWERK**

**Subject: Transcript of Earnings Conference Call held on November 13, 2026**

**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI Listing Regulations, please find enclosed herewith a copy of transcript of Earnings Conference Call held on Friday, November 13, 2026, on the unaudited (standalone and consolidated) financial results for the quarter and half year ended September 30, 2026.

The disclosure will also be hosted on the Company's website at https://ir.zetwerk.com

We request you to kindly take the above on record.

Thanking You,
**For Zetwerk Manufacturing Businesses Limited**
**(Formerly known as Zetwerk Manufacturing Businesses Private Limited)**

DHANRAJ DAGAR
Digitally signed by DHANRAJ DAGAR
Date: 2026.11.18 17:54:49 +05'30'

**Dhanraj Dagar**
**Company Secretary and Compliance Officer**
**Membership No: A33308**

*Encl: As above*

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# Zetwerk Manufacturing Businesses Limited

# Q2 FY27 Results Conference Call"

# November 13, 2026

**MANAGEMENT:** **MR. AMRIT ACHARYA – CO-FOUNDER AND CHIEF EXECUTIVE OFFICER – ZETWERK**
**MR. ANKIT FATEHPURIA – CHIEF FINANCIAL OFFICER – ZETWERK**

**MODERATOR:** **MR. PRIYANKAR BISWAS – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Zetwerk Q2 FY27 Results Call hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Priyankar Biswas. Thank you, and over to you, sir.

**Priyankar Biswas:** Thanks. Good evening, ladies and gentlemen. It is a pleasure to host the Zetwerk management for their first quarterly call post the listing. I will hand over to Amrit and Ankit to take us through the business model and also on the latest numbers that has been reported today. I will hand it over to Amrit to take it on from here. Over to you, Amrit.

**Amrit Acharya:** Hi. Thanks, everyone. Thanks for joining. Welcome to our first earnings call. We will talk about our numbers, but very briefly, I want to talk about what we do and how we do, for people who are listening here for the first time. My name is Amrit, I am the Co-Founder and CEO.

We are building a technology-led business for industry goods manufacturing. Our customers are your large industrial companies like L&T, Siemens, Schneider Electric, Power Grid. They typically give us drawings or designs of products they want to build to market. Drawings are built in AutoCAD or any kind of software. Our job is simple. We want to convert that design file into a real-world product. The way we do it, the way we started was a marketplace model, which meant we had no factories of our own.

We would partner with third-party factories, mostly these are SME factories. As we grew larger, we felt the need to have our own factory. Today, we have a hybrid model. We do some through our partners, some through our own factory. But the whole basic premise is that how do you offer consistent quality, consistent on-time delivery, consistent reliability? It is not that easy.

Doing it for millions of orders requires a lot of investment in technology, in processes, and in systems, which we have been doing over the last eight years. We want to keep continuing to do that because eventually, that is the long-term goal of the business. The nature of our customers, you will see, are extremely diversified. We serve customers in oil and gas, we serve in renewable energy, we serve in consumer electronics, we serve in aerospace and defense. This is extremely intentional.

We believe that each of these industries are cyclical industries, but together as a group, we are counter-cyclical. Our goal is to build a large, diversified, counter-cyclical company in India which can compound over decades, not just over a year or two years. That's the whole philosophy of the business. We strongly believe in compounding. We want to make the business extremely, eventually boringly predictable. That's the philosophy with which we are building the business.

With that context, I'll start getting into numbers. We'll just reference some of the slides in the deck. I hope you have been able to download the deck. We'll start with Page 3. We'll just profile one of our customers. Every quarter, we'll do this. We'll typically profile our startup customers. This is our customer called Digantara. They are a space domain awareness and defense company.

We make electronics for their ground equipment which connects to satellites. One of the reasons Digantara loves working with us is that the responsiveness that they see from us is extremely fast. We are able to turn around RFQs in the same day. We are able to produce the boards in a matter of days and weeks.

The most visible benefit that companies see with us is speed. Working with early-stage companies gives us a view of where the innovation economy is heading. Most of our revenue will come with working with larger customers.

Getting into numbers, in the current quarter, which is Q2 FY27, we grew revenue by 12% quarter-on-quarter compared to last quarter. What is more interesting for us is that the gross profit grew 39% quarter-on-quarter, which is much higher than how revenue grew.

This essentially is happening because the gross margins are expanding. The gross margins are expanding to almost 15% compared to 13% same time last year and 12% in the prior quarter. When we get to adjusted EBITDA, when we talk about adjusted EBITDA, we are adjusting it for the non-cash ESOP expenses, which you may have seen with other new-age companies. Our adjusted EBITDA for this quarter was INR171 crores, which is 66% higher than the same number last quarter, which is in Q1 FY27, and even higher than the same number last year.

Why is this happening? Again, because of operating leverage. The nature of our business is that most of our costs are upfront in nature. Our costs are either software engineering costs or they are product and design engineering costs. They are fundamentally people costs.

We have built all of this organization over the last eight years for a much larger scale, and hence, that is reflecting in the operating leverage kicking in. This, we will say that this should be a feature of the business you will see every quarter and the next few years to come. Your gross margins will grow faster than revenue, and subsequently, EBITDA margins will grow faster than revenue. And absolute EBITDA will keep growing faster than everything else in the business.

On operating cash flow, we were still negative, but we improved by almost 67% compared to last quarter, and on H1 basis we improved by ~50% compared to last year. Again, you will see in our business, historically, the second half, which is the October to April time period, is a larger business than the first half. H2 is higher than H1.

