

Apple logs record quarterly growth in 'vibrant' India

Country is at a tipping point, says Tim Cook

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Technology giant Apple saw its Indian business set a quarterly record as the revenue grew in double digits year-on-year (YoY), said the company as it announced its financial results for the second quarter ended April 1 (its financial year 2023 started in October 2022).

Chief Executive Officer Tim Cook, who presided over the opening of Apple's first two Indian retail outlets last month, joined his lieutenants in mentioning India roughly 20 times during a conference call with analysts after unveiling earnings. Though the company did not mention Indian revenue in its earnings statements, reports earlier noted that the iPhone maker posted almost \$6 billion of sales in the country in the year through March.

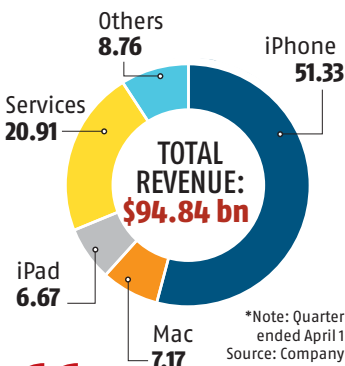
"It was quite a good quarter for us. India is an incredibly exciting market. It's a major focus for us. I was just there, and the dynamism in the market, the vibrancy is unbelievable," he told analysts. "Over time, we've been expanding our operations there to serve more customers, and three years ago, we launched the Apple Store online, and then... we launched two stores just a few weeks ago, and they're off to a great start, one in Mumbai and one in Delhi."

Cook further noted: "There are a lot of people coming into the middle class and I really feel that India is at a tipping point."

Although operational in India for 25 years, the company only recently started to expand its retail footprint in the country. The Cupertino-headquartered company led in the over-\$500 category or the premium segment last year, with a 60 per cent share. In a first, its iPhone 13 became the third-most shipped handset in 2022.

The record quarterly growth in India, however, comes at a time when Apple witnessed a second consecutive quarter of declining numbers. Nevertheless, the company saw emerging markets doing well for it.

APPLE'S GLOBAL SALES IN Q2*



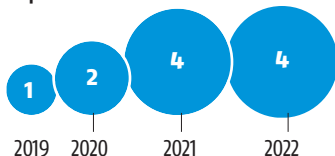
“INDIA IS AN INCREDIBLY EXCITING MARKET. IT'S A MAJOR FOCUS FOR US...THE DYNAMISM IN THE MARKET, THE VIBRANCY IS UNBELIEVABLE”

TIM COOK
CEO, Apple



A BIGGER BITE

Apple India's smartphone shipment market share



Source: Counterpoint

Overall revenue amounted to \$94.8 billion in the second quarter, Apple revealed, exceeding the \$92.6 billion that, according to a *Bloomberg* report) analysts predicted.

Apple...

Though the sales fell 2.5 per cent in the period, the company had warned investors to expect a drop of roughly twice that. Quarterly earnings per diluted share at \$1.52 remained unchanged YoY.

Cook during the analysts call said: "We were particularly pleased with the performance we saw in emerging markets and achieved all-time records in Mexico, Indonesia, the Philippines, Saudi Arabia, Turkey, and the UAE, as well as a number of March quarter records, including in Brazil, Malaysia and India."

Its India performance comes on the back of impressive growth that the company has seen in the recent past.

Apple's overall market share for smartphones in 2022 stood at 4.6 per cent, with total shipments coming in at 6.7 million for the year, according to data from IDC, a market intelligence platform. Despite being nowhere near the top five overall — which is occupied by the likes of Xiaomi, Samsung, vivo, realme and OPPO — Apple has been on an incremental path towards cornering a bigger piece of the smartphone pie in India. The iPhone maker has been the top dog in the premium segment, which is picking up steam due to a decline in entry-level (sub-\$150) shipments. The firm's premium smartphone shipments ballooned from 1 million in 2018 — when it was behind Samsung and OPPO — to reach 4.7 million in 2021, before touching 6.3 million in 2022, according to IDC.

"We've got a number of channel partners in the country (India) as well that we're partnering with, and we're very happy with how that's going overall," Cook said. "I am hopeful that we can convince some number of them to buy an iPhone and we'll see how that works out. But right now, it's working out well," he said.

The tech giant has also recently made inroads into the Indian market by way of refurbished devices. Data from Counterpoint Research, a technology market research firm, signposts an 11 per cent share for refurbished iPhones in 2022, up from 3 per cent the previous year. Besides smartphones, the tech giant broke

into India's top five personal computer companies' ranking for the first time in the fourth quarter of CY22.

Experts that *Business Standard* spoke to said that although the first quarter of CY23 may have seen the shipments slide for Apple, the firm can increase its market share from the current fifth position to fourth by the end of this year. Apple's presence in the PC (including laptops and desktops) segment in India is skewed towards MacBooks.

HDFC...

Currently, HDFC Bank is not part of any of the MSCI indices due to less investment legroom for foreign portfolio investors (FPIs). However, HDFC is part of the MSCI India index due to sufficient FPI investment legroom. The foreign shareholding in the merged entity, according to the current shareholding pattern, stood at 18.04 per cent at the end of March. This paves the way for the (merged entity) stock's entry into the MSCI index. "With the foreign room at 18 per cent as of end-March, the LIF will only increase to 100 per cent once foreign room crosses 25 per cent. That could be some time away. We expect passive MSCI selling of around 13 million shares of HDFC Bank at the time of merger completion," said analysts Brian Freitas of Periscope Analytics, who publishes on Smartkarma. In the run-up to the merger between HDFC Bank and HDFC, the Street was keenly tracking the FPI shareholding pattern and MSCI announcements, given its large implications from the ETF flow point of view. Suresh Ganapathy, head of financial services research at Macquarie Capital, said with MSCI making a formal announcement, the focus would now shift to the fundamentals of the financial behemoths.

Nuclear...

Factory-built and ready-to-shift, each SMR produces up to 300 megawatts (MW) and requires less capital, time and land than conventional reactors. They can also safely be deployed in populated areas, the officials said.

State-run Nuclear Power Corp of India (NPCIL) and Bharatiya Nabhikiya Vidyut Nigam are the only two nuclear