

# Japan firm to make iPhone Li-ion battery cells in India

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Apple Inc is bringing its global lithium ion (Li-ion) battery cell supplier, TDK Corporation, to India. The leading electronic component and device maker from Japan will manufacture the battery cells in India to power the iPhones assembled in the country, say sources aware of the development.

The cells will be supplied to Apple's Li-ion battery assembler, Sunwoda Electronics, which is already operating in the country and currently imports the cells from various markets around the world.

TDK, which acquired Li-ion battery and cell maker Hong Kong based Amperex Technology Ltd in 2005, recently bought 180 in Haryana to set up a unit to manufacture, among others, the cells for Li-ion batteries. Commercial production to supply cells to Apple is expected to begin in the next 12-18 months.

According to sources, the contract with Apple Inc could generate direct employment for 8,000-10,000 people and indirect jobs of over 25,000. The factory will be one of the first of its kind, where workers' quarters will be located on the factory premises. This has been a longstanding demand from Apple and is a common practice in the mega factories of China. There are two benefits to this — it increases productivity by providing scale and enables the employment of more women in the factories.



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Neither TDK Corporation nor Apple Inc responded to queries on the tie-up. Fumio Sashida, corporate officer and part of the leadership team of TDK Corporation, was in India in mid-October when he met top officials of the Ministry of Electronics and Information Technology (MeitY) to discuss the deal.

Currently, Apple imports the battery cells mainly from China, as do most other mobile device makers in the country. According to industry estimates, as much as ₹5,500 crore of foreign exchange is forked out by device makers in the country annually to import the cells.

Hence, manufacturing the cells locally will go a long way in improving the domestic value addition (DVA) of the iPhone. The cells account for 70 per cent of the cost of the Li-ion battery, and it is estimated that the Li-ion ion battery accounts for a DVA of 4 per cent on the iPhone, of which the DVA of the cells is only 3 per cent.

Currently, the overall value addition in the iPhones assembled in India ranges from 12 per cent to 15 per cent, depending on the models. The Cupertino-headquartered company has been looking for ways to increase the localisation of the supply chain in India. According to estimates, TDK, through its various companies, controls over 60 per cent of the global market for Li-ion battery cells, which are used in mobile phones, laptops, tablets, amongst others.

