Zetwerk's rise from startup to manufacturing powerhouse in just seven years

Srinath Ramakkrushnan is a co-founder of Zetwerk, an India-based contract manufacturer valued at US$2.8 billion. Zetwerk is a partner to leading players in precision parts, capital goods, and consumer goods categories worldwide, offering a full spectrum of manufacturing services from custom-made components to mass production, and from quality certification to inventory and supply chain management.

To start, could you tell us a little about how you got into this business and what led you to found your company?

We're a group of engineers from India who came together in 2018. We noticed many new Indian companies that were supported by venture and growth capital, which wasn't available a decade earlier. This funding was mostly focused on sectors like consumer internet and e-commerce. We believed in the long-term potential of Indian manufacturing, not just for the domestic market but also for Western markets. That's what motivated us to start Zetwerk.

Over the last six-and-a-half years, we've built a diversified manufacturing footprint across five major verticals. India Industrial includes metal fabrication and manufacturing for sectors like oil and gas, railways, transmission, and water systems, basically metal components for EPC contractors. Initially, we started with an asset-light model, partnering with small and medium-sized manufacturers and managing aspects like quality assurance.

India Renewables is another vertical, where we manufacture solar and EV components here in India.

US Industrials is how we refer to anything outside India, though it also includes a small but fast-growing European operation. This covers renewable energy manufacturing, precision components, and more. We have manufacturing assets in the US, Spain, Germany, and Mexico. Renewables, especially solar and wind components, make up 70–80% of our revenue but we also manufacture precision components.

The fourth is electronics manufacturing. Since 2021, we've been investing aggressively in this space because we saw that import substitution was an important goal for India and the country was incentivising domestic manufacturing capacity creation for exports. We now have six manufacturing sites in India for electronics assembly, including PCBs, box builds, and components.

The fifth vertical is aerospace and defence where we work with India's defence sector on electronic sub-assemblies and components as an OEM. We don't export in this space.

Our growth has been supported by raising US$700 million in equity capital. This has allowed us to scale rapidly and operate with a decentralised leadership model. Amrit Acharya

is our CEO, I take care of India Industrials, India Renewables, and US Industrials, and the other founders handle the other verticals. Today we generate close to US$2 billion in annual revenue.

That's an incredible accomplishment in under seven years, especially considering that most engineers would focus on tech or apps, which seems so much simpler than building factories and manufacturing components.

Building a tech company would have its own complications! Manufacturing felt like a natural choice for us as we had all worked for nearly a decade in large manufacturing companies. My background is in manufacturing – my father ran a metal fabrication shop – so I've always been connected to this space. We saw the potential and focused on what we knew well.

How has your growth been structured? Was it mostly organic, or have you been building a buy-and-build platform?

It's been a combination of both. A large part of our growth has been organic, but about three years ago, we started actively exploring M&A. Manufacturing is often a credential-driven industry; customers need to trust your capabilities before they trust you with volumes of complex, high value-add work, which takes time to build organically. Acquiring companies that have already built those credentials and are perhaps facing generational turnover allows us to turbocharge our growth and enter into specific markets where credentials are needed.

Our first acquisition in 2019 was an asset purchase for railway component manufacturing in India. We realised that earning the necessary certification organically would take a lot of time and investment. There was a company with the exact certification we needed. After discussions, we acquired their assets, which enabled us to quickly scale in this area.

The second acquisition followed soon after, also in India's industrial space. This company specialised in manufacturing vessels and other components requiring specific certifications. Again, they were facing generational turnover challenges and we saw an opportunity to step in, invest in the business, and integrate their capabilities into our operations.

Our third acquisition was in the aerospace and defence sector. Interestingly, this company was originally a customer of ours. They focused on electronic systems but outsourced hardware components to us. We noticed they had the potential to scale significantly but were held back by a lack of working capital and risk appetite. It made sense for us to acquire them, enabling us to combine their capabilities with our hardware expertise and pursue larger opportunities together.