In fact, in FY26, H1 was only 40% of revenue and 40% of adjusted EBITDA. We expect that same trend to continue this year as well, and that is also our guidance. Overall, we grew 33% in revenue in H1 this year compared to H1 last year. We grew 70% in adjusted EBITDA in H1 this year and H1 last year. We expect to continue this similar momentum for the full year. For example, last year, full year, we did INR420 crores of adjusted EBITDA.

Our guidance is we will grow this number by that same 60%, 70% range, and our guidance on revenue is to grow the revenue by 25% to 30% for the full year. Overall, working capital is under control, around 30-odd days. We will now double-click on some of the segments. As a quick reminder, we operate across two segments.

Segment number 1 is what we call our manufacturing business. That was, in FY26, INR9,400 crores of revenue at 19% gross margin. If you look at H1, we have already done INR4,500 crores of revenue at 25% gross margin, which is much higher than what we did in FY26. If you look at the business on a TTM basis, we are close to 21% gross margin.

The second segment is what we call ecosystem. Ecosystem is where we supply raw materials. In the manufacturing business, we will give you a portfolio of what all we do. We make wind turbines, we make solar panels, we make transformers. In the ecosystem business, we supply raw materials. It is a 2%-3% gross margin business, and growing at, again, roughly good growth rate compared to last year. We will double-click on the manufacturing business.

Manufacturing business in H1 did INR4,448 crores of revenue, which is 20% higher than last year. In this specific quarter, we did INR2,500 crores of revenue, which is 34% higher than last quarter. Again, you will see the same trends follow through. Gross profit grew higher than revenue, largely because we are increasing the mix of the business towards higher-margin segments.

We will double-click on this. Gross profit as a percentage touched a historical high of 25.5%. It is the single highest gross profit we have ever recorded as a company. When we compare it to last year, we did 22%. When we compare it to last quarter, we did 23%. When it flows down to the segment EBITDA, segment EBITDA was 8.3% in this quarter versus 6.6% in the last quarter. So overall, you will see all the headline numbers are humming.

This is the way the business should work. Revenue will grow at a certain speed, but gross profit will grow higher than revenue. EBITDA will grow higher than gross profit and revenue, because of fundamental operating leverage in the business. We also want to point you towards some non-financial metrics. The most important one is our order backlog. See, end of the day, revenue is a lagging indicator. It is about the past.

Order backlog gives you a glimpse about the future. Our order backlog in Q2 touched INR14,500 crores. It is the all-time high for the company. It is 67% higher compared to the same time last year. So our order backlog is growing faster than revenue, than everything else. It fundamentally means we are a supply-constrained company. Given a choice, our customers would want all of these orders as soon as possible, you know?

But we are ramping up capacity, both in-house and through partners, to deliver this order book. We will give you a glimpse of where this order book is coming from. Another very important metric, 80% of our revenue comes from repeat customers. It is very, very important because repeat customers are easier to mine, easier to navigate than onboarding new customers.

Obviously, you want to add new customers, but the business, on a quarterly and a yearly basis, will grow just on the basis of our repeat customers. Gross profit, we just wanted to give a

quick highlight. See, overall gross profit was 19% in FY26. Let us take that as a benchmark for the time being. Within 19%, the marketplace model, where we do not do manufacturing ourselves, but we partner with third-party manufacturers, was at 17%. When we do the manufacturing ourselves, it was 23%. This is last year.

If you look at H1 numbers, it is already higher on both. Marketplace, the gross margin was 24% in H1. Captive, when we do the manufacturing ourselves, was 25% in H1. It is higher than the benchmark, and it is higher than same period last year. Another driver of margins is India versus international. India was 15% last year. International was 28% last year. This year, in H1, India is 19% in H1. International is 32% in H1.

So on international and India, the gross margins are higher than the benchmark of last year and the benchmark on a TTM basis. Gross margin expansion is a feature of the business. You will keep seeing this happening. Our eventual goal is to touch close to 25% gross margin on a full-year basis, which we have now done in the last quarter, but we want to achieve that on a full-year basis.

The three drivers of margin are simple: doing captive is higher margin, doing international is higher margin, and there are certain products, like space, for example, is a higher-margin business. Defense is a higher-margin business. So, we call it a 3M model: mix, market, and model. These three Ms will drive long-term gross profit, and where we are at this stage in our business, any increase in gross profit is proportional to EBITDA growth, because the cost base will not grow at the same speed at which revenue or gross profit is growing.

We want to give you a flavor of where demand is coming from. This is slide number eight. So, 64% of the revenue from the manufacturing business came from what we call energy. In energy, we make multiple products. We make solar panels, we make wind turbines, we make transformers. Precision is almost 22%.

There, we do defense, we do electronics, we do mechanical parts. And the remaining 14% is capital goods, where we make machinery for oil and gas and thermal power industries and companies. 41% came from international markets, 59% came from India. From a fulfillment point of view, 60% of fulfillment in this H1 was through captive factories, and 40% of fulfillment was through marketplace model.

This number will change in H2. This number will skew more towards marketplace in H2, as some of that revenue kicks in in H2. So, this is not the steady-state view of the business. This will skew again in H2. One more cut is that 76% of our revenue comes from recurring components, which is build-to-print. You know, customer is giving us a design, we are manufacturing as per their design.

24% of revenue is coming from our own design, where we design and manufacture the product ourselves. We will give you some examples of both. Just on international, one call-out. International was 41% of revenue in FY27, but last year it was 30% of revenue. A lot of our growth is coming from growth in international markets. We want to do some double-click on the order book, on the order backlog. It is, as I said, all-time high at INR14,500 crores.

You will see the progression over the last five years. It is a straight-line growth. It is compounding by almost 30%, 40% year on year. In this specific year, it has compounded by almost 70% compared to the same period last year. Most of the order backlog is coming from the energy business, but if you see where growth has come from, growth has come from the precision business.

