

India's loss, Vietnam's gain: Apple's Chinese vendor changes plan

Component maker redirects investment of \$330 mn

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New Delhi, 16 November

Luxshare, one of Apple Inc's biggest Chinese component and finished products manufacturer, is shifting its investment to Vietnam, after it failed to expand in India due to political tensions between the two countries.

After several failed attempts to expand its operations in India for nearly three years, Luxshare, Apple's main supplier for AirPods and an upcoming supplier for iPhones, has decided to shift a new investment of \$330 million to the northern province of Bac Giang in Vietnam. The licence for the investment was cleared last week by the Vietnam government. This raises its total investment in Vietnam to \$504 million.

The move comes at a time when Apple Inc has been able to bring Indian companies like the Tatas into its supply value chain. The Tatas recently acquired contract assembler Wistron, moving from being just a supplier of enclosures for the iPhone.

Luxshare did not respond to queries in this regard and neither did Apple Inc.

The Chinese company, founded by Wang Laichun, a former factory worker in Foxconn, Luxshare established its office in India in 2019. It agreed to buy a defunct plant in Tamil Nadu from mobile phone maker Motorola in 2020 for which it signed an agreement with the Tamil Nadu government and promised to invest ₹750 crore for making components for Apple Inc.

But the strained relations between India and China stymied its plan to make fresh investments in the country. Its foreign direct investment (FDI) clearance did not come through either.

Sources aware of the development say that Luxshare executives were refused visas on multiple occasions in the last one year.

PLAN UPDATE

- Luxshare has made several failed attempts to expand its operations in India for nearly three years
- Strained India-China relations thwarted its plan to make fresh investments in the country
- The licence for new investment was cleared last week by the Vietnam government
- Luxshare total investment in Vietnam now stands at \$504 million
- In Vietnam, it will produce cables for smartphones, communication equipment, touch phones, smart positioning tags, and smart watches



In 2023 a limited window opened up for Chinese companies in which 14 firms, including Luxshare, were given an initial clearance, provided they went for joint ventures. This did not help either.

That things were not going in the right direction was clear when the company in May reportedly said that it would only invest in India provided it had sufficient guarantees on the country's business environment.

Founded in 2004, Luxshare was listed in the Shenzhen Stock Exchange in 2010 and is now giving Foxconn a run for its money when it comes to the deals it is striking with Apple Inc. It is already regarded as one of the top technology assemblers in China and its big feat was bagging the manufacturing contract for Apple's soon-to-be-launched Mixed Reality Vision Pro handset unveiled in September this year.

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WC final...

“I would not have missed this final for anything. The atmosphere in the stadium in Ahmedabad was electric on the day India took on Pakistan. We were all singing and dancing. And we hope to recreate that atmosphere this coming Sunday also,” he says, while adding, “I spent a lot of money on travel and train tickets this year and will now be staying at a friend’s place in the city to save on hotel fare.”

As the nation holds its breath to see who lifts the Cup on Sunday, the travel industry has emerged as an early winner.

UCO Bank...

The bank has reported a 20.4 per cent decline in its net profit for the quarter ended September at ₹402 crore on a decrease in non-interest income and a rise in operating expenses. Sequentially, the Kolkata-based public-sector lender's profit went up 79.7 per cent in Q2, from ₹223 crore in the year-ago period.

India's loss...

Its new investment in the 72-acre facility in Vietnam will produce cables for smartphones, communication equipment, touch phones, smart positioning tags and smart watches, according to a statement by the Vietnamese government. The facility will be ready in two years.

Last year, BYD, another big supplier for Apple in China, after making several attempts to expand their operations in India, met with the same fate as Luxshare.

BYD attempted to build an iPad assembly line in India in February 2021, and before that, had tried to participate in the smartphone production-linked incentive scheme (PLI) in 2020. Post the Galwan incident between India and China, it faced rejections when it tried to expand its operations in the country. Eventually, BYD too decided to shift its iPad manufacturing to Vietnam.

In May 2023, it announced an investment of \$183.7 million, including lines specialising in manufacturing electronic components as part of its total investment of \$269 million in Vietnam. It has become increasingly clear to Apple Inc that its Chinese vendors will

find it difficult to expand in India, or even form joint ventures, which was an option floated for a short period of time in 2022. Apple has, therefore, turned to companies such as the Tatas, not only for manufacturing components for the iPhone, but also for making the iPhone itself.

JSW Infra...

“Once developed, the Keni port is expected to crucially address the rising import and export trade momentum of the region,” Maheshwari said.

The proposed port, strategically located between Mormugao Port (Goa) in the north and New Mangalore Port in the south, aims to handle capesize vessels and cater to industries in the region. It can handle cargo up to 200,000 tonnes. The Keni Port is expected to primarily capture coal and coke cargo for steel, cement, and power plants, supported by iron ore, limestone, dolomite handling, and export of finished steel products.

According to the Karnataka Maritime Perspective Plan, the state’s hinterland potential is projected to increase from 44 mtpa to 117 mtpa by 2035.

RBI raises...

“There was relatively high growth in consumer credit and unsecured loans in the recent past. Increasing the risk weighting is one way to enhance the sensitivity of banks and NBFCs to strengthen internal resilience,” said Krishnan Sitaraman, senior director and chief ratings officer, CRISIL Ratings.

“With the risk weighting going up by only 25 per cent and the extent of portfolio impacted not being very substantial, we expect the impact on banks’ capital adequacy ratio to not be material. Also banks are well capitalised now and should not face much of an issue in managing the impact. The larger message here seems to be on being proactive in exercising caution and strengthening internal surveillance. In the past, we’ve seen relatively high loan growth in certain segments being followed by NPAs going up,” said Sitaraman.

During the October review of the monetary policy, RBI Governor Shaktikanta Das flagged the high growth of “certain components of personal loans” and said those were being closely monitored for any signs of incipient stress. He advised banks and NBFCs to