Our most recent acquisition, earlier this year, was in the electronics space in India. We wanted to broaden our category presence beyond our existing focus areas, such as wearables and display devices, and move into IT hardware. The company we acquired was a strong player in this sector but was also dealing with generational turnover issues. By acquiring them, we gained access to their expertise and customer relationships while helping them tap into their growth potential.

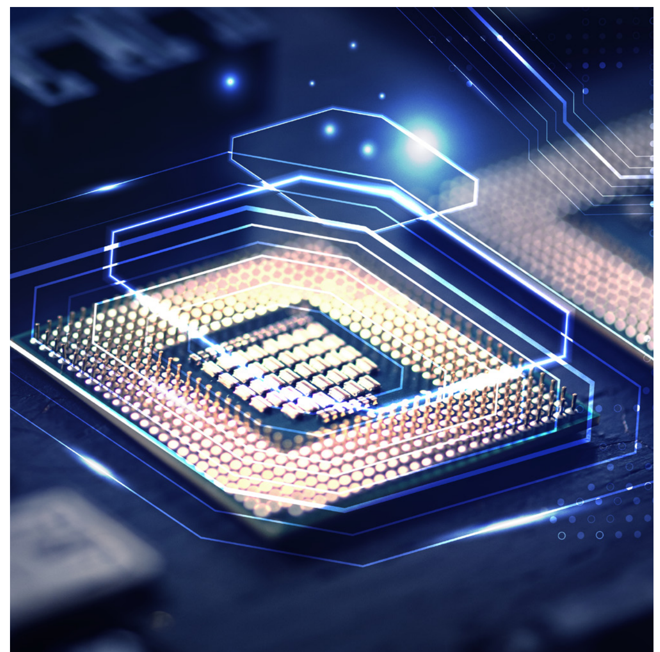
> **All our acquisitions share common themes: addressing generational turnover, leveraging certifications or credentials, and integrating strategic capabilities.**

When and how did Zetwerk decide to pursue international acquisitions, and what were the factors that influenced that decision?

It was our fourth transaction that was international. It was with a US company, and it's an interesting story because we weren't actively looking at the US. We were focused on India and building for Indian customers. Then, during the height of the China tariff issue, a US buyer reached out to us. They said they were sourcing solar components from China but were being hit hard by tariffs and wondered if we could help them reshore production to India.

We didn't take them very seriously at first. They were talking about volumes that seemed crazy to us back then – up to US$20 million in orders. But we decided to move forward, tooling up and producing initial parts. Within six months, those orders started coming through. Suddenly, we were shipping US$10 million worth of components, and that really opened our eyes.

When we went to meet this buyer, we realised their strengths. They had an excellent distribution network in the US and a solid list of high-quality customers. On our side, we had the manufacturing expertise and supply chain capabilities. Instead of working as a buyer-supplier pair, we thought, "Why not partner more strategically?" That's what led to our first acquisition outside India, a company in the US with complementary strengths. It wasn't just about the deal; it



made us seriously think about the potential of the US market and what we could achieve there.

All our acquisitions share common themes: addressing generational turnover, leveraging certifications or credentials, and integrating strategic capabilities. Each deal has been relatively small — companies with revenues between US$5 million and 50 million — but we've invested heavily post-acquisition, often doubling or even tripling the capital to drive growth. These investments have paid off, with many of these companies experiencing multifold growth since joining Zetwerk.

When you say you were looking for growth, are you measuring that purely in terms of revenue, or do you use other metrics like new customers or new markets?

In some areas, like aerospace and defence, growth can be a lagging metric. You can't expect a company to double its revenue immediately after an acquisition. Instead we look at lead indicators: are we expanding the customer base? Are we winning new parts or projects? When we acquire a company, we always have a thesis about how it will grow. For example, we might expect the business to develop new capabilities or enter a specific vertical.

In the first couple of years after an acquisition, we closely monitor whether those lead indicators of growth are materialising. If achieving that requires additional capex or building out the team, we're proactive in making those investments. It's about enabling growth, not just waiting for it to happen.