There is almost 80% growth in the precision category compared to last year. Precision category, a lot of that growth is from aerospace and defense and space, which are very, very high-margin categories. 46% of the order backlog is international, which is very healthy because, as we showed you, international is higher margin. So, when almost 46% of the order backlog is international, when that converts to revenue, that will show up in the overall margin profile of the business.

Another point, 33% of our order backlog is what we call ODM business, where we are designing the product ourselves. ODM is also much higher margin than the regular business will be. Typically, you will see that the order backlog will convert to revenue over approximately two years. Slide number 11. Again, just a repeat. 83% of our revenue came from repeat customers.

It has been range-bound in that number for the last 3-4 years. We feel this is extremely healthy because repeat customers coming back is the single most important signal that we are doing something right, that we are delivering goods with the highest quality, we are delivering goods with the delivery times that the customers expect, and obviously, we are the price that the customers like.

One more metric, you will see on the graph on the right. We take our current order backlog, we take the new orders we have won, and we divide it by current-year revenue. We call it revenue coverage. That revenue coverage is roughly three years today. What that means is for the next three years, we have already won most of the orders that we need to keep the business running. So, this is extremely healthy.

When you have a three-year revenue coverage, you can really be long-term oriented. That is where you will see that, of course, the near-term numbers will come from categories we are already present in, like, for example, solar or electronics or thermal power. A lot of the management bandwidth is being spent on long-term category creation. We are spending, for example, a lot of time on space as an industry or robotics as an industry.

We gave you one example of a space customer. We also work with many other space customers. In fact, we work with the largest space company in the world. They are also a customer of ours. So, we are increasingly focusing our efforts that repeat business, we have built an org which is kind of running in a good shape. As founders, we are spending a lot of our bandwidth on new category creation.

Again, just to give you a range of everything we do. Our energy business is 64% of revenue, but it is extremely diversified. We make power transformers, we make distribution transformers, we make transformer components, we make wires and cables. We make

something called a tracker. Trackers are those things which move the solar panels through the day, so it is always perpendicular to the sun. We also make solar panels. We have won our first order for BESS in H1. We do wind turbine components.

Our customers are some of the best companies in the world. We work with Siemens, CG Power, Hitachi, Power Grid. We work with NTPC, we work with developers in India. We work with developers in U.S., like Headwater and Bedford and Sandhill. We work with Nextracker, which is the largest tracker company in the world.

We work with Siemens Gamesa, which makes wind turbines. It is the largest wind turbine company in the world. You will see that a big part of the order backlog is for the grid components, which is your transformers, medium cables, transformer components. It is reflective of the shortage that is there in the industry. For example, the lead time to buy a power transformer for a U.S. customer is almost three to five years.

We are offering this in two years, which is partially why we are seeing lot of order momentum, and that is a big part of the backlog that we have currently. On precision, we make electronics, we make aerospace and defense parts, we make some auto components as well. Aerospace and defense is where the order book is almost 10%-15% of the overall order book.

We work with defense PSUs in India, we work with the Air Force. On the consumer side, we work with Acer, Samsung, we work with Acer, a bunch of companies on the consumer electronics side. Lastly, on capital goods, we work with customers like Tata Steel, Larsen & Toubro, Adani, Reliance, all Fortune 500 companies of India. We help build factories for them in terms of machinery that they want.

For example, for thermal power, we are supplying supercritical boiler components. We are supplying data center components. We make for oil and gas companies, we make storage tanks and special vessels. That is the range of the business. That range carried forward in last H1 also. H1, we won INR7,800 crores of orders, which is 50% higher than last year. We won orders across the spectrum. We won orders for transformers for U.S. customers.

We won orders for defense electronics for Indian defense PSU. We won orders for cables. We won orders for process plant machinery for a major zinc company in India, which is expanding. We won orders for PCBAs for consumer and industrial OEMs, almost INR1,000 crores-INR1,500 crores for PCB orders. We won transformer component orders also for companies like CG and Hitachi, the transformer OEMs. We won INR500 crores-INR1,000 crores of orders. Yeah, etcetera, etcetera.

I will not go through everything. But the main message we want to land is extremely diversified business, capturing multiple thematics and multiple cycles. How are we able to do this? We want to give you some view of how we work internally. Today, we were always a digitally native business. We have built a lot of software in the last eight years. We are transitioning to be a AI-native business.

This is one of the tools we have built. We call it ZETpec. For example, when you have to bid for a tender, typically the whole bidding process takes anywhere between three to four weeks,

because you have to analyze what is going on, what is the bill of material, then you have to analyze the price. We have built an AI tool internally through our AI capability, which can take a tender as an input, convert it into a bill of material in just 10 minutes.

We have trained it on thousands of tenders we have bid for, both for private customers and public customers over the last eight years. This becomes a recurring moat that just allows us to be way more aggressive on the new order booking. Ultimately, new orders is a function of how many bids we do.

You saw that we won INR8,000 crores of orders last year in H1. Typically, our win rate is around 20%. So we would have bid for almost INR30,000 crores-INR40,000 crores of orders to win this kind of volume. Bidding for that kind of volume is not easy without doing software. This is one of the tools we have built, which is slide number 14 I am referring to, which just makes the productivity of the business way faster to kind of win way more orders in a short span of time. Similarly, we have built agentic tools as well.

Our business people can create their own software tools, which historically how it would happen is, a business person would give a requisition to our engineering team, and engineering team would create a product spec, and then they would build the software, which would take anywhere between two to four weeks.

Then they would iterate, and then the final software would take three months. Now we are able to build the entire thing in like minutes, through agentic tools. The example we are showing you is something for quality. All our customers give us a quality assurance plan, which is customer-specific.

