

VEDANTA-FOXCONN SIGNS MoU WITH GUJARAT

\$20-bn chip JV aims to break even in 5 yrs

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Having signed a memorandum of understanding (MoU) with the Gujarat government for India's first \$20-billion semiconductor and display fabrication (fab) project near Ahmedabad on Tuesday, the Vedanta-Foxconn joint venture (JV) is hoping to break even in the next four-five years.

Vedanta Group Chairman Anil Agarwal told mediapersons after the MoU signing that the first phase of the project will see an investment of \$10 billion over two-three years. The JV, he said, aims to break even in four-five years.

"The investment will be funded through internal accruals. There is a huge rush among major countries for developing semiconductor capabilities and India will now be the fourth country to soon start manufacturing. In the next 15 days or so, we will identify the land and in the next two/three months, we hope to do the ground-breaking. It will take

MEGA PLANS

₹79,000 cr Investment over 2-3 yrs in the first phase

100,000

Jobs likely to be created by the semiconductor and display project

₹94,500 cr Vedanta Displays to invest to set up display fabrication unit

₹60,000 cr Vedanta Semiconductors to put in for integrated semiconductor fab unit and OSAT facility

four/five years to break-even and be profitable, but we will work hard," said Agarwal.

According to Agarwal, the Vedanta-Foxconn JV is looking at commissioning the fab units within the next few years.

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ulation about pressure on the Reserve Bank of India (RBI) to hike interest rates.

“Though domestic inflation numbers were mildly disappointing, they should be much better going forward. Crude oil prices, a huge component of our inflation, are softening. A steep hike by the RBI, as priced in earlier, may not be required. Perhaps that’s the reason our markets are sanguine,” said U R Bhat, co-founder of Alphaniti Fintech. The Indian markets have outperformed most global equities over the past three months as the country’s economic prospects are seen better than the rest of the world.

Naveen Kulkarni, chief investment officer, Axis Securities PMS, said, “The current market buoyancy is based on the expectation that inflation has peaked, along with softening crude prices...but we would advise investors to raise some cash at the current levels.”

Chip JV...

“We are in need of 400 acres of land, which should be near Ahmedabad, so that we have ready infrastructure and there are universities around for research collaborations and talent. We have sought capital, power, and water subsidies, which we would be getting under the state policy from Gujarat,” he said, while ruling out Dholera as a potential site.

Among sops being offered is a 25 per cent capital subsidy and power at subsidised tariff of ₹3 per unit, said Agarwal, while adding that the group would largely be using renewable energy.

As part of the MoU, while Vedanta Displays will set up a display fab unit with an investment of ₹94,500 crore, Vedanta Semiconductors will set up an integrated semiconductor fab unit and outsourced semiconductor assembly and test (OSAT) facility for ₹60,000 crore. The two MoUs together will bring in investment of more than ₹1.54 trillion, generating direct employment of around 100,000 in the state.

The proposed investment by Vedanta and Foxconn Groups for setting up India’s first display manufacturing fab unit and an integrated semi-

conductor fab unit with OSAT facility will further support the development of upstream and downstream electronics manufacturing clusters and establishing of healthy trade linkages. The oils-to-metal conglomerate on Tuesday stated that, along with Foxconn Group, it will work “closely with the state government to establish high-tech clusters with requisite infrastructure, including land, semiconductor grade water, high quality power, logistics, and a skill ecosystem”.

The proposed semiconductor manufacturing fab unit will operate on the 28 nanometre (nm) technology (tech) nodes with wafer size 300 millimetre; and the display manufacturing unit will produce Generation 8 displays catering to small, medium, and large applications.

Vedanta Semiconductors’ Managing Director Akarsh Hebbar said semiconductors of 28 nm and 12-inch wafer will be the key tech product, given the global demand globally, especially across key industries such as smartphones, information and communications tech devices, televisions, notebooks, and electric vehicles.

“Currently, 100 per cent of semiconductors are imported in India. With this unit, we will be able to achieve import substitution of at least 25-30 per cent,” said Hebbar, adding that eventually the project will see six units, including two/three semiconductor and two/three display fab units in 20-25 years.

Earlier in February, the conglomerate had entered into a JV with Foxconn as part of its diversification into chip manufacturing.

Vedanta applied for the government’s ₹76,000-crore production-linked incentive scheme for development of semiconductors and display manufacturing ecosystem in India. Vedanta has reportedly submitted two proposals, including one for semiconductors as part of its JV with Foxconn, and second on its own for a display fabrication unit. In July, the Gujarat government became one of the first states to announce a dedicated, subsidies-laden policy for semiconductor and display fab manufacturing.

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