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‘We will use the funds to grow globally; we are eyeing 2-5 acquisitions this year’

Zetwerk co-founder Amrit Acharya.

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Tarush Bhalla

We will continue our focus on the US and will expand to the Middle East and Europe in the next 6-12 months, says Amrit Acharya, co-founder & CEO, Zetwerk

Zetwerk Manufacturing Businesses Pvt. Ltd, a contract manufacturer of capital and consumer goods, has become the latest startup to join the rapidly burgeoning ranks of Indian unicorns after raising $150 million in a funding round led by New York-based D1 Capital Partners. The round, which also saw the participation of new investors such as Avenir and IIFL, values the company at $1.33 billion. The company is exploring inorganic opportunities through acquisitions. In an interview, Zetwerk co-founder and chief executive Amrit Acharya talked about the company's expansion plans and how it plans to utilize the current funds. Edited excerpts:

With the $150 million in investment, how do you plan to grow from here?

We are planning to utilize the funds primarily to grow internationally, and that is the big focus for us. At present, around 20% of our overall revenues come from western and international markets, while the rest comes from India. And we are really early in our journey, as more and more shifts happen to Indian manufacturing, across multiple supply chains. We will continue our focus on the US, and will expand to the Middle East and Europe in the next 6-12 months.

The second is on improving our software. Today, Zetwerk is a horizontal platform and has clients across oil and gas, automotive, consumer electronics, apparel, for instance. Our software standard has to address each of these companies, while holding on to the nuances of various sectors.

Are you also looking at Zetwerk making acquisitions for inorganic growth?

We believe manufacturing has big problems and a lot of companies are solving different aspects of it. So, we do not claim that we will be solving everything. Acquisitions are a way to build those capabilities. We will be eyeing two-five acquisitions this year. But acquisitions are also tricky, and we can’t do a lot.

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Will Zetwerk foray into ancillary business lines, including lending or B2B e-commerce?

It’s possible. For smaller manufacturers, access to credit is one of the possible challenges they face. Also, when a manufacturer gets an order from us, they do need to buy raw materials.

We do have some product offerings (in lending), but we don’t do it in a meaningful way. The company will explore financing once it reaches a certain scale. And it’s not just financing, there are other derivative problems like logistics and buying of raw materials that exist and need to be addressed to solve the core problems of manufacturing.

Zetwerk was planning to exit FY22 with profits. Where does the company stand in terms of its fiscal performance?

We still have six months left for the fiscal and we have already turned profitable. Last fiscal year, we closed at revenues at ₹949 crore and now look to grow four-fold this year. So, we should be exiting this year with ₹3,500 crore of revenues and we are on track to achieving it.

This will translate into having 1,200 customers by the end of FY22. We have close to 600 customers at present. For us, 85% of our revenues come from (helping manufacture) industrial products and the rest 15% from consumer products. We are investing our revenues in research and development to further the capabilities of our products.