We have built an agent which will go through our customer's quality assurance plan and create a SOP, which my person on the shop floor can say that, "Look, this is the quality assurance plan I need to follow for this order." And then we can track compliance with that quality assurance plan to make sure that nothing has gone wrong. We have a lot of tracking in the business.

This is Slide number 16. This is one example we have shown where you can internally, and then we can decide to show it externally, you can track the shipment of goods from, let us say, in this case, product leaving Mundra and going all the way to U.S. You will see in slide 16 that the product is going all the way around Africa.

The reason for that is, all of us know there is a crisis in the Middle East, right? All of this real-time visibility gives customers a lot of comfort that, "Look, Zetwerk is on top of it." That, yes, there is an unforeseen delay, but nobody could have done it better. Just a quick view of everything we do. This is a wind turbine. This is an offshore wind turbine. This goes, it is installed in the ocean.

You will see people standing next to the wind turbine. This is Slide 17. We make products as big as the wind turbine. We make products as small as cables and connectors and RF connectors and motherboards for defense companies, for industrial companies, for consumer companies. This is a PCB we have made for a large consumer company in India.

These are the parts that go into space companies, including the large space company we were talking about, which is the largest space company in the world. The next photo, slide number 19, this is the first transformer that we installed in the U.S. market in North Carolina. We did it in H1. This is again a power transformer. We mentioned the lead time to buy a power transformer is going to years.

We are supplying it in much faster time period. We make reactors that go for oil and gas refineries. We are talking about slide number 20. This is a catalytic reactor which removes sulfur dioxide from plants. Slide number 21. There is a bullet train girder, the middle one. This is for erecting, this is for the bullet train project. On the left, you will see a marine unloader. This is for a refinery to unload crude oils from the ship.

On the right, you will see an antenna which is for the Indian Space Research Organisation. So, that is the range you will see in Zetwerk. It is a multi-product, multi-capability-driven company. That is the business we want to build. From ocean to space, you will find we cover the entire range. Lastly, we will talk about the ecosystem segment. Ecosystem segment is where we supply raw materials.

We don't make a finished product. We supply raw materials like aluminum, steel, zinc, and copper. We grew within INR2,000 crores of revenue in Q2. We grew 50% on a H1 basis year-over-year. We had a - 7% growth compared to last quarter. Most of this is attributable to the commodity price itself. The volume growth was stable, but the commodity prices keep changing, so that changes the headline top-line metrics.

The way we have built this business, you will see we make only 2%-3% of gross profit and 1% EBITDA. This is intentional. We don't take any inventory, we don't take any positions on materials, we don't speculate on raw materials. So, it is a no-risk, low-margin business. The reason the ecosystem business exists, the best analogy we can use for it, this is raw materials.

Like you saw the transformer example, 50% of the value of the transformer is steel only. We wanted to control the input which goes into the products we make. So, having the ecosystem business allows us to have a tight control on the raw material prices. We are able to lock in prices by having good relationships with all the large mill suppliers in India, which are your, let's say, NALCO or Hindustan Zinc or Tata Steel or JSW.

It's a pure volume business. The more volume you buy, the more discount you get, and that discount is instantly grossed on. When you look at it on an overall basis, the manufacturing business contributed to, in H1, almost INR211 crores of segmental EBITDA. The ecosystem business contributed INR20 crores to the segmental EBITDA. One of the profit pools, the profitability drivers of the business is the manufacturing business.

If you have any question on the ecosystem business, we're happy to talk. This is my last slide, and then I'll pause. Slide number 23. We just want to sharply articulate the strategy of the company. On the near term, it is all about monetization. We want to maximize gross margins. We believe that if we maximize gross margin, it will lead to maximizing EBITDA, which is EBITDA is an output, gross margin is an input.

Gross margin increase will happen through 3M approach. 3M stands for mix, model, and market. Mix means do higher margin products like aerospace and defense. Model means do some captive, some in-house. Market means do more international. If we do three, four things well, we will lead to higher gross margin, which will lead to higher EBITDA. You saw that we have almost INR15,000 crores of order backlog, which grew 67% year-over-year. This is both a good and a bad thing.

It's good because it gives us lot of visibility into the next three years, but it is a bad thing because it tells you that we are a supply-constrained business. Fundamentally, we need to improve capacity through either our own network or through a captive network, through third-party network or through captive. At the same time, we want to strengthen distribution.

Today, you saw the customer names we work with. We want to improve our share with some of the largest and the best-run companies in the world. It's an industrial giant. It's a Fortune 500 company, both in India and globally. We want to leverage our existing customer trust and case studies to accelerate our sales. Over the medium term, where I spend most of my time, is I want to increase the company's addressable market.

Today we are serving defense industry. Can we serve a space industry as well? This is fundamental category creation at work. It does not always work out. It may or may not work out. But we believe that maximizing surface area of the business is the best long-term health indicator of the business.

This is where we can sustainably continue our compounding journey, not just for the next three to five years, but for the next decade. We want to do things which are more ODM, more design-heavy. We believe that making India is insufficient without designing India. We want to control the bill of material as much as possible as a company.

We want to embed AI filters throughout the business. We saw, we gave you some examples. We build versus buy as required. That's it. The remaining three slides are just a summary of everything we spoke about. How our numbers look. Happy to double-click on anything that you would like. But yeah, thanks so much for listening.

We'll open up to questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on your telephone, if you wish to remove yourself from the question que you may press star and 2. Participants are requested to use handsets while asking questions. Ladies and gentlemen we will wait for a moment while the question que assembles. The first question is from the line of Varun Gandhi from Finavenue Growth Fund. Please go ahead.

**Varun Gandhi:** Hi, team Zetwerk. Congratulations on your first reported set. Just to set the stage, I would like to mention that I am really fascinated by what you guys have built here, right? It is a really interesting story, and I would love to participate in incoming earnings calls, etcetera.

