

# Startup action on display amid shift in smart TV market

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Zetwerk is not exactly a household name, but this unicorn, boasting revenues of ₹11,450 crore as of last year, is among the top four electronics manufacturers in India. The startup is capitalising on a notable trend in smart TV sales—fall in collective shipments from top brands like Xiaomi, Samsung, LG and an untick in the market share of smaller, regional, and online brands.

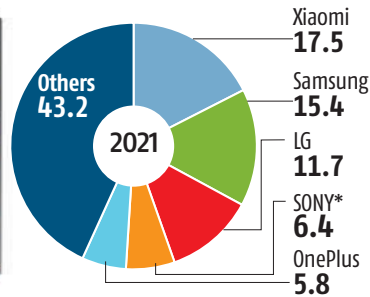
Emerging as a key Electronics Manufacturing Services (EMS) player, Zetwerk operates a plant in Haryana that caters to 10 per cent of the country's overall smart TV production capacity. The company aggregates demand through contract manufacturing for eight different brands, thereby building scale while reducing production costs.

Zetwerk is also in the process of developing design capabilities and establishing a supply chain. Flat-panel display manufacturing facility is part of the company's ecosystem.

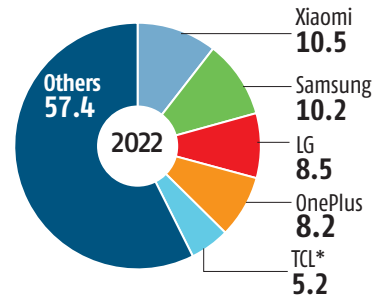
Rahul Sharma, founder of Zetwerk, told *Business Standard*: "The overall smart TV market is around 15-17 million units. Our plant has the capacity to cater to 10 per cent of this market. We can

double our production capacity within a quarter. Depending on the model, we currently manufacture TVs ranging from 24 to 86 inches. By November, we plan to produce TVs up to 120 inches."

## TV MAKERS: THE CONTRAST (market share in %)



\* Not in top 5; market share part of others



Source: Counterpoint

According to Counterpoint data, the market share of brands outside the top five sharply increased from 43.2 per cent in 2021 to 57.4 per cent in 2022. This trend could gain strength further if the reports on Realme and OnePlus reducing or ceasing their TV sales prove to be correct, said sources. There's been no confirmation from the companies.

A recent report by IDC highlights a partial recovery for top brands. It states that the top five smart TV brands regained their market share to 54 per cent in the first half of 2023. Even so, the focus has shifted to the budget segment, where sub-\$200 smart TVs have seen their market share rise from 26 to 39 per cent during the same period, according to IDC.

Sharma explained that Zetwerk focuses on large-scale flexible manufacturing to meet brand needs in

a hyper-competitive market. The company enables small batch production, which is beneficial for evaluating the success of TV models. He pointed out that Zetwerk's supply chain is flexible, a capability often lacking among larger manufacturers.

Already a significant player in wearables and hearables with an annual production capacity of 20 million units, Zetwerk is expanding into IT hardware to assemble laptops. Negotiations are underway to acquire an existing company in this sector. The company is in talks with major players who have applied to be part of the revised IT hardware Production-Linked Incentive (PLI) scheme.

When asked why the company had not applied for a PLI, Sharma said: "Two years ago, we didn't meet the eligibility criteria. We have grown tenfold in the last two years. We didn't qualify for a PLI in electronics because we didn't exist in the base year set for the scheme."