

# Foxconn in talks for 2 fab plants as Vedanta JV fails

It could bring in a Taiwanese fab firm in a JV

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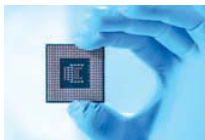
New Delhi, 11 July

Having walked out of a joint venture with the Vedanta group to set up a semiconductor plant in Gujarat, Taiwanese major Foxconn is learnt to be looking at chip manufacturing in the country separately. According to a source in the know, Foxconn is planning to apply to the government to set up two fab plants on its own.

One of the facilities that the Taiwanese firm is planning will be a compound semiconductor plant based on gallium nitride to make chips used widely in power electronics, electric vehicles (two-wheelers) and telecom devices. The other fab will be based on silicon, one of the people engaged in the talks said.

It is learnt that Foxconn is looking to make a range of chips—14, 28, and 40 nanometre. While the details have not been finalised, Foxconn could also bring in a Taiwanese fab company as a technology or JV partner.

Meanwhile, in an unusual step, Foxconn issued a statement on Tuesday, attempting to clarify why it walked out of the Vedanta JV and its next move. Foxconn's statement, which hinted at the hurdles without getting into details, said: "Both parties mutually agreed to part ways. This is not a negative. Turn to Page 6 ▶



**One of the facilities will be a compound semiconductor plant based on gallium nitride to make chips used widely in electronics, EVs**

## Tata to take over Wistron plant in Aug

The Tata group is close to acquiring Wistron's \$600 million factory in Karnataka by next month, according to reports. The Wistron unit makes iPhones for the Cupertino-based firm. Sources said that Wistron would continue to provide the technical know-how on assembling the phone and keep back some personnel during the transition. 2▶

## iPhone exports from India at record ₹20K cr

In a major upsurge, Apple has breached exports from India valued at ₹20,000 crore of iPhones in just the first quarter of FY23-24, which accounts for half of what it had achieved in the full FY23. The Q1 numbers represent staggering 400 per cent growth in iPhone exports over the last financial year in the same quarter when it exported only ₹4,950 crore. 2▶

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### FPIs...

The grace period will begin from the day of the breach once the new norms get notified.

Last month, Sebi announced the new disclosure norms wherein if an FPI has more than 50 per cent of holding parked in a single corporate group or has cumulative holdings of more than ₹25,000 crore, the investor will furnish additional information about its ownership, economic interest, and control. Additional details will help improve transparency and the quality of flows into the domestic markets. These, according to the regulator, will also help prevent circumvention of the minimum public shareholding (MPS) and takeover code norms, thus not allowing a promoter to use opaque structures to hold more shares than permitted under the regulations. In case of passive breaches of single group exposure, FPIs shall not be allowed to make fresh purchases of securities belonging to the group for the next 30 days, even if the breach is rectified, said a source. If the breach is not rectified, FPIs will either have to furnish more details within 30 days or see their accounts get blocked or licence revoked.

A recent analysis done by *Business Standard* based on the data provided by Prime Database showed nearly 100 FPIs had single group exposure of more than 50 per cent at the end of March 2023. Cumulative holdings of these FPIs stood at ₹1.2 trillion. FPI assets impacted by Sebi's new diktat could be higher as the aforementioned data was only for publicly disclosed shareholding of more than 1 per cent in NSE-listed companies.

### Foxconn...

There was recognition from both sides that the project was not moving fast enough, there were challenging gaps we were not able to smoothly overcome, as well as external issues unre-

lated to the project." On Monday, Foxconn withdrew from its JV with Vedanta to set up a \$19.5-billion fab plant to manufacture 28 nm and 40 nm chips at Dholera, Gujarat, in a blow to the government's semiconductor ambitions in an evolving geopolitical background.

"When Foxconn course corrects, it is done only after heavy considerations on the near-term impact to our stakeholders, and on the long-term corporate health to the group and our shareholders," the Taiwanese firm said a day after announcing its exit from the JV. It added that building fabs from scratch in a new geography is a challenge, while pointing out that Foxconn is committed to invest in India. "Foxconn has no intention to do anything but continue to strongly support the government's 'Make In India' ambitions and establish a diversity of local partnerships that meet the needs of stakeholders," it said.

In the new scheme of things, Foxconn is also looking at buying back the chips that it makes in India, it is learnt. Globally, the company is estimated to buy over \$40 billion worth of chips annually for its electronics manufacturing (EMS) requirements. The demand for chips will only go up as Foxconn plans a major foray into the electric vehicle universe. Among the countries it wants to set up a plant for EVs is India. Fabs built on gallium require much lower investment ranging anything from \$80-100 million to up to \$500 million depending on specifications of the plant and can be commercially built much faster. Some Indian companies are also looking at getting into this area with a very wide market.

In its statement, Foxconn Hon Hai Technology group confirmed the move to set up a fab plant. "Foxconn is working toward submitting an application related to the modified program for semiconductors and display fab ecosystem".

The company said it's already reviewing the landscape for optimal partners. Welcoming a diverse set of stakeholders, both in India and

abroad, the company indicated that its potential partners should want to see India get to the next level and that they must complement Foxconn's world-class supply chain management and manufacturing efficiency.

### HDFC Bank...

Kaizad Bharucha, deputy managing director, HDFC Bank, earlier told *Business Standard* that the bank expects most HDFC branches to become full-service branches in six months.

HDFC posted 9 per cent year-on-year (YoY) growth in assets under management (AUM) as of June 30, 2023. Individual loans had an 84 per cent share, followed by construction finance with a 7 per cent share. The lease rental discounting book had 5 per cent share, and corporate loans stood at 4 per cent as of the end of June 2023.

Individual loans under management grew by 15 per cent on YoY basis as of June-end. It, however, did not give an absolute amount for loans outstanding. As on March 31, HDFC had a loan book of ₹6.2 trillion.

The bank has also decided that Arvind Kapil, who is a group head, retail assets, will be heading the home loan business, sources said. As retail assets head, Kapil leads the bank's retail lending franchise, which comprises the unsecured loans portfolio except credit cards, auto loans, loans against property, retail working capital loans, gold loans, loans against shares, microfinance, and business loans, among others.

### GST Council...

Currently, most online gaming platforms pay an 18 per cent tax on the commission collected for each game. Those involved in betting or gambling attract 28 per cent GST. For horse racing, GST is levied at 28 per cent on the bet value.

Explaining the taxability, the finance ministry said: "The said levy will be applicable on the face value of the chips pur-