Amrit, my question to you would be a more fundamental question over here. Clients in each industry, are they paying a premium for Zetwerk products, or are they paying what they would for your peers? That would be my first question. Given your product proposition and your value proposition, are they paying a premium, and are they comfortable paying a premium?

**Amrit Acharya:** I think that is an excellent question. Let us start with that. First of all, we have two business models. We have a captive business model, and we have a marketplace business model. In the captive business model, we have the full margin headroom to keep pricing up and down. In the marketplace business model, one can say that, are we at market price or not? But typically, in the marketplace business model, we have a third-party supplier who is mostly an SME supplier.

The SME supplier in India, on average, operates at 45% to 50% capacity utilization. The reason they operate at 45% to 50% capacity utilization is they typically have one customer only. My co-founder, Srinath, is a good example. His father was an employee at BHEL, decided to open a steel fabrication shop.

BHEL was his first customer, and BHEL was his only customer for a long time. Because there are 45% to 50% capacity utilization, if you increase that utilization to 75%, 80%, let us say, even that is a source of margin for us. We are taking share in some shape or form from the supplier side. We work with it like a take rate kind of a business model. There are certain categories, like for example, in the transformer industry, we are offering a lead time which is far superior.

The typical industry lead time is around three to four years. We are offering it in two years. In such categories, we are taking a premium. But the way I would articulate that again is, if you want a transformer in four years, this is the market price. If you want a transformer in two years, this is the market price, you know? So, amongst the people who are able to offer a transformer in two years, we are not more expensive. We are at the market.

**Varun Gandhi:** Understood. Thanks for the clarification. I can safely conclude that you do have some sort of pricing power at the moment because your value proposition is much deeper than your competitor. My second question would be more on the your strategy that you mentioned, that you want to expand your product into the aerospace defense, etcetera.

We, as a company, have faced a lot of success in the electrification theme, transformers, etcetera. But there's a very different manufacturing know-how and capability needed in the new industries that we're talking about, right?

Do you think, how difficult and challenging would it be for you to replicate the success of the electrification theme products into the aerospace defense and the precision segment that we're talking about? Since you mentioned you want to build that particular segment into a meaningful contributor.

**Amrit Acharya:** First of all, we'll say that, look, we are not making a forward-looking statement here. We already have approximately INR1,500 crores-INR2,000 crores of orders for that segment from defense PSUs, from space companies, from private companies who are operating in that space.

So, it is a material portion of our order book already. And if you compare it to one year back, one year back, it was almost non-existent.

Now, how we operate, we have been working on this category for the last three to five years, you know? So, it is not an overnight phenomenon. What we have discovered is, it does take time. These things take time. They can sometimes take years. What we have learned is that is eventually our superpower.

We can afford to spend three to five years to build a category because we are so diversified that building a new category is not solving for revenue for the next one to three years. We are solving for revenue for the next five years. So, typically, the way we operate, let's take the aerospace and defense as one category, it will be done by the founders. As founders, we will spend disproportionate time on this category.

For the last two to three years, we'll be spending, one of our founders will be spending 100% of his time on this category. Now, the mature categories, what we have done is we have brought in professional CEOs. You mentioned the electrification theme. So, transformers and transformer companies is a reasonably big business for us today. Again, I want to emphasize, it was not a big business for us three years back.

We have brought in somebody extremely senior from Hitachi to become CEO of my transformer business. We follow that relay approach. Business building is done typically at the founder level. Once something becomes mature, we typically get who is the best in the industry we can hire to head that business and take it to the next level.

**Varun Gandhi:** By that definition, do you think, although you've made the comment, do you think precision is now set to be the dominant growth driver going forward?

**Amrit Acharya:** Look, we will just point you to the historical numbers. Last quarter, in the H1 numbers, we reported 80% growth of order book in the precision category. The order book grew by 80%. Some of these things are again cyclical. The defense industry is notoriously cyclical. It is actually the most cyclical industry in the country. We do not want to give a formal guidance at a sub-product or sub-category level. We want to give an overall guidance. Overall guidance is an order book will go faster than revenue for the business.

**Varun Gandhi:** Got it, Amrit. My last question would be…

**Moderator:** Sir, sorry to interrupt, but can you please hold your question?

**Varun Gandhi:** All right. I will rejoin the queue. Just closing comments, guys. I have described Zetwerk as a combination of engineering and entrepreneurship, and congratulations once again.

**Moderator:** Thank you very much. The next question is from the line of Tejas Mehta from Sierra Capital . Please go ahead.

**Tejas Mehta:** Yeah. Hi, guys. Thanks so much for taking my call, and privileged to be on the call, and having known the team for some time now. And congratulations for listing finally on the

markets. This was a long time coming. Just a couple of questions from my side. One is, are we becoming OCF neutral by this end of year and turn OCF positive from next year onwards?

**Amrit Acharya:** Yeah. See, just again, how our financials work, I did not hear it fully, but I will…

**Ankit Fatehpuria:** Tejas, your voice was a bit smashed, I think, Gaurav. Can come close to the line and maybe repeat once more?

**Tejas Mehta:** Hello?

**Amrit Acharya:** Yeah, look, I think I answered the first of the question. Let me answer it the way I answered. See, if you look at, again, two trends. H1 is 40% of revenue last year and 40% of adjusted EBITDA. H2 is 60% of revenue and 60% of adjusted EBITDA. We expect the same trends, plus minus here and there, to continue this financial year as well. So, when you look at the numbers in H1, we did almost INR270 crores of adjusted EBITDA.

