

Applied Materials set for India foray

World's second-largest fab toolmaker may be looking at Tamil Nadu to setup its plant

SHINE JACOB

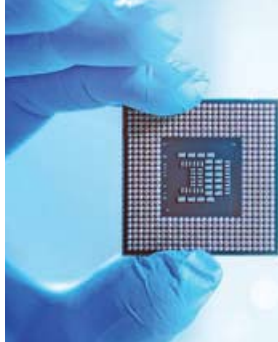
Chennai, 8 September

Fab units globally cannot operate without equipment from four key suppliers — Applied Materials, ASML, KLA and Tokyo Electron, according to experts.

With more semiconductor manufacturing units being planned in India, top toolmakers are also eyeing the country's market. The world's second-largest fab toolmaker, Applied Materials, with annual revenue of \$26.52 billion, is planning to establish a manufacturing unit in India.

If sources are to be believed, the firm may be looking at Tamil Nadu for its ambitious plans.

This is also considered to be a China-Plus-One strategy, since the company recently lost its top spot as the leading semiconductor equipment maker to ASML. It depends on China for 43 per cent of its sales despite restrictions from the United States.



WAFER WAVE

\$91.2 bn

Size of global semiconductor equipment manufacturing mkt in 2023

■ **Major companies:** ASML (Netherlands), Applied Materials (US), Tokyo Electron (Japan), KLA Corporation (US), LAM Research (US)

Source: Markets and Markets

\$149.8 bn

Expected market size by 2028

■ Industry growth per annum: **10.4%**

■ **Reasons for growth:** Rise in demand for semiconductor parts in electric & hybrid vehicles, wide adoption of 5G

Applied Materials is looking to establish an advanced artificial intelligence (AI)-enabled technology development centre for semiconductor and equipment manufacturing in Taramani, Chennai. This is set to create 500 jobs.

It is not clear whether the company will focus on its core fab tool manufacturing or semiconductor manufacturing in India.

"It is looking at a long-term play in India. The Tamil Nadu centre may be a curtain raiser. It may enter manufacturing once the

Centre comes out with its updated incentives under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPSCS)," said an industry source aware of the development. The California-based company did not respond to questions from *Business Standard* on whether it has chosen Chennai for manufacturing in India. So far, the Union Cabinet has cleared five semiconductor units in India.

This includes American company Micron's assembly, testing,

marking, and packaging (ATMP) facility in Gujarat with an investment of \$2.75 billion and India's first semiconductor fab unit in Dholera (Gujarat) by Tata Electronics Private Limited (TEPL). The Dholera unit will be in partnership with Taiwan's Powerchip Semiconductor Manufacturing Corporation (PSMC).

The other three units would be Tata Semiconductor Assembly and Test Private Ltd (TSAT) in Morigaon (Assam), CG Power's

unit (in partnership with Japan's Renesas Electronics Corporation and Thailand's Stars Microelectronics) in Sanand (Gujarat), and Kaynes Semicon's unit in Sanand.

Applied Materials is reportedly looking at new markets as Beijing has lined up its national policy to establish its own chip supply chains.

In 2023, Applied Materials, which was the world's number one fab toolmaker, was dethroned by Dutch major ASML, which reportedly clocked revenue of \$29.83 billion compared to Applied's \$26.52 billion. Applied's sales of tools to Chinese clients were affected due to US export rules introduced in October 2023. Tamil Nadu is offering subsidy of up to 50 per cent on capital expenditure (capex) provided by the Centre for semiconductor manufacturing units to be set up in the state.

This is in addition to payroll reimbursements for multiple years.