Your business is heavily influenced by geopolitics. How do you navigate factors like trade tariffs or global disruptions?

Yes, geopolitics is actively reshaping supply chains. For example, tariffs have become a big factor, especially in the US, where the focus has shifted from near-shoring to outright onshoring. This is particularly evident in our focus areas like renewable energy, where the US government is heavily incentivising domestic manufacturing to secure its supply chains for the next 20+ years.

There's also a new concept in aerospace and defence called "secure-shoring," where companies prioritise doing business with countries considered safe or reliable partners. These shifts mean we have to be very attuned to where the market is going and what's driving customer decisions.

Working with Clairfield

Clairfield has been a great partner for us, and we're excited to continue working closely together. Tapas Sarkar, Abhijeet Biswas, and the Clairfield team have been instrumental in helping us refine our strategy and proactive approach to acquisitions. We've been collaborating on opportunities in India, Europe, and the US.

Clairfield's expertise in crossborder M&A is particularly valuable. The industrial manufacturing landscape is vast, especially when you're looking at mid-sized companies with revenues between US$10-50 million. It's easy to get lost in the sheer scale of the opportunities, but Clairfield understands our vision, helps us focus on what's most relevant and impactful for our growth.

Clairfield is very much part of our strategy in planning for the future. As we continue to grow and explore new markets, having Clairfield's insights and support will be critical. I'm confident we'll achieve some great things together.

It's risky to try to predict how long these trends will last. We adapt quickly and position ourselves to take advantage of the opportunities they create. For instance, in renewable energy, the demand for local manufacturing is massive, and we've invested heavily in building capabilities to meet that need.

You mentioned earlier that some of your sourcing comes from Vietnam. How do you view Vietnam's role in your supply chain strategy, especially as global supply chains continue to evolve?

Vietnam has been a pleasant surprise for us. The manufacturing ecosystem there is more advanced than we initially expected, and we've had great experiences working with Vietnamese companies. What makes Vietnam particularly exciting is its growing reputation as a reliable alternative to China, especially for certain components.

We think Vietnam, alongside India, can provide the kind of dual-sourcing strategy that many buyers are looking for today. It's not about replacing China completely because there are some commodities where China is still the best or only option, but Vietnam offers flexibility and a strong complement to what we're building in India. Vietnam fits well into our long-term strategy of diversifying our supply chain while supporting customers who are looking for "China-plus-one" solutions. It's a market we're keeping a close eye on, and we see a lot of potential to grow our partnerships there.

Looking at the year ahead, what sectors or areas are you most excited about? Where do you see the biggest opportunities for growth?

There's so much happening, it's hard not to feel optimistic about the future. In the past we tried to grow all our revenue engines equally. Now we're focusing on areas with the highest growth potential and aligning our capital allocation accordingly.

The renewable energy sector is booming in India. We expect the country to install about 25 gigawatts of solar capacity this year alone, which would make it the second-largest solar market in the world after the US, if you set China aside. That's a massive opportunity, and we're deeply invested in supporting it.

Another area we're very excited about is EVs, particularly in the two-wheeler segment. EV adoption in India is still in its early stages, but over the next decade we expect millions of EVs to hit the roads, creating long-term opportunities for manufacturers like us.

Electronics is another big focus for us. What we're seeing in India is the beginning of what could be a 15- to 20-year transformation. Right now, much of the electronics work is limited to assembly, but over time, we're going to see a fully integrated manufacturing ecosystem develop here. We want to be a major player in that journey.

Aerospace and defence are also exciting sectors, both in India and globally. We've been building capabilities here, and we think these can eventually be applied to markets outside India. Defence budgets are increasing worldwide, which is creating opportunities for us to grow this segment.

Lastly, we're very focused on expanding our international footprint. Today, about 20% of our revenue comes from markets outside India. Over the next few years, we'd like to increase that to 30% or even 35%. Acquisitions will play an important role in helping us achieve that. ■

For more information on Zetwerk, contact Tapas Sarkar: tsarkar@clairfield.com.