When you divide that by 0.4, that is our guidance. So, we are expecting to do roughly between INR650 crores to INR700 crores of adjusted EBITDA for the full year. Now, below adjusted EBITDA, we have interest and depreciation as the big line items. Yeah, one important context for all of you is that Q2 numbers is actually before our IPO. We did the IPO on 23rd October.

This Q2 number is as of September. Most of the IPO proceeds was primary. Primary is going to be used to retire debt in the business. So, whatever is the interest expenses, finance cost we have, should materially come down in H2, and on a full year basis, come down in the next financial year, FY28.

You are seeing that EBITDA is growing almost 60%, 70% year-on-year, right? So, these two trends are favorable to the company. Your EBITDA pool is increasing, and your finance cost, which is a drag, is reducing. Hence, yeah, we expect to enjoy that benefit in the next H2 and next fiscal year.

**Ankit Fatehpuria:** And Tejas, if I also heard you correctly, I think you pointed on OCF as well. I think on a full year basis, like for H1, we said Q2 was much better than Q1, and H1 full year was better than H1 last year. I think on an overall year basis, we will be neutral to positive, and next year onwards, we should be OCF positive for sure.

**Amrit Acharya:** Yeah, again, on a TTM basis, we were negative INR97 crores on OCF.

**Moderator:** The line for the participant is disconnected. The next question is from the line of Gaurav Jawalkar from JM Financial Limited. Please go ahead.

**Gaurav Jawalkar:** Hi, sir. First of all, congratulations on improvement in EBITDA. First, I want to understand more on the Zetwerk OS, which is your proprietary tech. You already explained how it is helping enabling AI, but I just want to understand how does it play a role as a key business enabler for you?

Secondly, you are also mentioning that you will be embedding AI throughout the business. So, can you talk more about what are the other initiatives that you are going to take to enable AI in a more efficient way as a key enabler for your business?

**Amrit Acharya:** Yeah. So, maybe what we will do at some point is we will make a short video and publish it. Think of the flow of the business. The first flow is we are getting a customer inquiry or an RFQ. We are responding to that customer RFQ by giving a quotation, which is in the form of price and delivery time. Then we are winning that order and executing that order.

We have to deliver that order on time, we have to deliver that order with the right quality, and we have to do the shipment for the product. Once the customer has received the product, that is when our scope ends. Our scope has begun when they have given us an RFQ. We have built software tools, not AI tools, for the entire flow. We have software tools that help us price an RFQ.

We have software tools that help us select the right supplier on the marketplace model. We have software tools that help us do the project management. For a wind turbine, for example, does it take 30 days to manufacture this part or 60 days to manufacture this part? That is science and art. We want to make it as much science as possible.

That is a combination of physics-based decision-making that you look at the drawing and estimate, and also look at past trends. Then you have to do quality, and ultimately, you have to do shipping, right? This Zetwerk OS is something that captures that entire life cycle of an order, from order placement till order receipt. AI is just driving productivity at a much, much faster pace. For example, we used to take seven to 10 days to respond to a customer RFQ.

Our goal is, can we respond to a customer RFQ in 24 hours? That is almost like magic. That is one example where AI can truly transform the business. We have the benefit of having tons of data over the last eight years, which we are just feeding into a We have made our own AI platform. We call it Zeus, Z-E-U-S. This is after the Greek god.

Today, we can simply upload a drawing into Zeus and say, "Help me find a supplier." What Zeus will say, it will analyze the drawing and say, "Okay, this is an aluminum die casting order." Aluminum die casting is a classic aftermarket supply chain. In Coimbatore, you will find hundreds of vendors which have the die casting capability.

Now, we select three or four of those vendors whom we have worked with before and say, "Okay, vendor one has an on-time delivery of 80%. Vendor two has an on-time delivery of 50%. Let us give the order to vendor one, who has a better on-time delivery." Right? This entire decision-making process, we have compressed the timeline from days to minutes and hours. We feel we are not even 1% efficient, so a lot of room there.

**Ankit Fatehpuria:** Sir, I think just to summarize, there is a complete digital footprint throughout the product life cycle. From the time we receive an inquiry, submission of the quote, manufacturing, quality, logistics, and even on the finance side, the entire order-to-cash and procure-to-pay. Multiple in-house tools we have developed over a period of last seven, eight years, which have been deployed for use, which creates a lot of efficiency and agility in the business.

**Gaurav Jawalkar:** Okay, sir, that was helpful. Secondly, as you mentioned, you are expecting a revenue growth of 25%-30% and EBITDA growth of around 60%-70%, if I am not wrong, for FY27. You have also improved your margins, both in terms of gross margins and EBITDA. So, fair to assume that the gross margin and EBITDA margin improvement will continue, and that 25% mark that you said that you want to achieve in terms of gross margins, can we say it is near or possible in FY28, let us say?

**Amrit Acharya:** Yeah, we should be. I mean, every year we make progress. I think this year, we should be closer to 21% on a full-year basis. Let us say we will improve it by 100- 200 basis points a year. So, maybe closer to FY29. But where we are today, any improvement in gross margin is very easily visible.

**Gaurav Jawalkar:** Okay, and just one more question that I want to ask is that the discontinued operation, it is somewhere impacting your PAT. So, how much more of a provision is left to do? What is the outlook there? How is the path looking for these discontinued operations?

**Ankit Fatehpuria:** Thanks for questioning that, Gaurav. We have taken some provisions in this business segment in the last year and quarter one of the current financial year. I think our guidance would be that we would not see any more provisions or losses in this category. Accordingly, in quarter two also, it is operationally breakeven. We are consolidating it.

Another three quarters, this is wrapped up shortly. There is some technical note around interest allocation, which also, with this IPO money where we are retiring debt, all the business allocations will also not be there. I think, in summary, we will not see any losses to this category going forward.

