

# Tata in talks with 3 states for \$300-mn semiconductor unit

REUTERS

New Delhi, 26 November

**T**ata group is in talks with three states to invest up to \$300 million to set up a semiconductor assembly and test unit, two sources familiar with the matter said, as part of the conglomerate's push into high-tech manufacturing.

Tata is talking to Tamil Nadu, Karnataka, and Telangana and scouting for land for the outsourced semiconductor assembly and test (OSAT) plant, the sources said, declining to be identified as the matter is not public.

While Tata has previously said it would likely enter the semiconductor business, this is the first time news about the group's foray into the sector and its scale has been reported. An OSAT plant packages, assembles and tests foundry-made silicon wafers, turning them into finished semiconductor chips.

Tata has looked at some potential locations for the factory, one of the sources said, adding a venue was likely to be finalised by next month.

"While they (Tata) are very strong on the software side of things ... hardware is something they want to add to their portfolio, which is very critical for long-term growth," the source said.

Tata group and the three states did not respond to requests for comment.

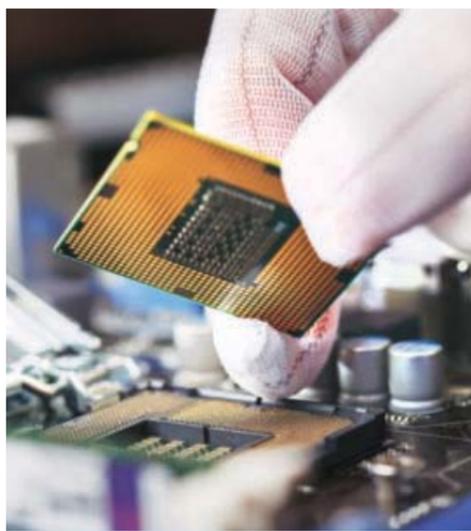
Tata's push will bolster Prime Minister Narendra Modi's Make in India drive for electronics manufacturing, which has already helped turn the South Asian nation into the world's second-biggest maker of smartphones.

The Tata group, which controls India's top software services exporter Tata Consultancy Services and has interests in everything from autos to aviation, plans to invest in high-end electronics and digital businesses, its Chairman N. Chandrasekaran has previously said.

Potential clients of Tata's OSAT business include companies such as Intel, Advanced Micro Devices, and STMicroelectronics.

The factory is expected to start operations late next year and could employ up to 4,000 workers, the source said, adding availability of skilled labour at the right cost was key to the long-term viability of the project. "Once Tata starts, the ecosystem will come around ... So it's very critical to find the right place from a labour standpoint," the source said. Separately, Tata is building a high-tech electronics manufacturing facility in Tamil Nadu.

Semiconductor chips are used in a variety of functions, which play a critical part in the



## PUSH FOR HIGH-TECH MANUFACTURING

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production of internal combustion engines. Besides, they are an integral part of all kinds of sensors and controls in any vehicle. Passenger vehicle sales have been badly hit over the past few months owing to the shortage of semiconductors globally. Industry executives said while there is no certainty how long the shortage will last, they are better prepared to handle production, taking steps like reducing chips in cars.