

March 29, 2022

## Zetwerk Manufacturing Businesses Pvt Ltd: - Update on Material Event

### Summary of rating action

| Instrument*  | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Ratings Outstanding          |
|--|--------------------------------------|-------------------------------------|------------------------------|
| Long term – Fund-based   | 300.00                               | 300.00                              | [ICRA]BBB(Stable);           |
| Short term – Non-fund based  | 1000.00                              | 1000.00                             | [ICRA]A3+;                   |
| Short term – Non-fund based<br>(sub-limit of long-term fund-based) | (100.00)                             | (100.00)                            | [ICRA]A3+;                   |
| Short term – Fund based  | 50.00                                | 50.00                               | [ICRA]A3+;                   |
| Long term/ Short term –<br>Unallocated                             | 150.00                               | 150.00                              | [ICRA]BBB(Stable)/[ICRA]A3+; |
| Commercial Papers  | 50.0                                 | 50.0                                | [ICRA]A3+;                   |
| <b>Total</b>   | <b>1,550.00</b>                      | <b>1,550.00</b>                     |                              |

\*Instrument details are provided in Annexure-1

### Rationale

### Material Event

On March 15, 2022, the Income Tax Department commenced search or survey proceedings at the corporate office and other premises of Zetwerk Manufacturing Businesses Pvt Ltd (Zetwerk/the company). As per ICRA's discussion with the management, the search was concluded on March 18, 2022, and further analysis is continuing, on which the company is cooperating with the Income Tax Department.

### Impact of the material event

Based on discussions with the management, ICRA understands that there is no impact on the operations of the bank accounts of the company as on date. ICRA would continue to monitor closely on any such developments related to this event and take appropriate rating action, if necessary. ICRA notes that the company's liquidity position continues to remain adequate with cash and liquid investments of ~Rs. 3,320 crore and unutilized bank lines of ~Rs. 300 crore as on date.

Please refer the following link for the previous detailed rationale that captures Key rating drivers and their description, liquidity position, rating sensitivities, Key financial indicators: [Click here](#)

### Analytical approach

| Analytical Approach             | Comments  |
|---------------------------------|---|
| Applicable Rating Methodologies | <a href="#">Corporate Credit Rating Methodology</a> |
| Parent/Group Support            | Not Applicable                                      |
| Consolidation/Standalone        | Standalone  |

## About the company

Incorporated in 2017, Zetwerk is a Bengaluru-based start-up promoted by Mr. Amrit Acharya and Mr. Srinath Ramakrushnan. It started as a technology-driven company offering a manufacturing platform to its clients who are primarily original equipment manufacturers (OEMs) and other engineering companies, to procure and execute manufacturing jobs through a network of small and medium enterprises (SMEs) having those capacities. Since then the company has diversified into contract manufacturing of apparels, consumer goods, engineering components etc and has also ventured into turkey projects on a large scale.

The company is promoted by Mr. Amrit Acharya and Mr. Srinath Ramakrushnan, who are engineering graduates from IIT, Madras. Mr. Amrit had worked in ITC Limited in its project division for around four years before completing his masters in UC Berkeley, California. Prior to starting this company, he was working in Mckinsey & Company in the US for almost a year as a management consultant. Mr. Srinath had worked in the supply chain department in ITC Limited for nearly five years and prior to starting this company, he was working in the supply chain department of Zinka Logistics Solutions Private Limited.

Zetwerk is backed by leading Private equity firms' funds such as Kae Capital Fund II India; Kalysta Capital Fund II (Mauritius); Sequoia Capital through SCI Investments V; Accel India (Mauritius) Limited; Lightspeed India Partners II, LLC; Greenoaks Capital Opportunities Fund II LP; D1 Capital Partners Master LP; Avenir Zetwerk Investors LLC; QED Innovation Labs LLP; IIFL Special Opportunities Fund – Series 8 and IIFL Monopolistic Market Intermediaries Fund.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

|   | Instrument            | Current Rating (FY2022) |                          |                                    |                             |                             |                             | Chronology of Rating History for the past 3 years |                         |                         |
|---|-----------------------|-------------------------|--------------------------|------------------------------------|-----------------------------|-----------------------------|-----------------------------|---|-------------------------|-------------------------|
|   |                       | Type                    | Amount Rated (Rs. crore) | Amount Outstanding as (Rs. crore)* | Date & Rating in            | Date & Rating in            | Date & Rating in            | Date & Rating in FY2021                           | Date & Rating in FY2020 | Date & Rating in FY2019 |
|   |                       |                         |                          |                                    | Mar 29, 2022                | Nov 2, 2021                 | Sep 16, 2021                | Sep 22, 2020                                      | -                       | -                       |
| 1 | Fund Based            | Long-term               | 300.00                   | -                                  | [ICRA]BBB (Stable)          | [ICRA]BBB (Stable)          | [ICRA]BBB (Stable)          | [ICRA]BBB-(Stable)                                | -                       | -                       |
| 2 | Non Fund Based Limits | Short term              | 1,000.00                 | -                                  | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3  | -                       | -                       |
| 3 | Non Fund Based        | short term              | (100.00)                 | -                                  | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3  | -                       | -                       |
| 4 | Fund Based            | short term              | 50.00                    | -                                  | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3+                   | [ICRA]A3  | -                       | -                       |
| 5 | Unallocated           | Long term/short term    | 150.00                   | -                                  | [ICRA]BBB(Stable)/[ICRA]A3+ | [ICRA]BBB(Stable)/[ICRA]A3+ | [ICRA]BBB(Stable)/[ICRA]A3+ | [ICRA]BBB-(Stable)/A3                             | -                       | -                       |
| 6 | Commercial Paper      | Short Term              | 50.0                     | -                                  | [ICRA]A3+                   | [ICRA]A3+                   | -                           | -   | -                       | -                       |

\* break up of exact details not available

### Complexity level of the rated instruments

| Instrument  | Complexity Indicator |
|---|----------------------|
| Long term – Fund-based  | Simple               |
| Short term – Non-fund based                                     | Very Simple          |
| Short term – Non-fund based (sub-limit of long-term fund-based) | Very Simple          |
| Short term – Fund based   | Very Simple          |
| Long term/ Short term – Unallocated                             | Not Applicable       |
| Commercial Paper  | Simple               |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument details

| ISIN No/Banker Name | Instrument Name  | Date of Issuance | Coupon Rate | Maturity | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------------------|------------------|------------------|-------------|----------|-------------------------|----------------------------|
| NA                  | Fund Based       | NA               | NA          | NA       | 10.00                   | [ICRA]BBB(Stable)          |
| NA                  | Fund Based       | NA               | NA          | NA       | 15.00                   |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 1.00                    |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 1.41                    |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 1.00                    |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 20.05                   |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 251.55                  |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 90.00                   | [ICRA]A3+                  |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 50.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 111.00                  |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 75.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 30.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 50.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 45.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 20.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 45.00                   |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | 484.00                  |                            |
| NA                  | Non-Fund Based   | NA               | NA          | NA       | (100.00)                |                            |
| NA                  | Fund Based       | NA               | NA          | NA       | 50.00                   |                            |
| NA                  | Unallocated      | NA               | NA          | NA       | 150.00                  |                            |
| Yet to be placed    | Commercial Paper | NA               | NA          | NA       | 50.0                    | [ICRA]A3+                  |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure-2: List of entities considered for consolidated analysis

| Company Name | Ownership | Consolidation Approach |
|--------------|-----------|------------------------|
| -            | -         | -                      |

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## About ICRA Limited:

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### Branches



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