**Gaurav Jawalkar:** Okay. Just one last question, if I could squeeze in. With your IPO proceeds, as you said that the interest allocation for discontinued will also be taken care of, can you also share your thoughts on PBT? I mean, when we will turn PBT positive, or any path on that? What is your outlook or internal guidance on that?

**Amrit Acharya:** Look, on H2, we should be PBT positive. I think that is reasonable. Again, if you see the quarter drags is on the ESOP charge. ESOP charge was also a little bit higher in Q2. Actually, we do not expect it to be at that levels in H2. The reason the ESOP charge was slightly higher in Q2 was because of, again, IPO. Some of the employees had IPO-related vesting, so that kicked in in Q2. Those are all one-time charges. They will normalize. So, we expect to be PBT positive in H2.

**Gaurav Jawalkar:** Okay, sir. Thanks.

**Ankit Fatehpuria:** In fact, we track a metric called cash PBT. For quarter two, we were INR100 crores cash PBT positive. If we were to adjust our PBT for these non-cash charges, there was a certain hedging into and some depreciation and all. We were sort of cash PBT positive.

**Gaurav Jawalkar:** Thank you, sir. That was so much clear. Thanks for that.

**Moderator:** Thank you very much. The next question is from the line of Varun Gandhi from Finavenue Growth Fund. Please go ahead.

**Varun Gandhi:** Thank you again. My next question would be more from a medium-term standpoint. As you mentioned, your near-term objective is to optimize for margins while focusing on TAM expansion in the medium term. How do you see the trade-off between these two levers of growth? Where do you think the company can stabilize or get in the mature growth phase? Some thoughts over there, please.

**Amrit Acharya:** Yeah, no, look, we are as close to that as you can imagine. We are talking about TAM expansion for a three to five-year plan. If you look at our order backlog, our order backlog is almost, as I said, INR14,500 crores. For the next three years, we are sorted. We have to just convert the backlog into revenue. If you see one more number, which is 80% of the revenue is from repeat customers, that same thing for backlog also.

Our business is fundamentally at a very healthy foundation, you can say. Customers are repeating, and customers are placing larger and larger orders every year, right? It is as close to autopilot as possible. What we have done, the constraint, so to speak, becomes bandwidth of management.

At the end of the day, there are only 24 hours in a day, and we don't work 24 hours, as much as we would want to sometimes. What we have done, we have made a relay on. For mature categories, you mentioned transformer as an example, you hire somebody very senior from Reliance. Mature categories have CEOs whose job is to grow the business higher than the industry growth rate.

For new categories, which are zero to one categories, and zero to one also I have split into two. There's fundamental stuff like space and robotics, which is a three-year project. There is low-hanging fruit today also. One example of low-hanging fruit is battery energy storage. We work with so many solar developers in India and U.S. We have been supplying solar modules to them. We have been supplying transformers to them.

We have supplied switch gears to them. They also now need battery energy storage. If we are able to crack product for battery energy storage, we have customers who are willing to place orders to us tomorrow. So we spend a lot of our bandwidth on both of these initiatives, which are, one is near-term, low-hanging fruit initiatives. One example is BESS, another example is wire and cable.

There is fundamental long-term strategy, which is like your space and robotics. We have created bandwidth for ourselves by bringing in very, very talented people from the industry, and giving them headroom to grow. The other thing I want to mention is for this new categories that we are getting, let's say space as a category. We will not, on day one, hire a 100-member team. We will hire a five to 10-member team.

The total investment size will be in the INR1 crores-INR10 crores range. These are not material drivers of near-term profitability. Of course, if I don't do that investment, my profitable number will look higher by that number in the short term. But we believe that by

investing, let's say, INR10 crores a year for the next three to five years, we can create a new $100 million category which does not exist today. That trade-off we feel is worth it for us.

**Varun Gandhi:** Got it. Appreciate the answer. Amrit, my next question would be, I hear your demand side story, solid value proposition. On the supply side, can you walk me through how do you set up or optimize the entire supply chain? This again, ties up to the fundamental need for Zetwerk itself, right? How do you optimize the entire supply chain for so many categories and yet be able to execute?

**Amrit Acharya:** Yeah. See, on the supply side, how it works typically is supply side is we can draw like a 2x2 axis. On one axis is the material, on the other axis is the process. For example, there is steel fabrication. Another example would be aluminum die casting. Another example would be plastic injection molding. Now, this combination, materials can be steel, aluminum, plastic, titanium, etcetera, etcetera.

Process can be casting, forging, machining, injection molding, fabrication, etcetera. The universe for them will look like, let's say, 100 such permutation combinations. We would say we are good at maybe 10-15 of them. We are good at steel fabrication, we are good at machining, we are good at die casting, we are good at injection molding. We may not be good at forging, as an example. So our universe is a die casting product.

Now, the supplier we work with, we gave an example, we have got an order for a, let's say, a solar company who wants a die casting product. We are getting it done through a Coimbatore vendor who has a die casting shop, but historically has done die casting for only for auto. That is the know-how we bring in. That look, this supplier is a die casting supplier, has only worked for auto, but his machines and his factory can produce a die casting for a renewable energy customer.

Now, this supplier, who is a Coimbatore supplier, may not even know that this renewable energy customer exists. So we bring in that distribution, we bring in that engineering to suggest that this factory, even though they have never made this part before, have the ability to make that part because of the machineries they have.

That requires deep technical underwriting, which is the DNA of the company. We have 3,500 people overall in the company. Almost 800 of them are doing design and engineering. This is almost 20% of the company's headcount. We have experts of die casting, we have experts of injection molding, we have experts of machining, we have experts of fabrication.

As we're getting larger, we're increasing expertise in design side also. So that fundamental engineering DNA is the heart of the business. Even our salespeople are all engineers only. So that's the DNA we bring in, and then we feel that that's what helps us sometimes understand our suppliers better than they understand themselves.

**Varun Gandhi:** Thank you again for the clarification. So, a new supplier, let's say, joins your Zetwerk. How long does…

**Moderator:** Sorry to interrupt.

**Varun Gandhi:** Okay.

**Moderator:** Can you please rejoin?

**Varun Gandhi:** I'll rejoin the queue. Yes, sure. Thank you, guys.

**Moderator:** Thank you very much. The next question is from the line of Sudheendra Kulkarni, an Individual Investor. Please go ahead. Sudheendra, please go ahead. Since the participant is not audible, we will move to the next question. Next question is from the line of Tejas Mehta from Sierra Capital. Please go ahead.

**Tejas Mehta:** Yeah, hi. Thanks again. Sorry, I logged off last time. Just a couple of questions. One is on the OCF side, or the operating free cash flow, when are we turning positive? That is one question. And what are the working capital cycles that we are seeing now for our orders?

**Ankit Fatehpuria:** Yeah. Tejas, so on the OCF, Amrit was running the numbers. Quarter two was already like 60%-70% better than quarter one. And on a H1 current year versus H1 last year, again, there was massive improvement. So I think on a full- year basis, we should be between neutral to positive this financial year itself. And next year onwards, I think, probably would be OCF positive.

**Tejas Mehta:** Right. And on the working capital front? Yes.

**Ankit Fatehpuria:** Working capital side is, it is around 30, 31 days, as we see.

**Tejas Mehta:** Okay. Just a couple of headwinds, I wanted to just get them addressed. One is the U.S. AI-driven rally that has cooled off a lot in the last few days. Right now, people are predicting some sort of a downturn over there. There is a lot of data center capex that happens because of that, and a lot of associated energy demands, right, related to data centers. Are we anywhere exposed to that segment in the U.S. as of now or in our order book? Are we seeing any slowdown over there?

**Amrit Acharya:** Yes. We have exposure to the U.S. AI capex cycle. It could be, again, in the 10% to 20% of the order book, as he is calling that. That is the first answer. Yes, we have exposure, but we are so diversified that we do not think it will matter. The company has multiple growth options. For example, right now, we are seeing a lot of growth from thermal power in India. We are seeing growth from renewables in India.

We are seeing growth from electrification defense in India. These are three growth drivers which fundamentally did not exist last year. The other way that we think about all of this is, yes, there is some noise in the market, mostly on the stock market. But when we look at customer behavior, nothing has changed. We are still getting a lot of RFQs.

Customers still pressurizing us to deliver things faster in a much, much more compressed time period. We have not seen, at this point in time, any change in customer behavior in terms of either new RFQs or the value from their asking for, which is delivering things fast. Would it

happen in a few quarters or the next year? We do not know. But at this point, we are not seeing any change in customers.

**Tejas Mehta:** Okay, got it. Regarding the solar sector in India, over there also, I am hearing noises around the sharp slowdown in the sector after this June regulation on ALCM. Now we are moving to fully DCR ecosystem from 1st of January. We are seeing a lot of slowdown in the business for a lot of players in India, and I think marginal players have been sidelined completely. Any particular impact that we are seeing on our book at this point of time?

**Amrit Acharya:** I mean, not yet. Again, in H1, we won almost INR500 crores-INR1,000 crores of orders for that product from largely domestic customers in India. Of course, these are discontinuities. Like, any regulatory change, whether it is ALCM or ALMM, previous, where U.S. is having its own ALMM movement, in fact, today.

These are all discontinuities that happen, which typically impact for a couple of quarters at best. The way we think about it is, once the genie is out of the bottle, you cannot unput it back in the bottle again. Very hard. The long-term trend is going to be more renewables. Even data center, for example, like data center capex in India has not yet begun.

You know, frankly, the thing we hear from U.S. investors is it is like a tsunami in the U.S. It is barely reaching the shores of Europe, and it is starting to touch the shores of India. There is a lot of growth room ahead. But as I said, we are not dependent on one category for our growth.

**Tejas Mehta:** Right. Thirdly, again, on the energy front…

**Moderator:** Sir

**Tejas Mehta:** Sir, just one last question. On the energy side, Europe seems to be a very big potential market, given that the energy costs have really gone through the roof in that continent. Are we looking at making any inroads in that geography, given that there is a substantial opportunity on the energy space?

**Amrit Acharya:** Yeah, look, I think that the way we think about it at this point in time is we want to double down on what is working. For us, U.S. is working, India is working. Europe, yeah, theoretically, is a large market. India and U.S., fundamentally, are decoupling from China also. Europe is not yet decoupling. There is still a lot of China in their supply chain. We will wait for that shift to happen for us to seriously consider Europe.

Even though the market size, there's two ways to think about tailwind. There's a demand-side tailwind, there's a supply-side tailwind. Ideally, you want both. India and U.S. are markets where both are happening. GDP growth is very, very high, and there is massive decoupling from China that is happening today. So that presents a very, very strong product market fit. That is the way we think about it at this point.

**Tejas Mehta:** Okay, got it. Thank you so much, and all the best for a bright listed future.

**Moderator:** Ladies and gentlemen, in interest of time, that was the last question. I would now like to hand the conference over to management for closing comments.

**Amrit Acharya:** Yeah. Thanks a lot for attending, and we look forward to keep interacting with all of you every quarter and every years to come. We are trying to build a very long-term business, which will grow not just for the next quarter, the next year, but grow hopefully for the next decade. That is the general lens we will apply to decision-making and grow in the company, and we hope to have your support.

**Moderator:** Thank you very much. On behalf of Zetwerk, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.