

L&T Semicon goes local on chip backend

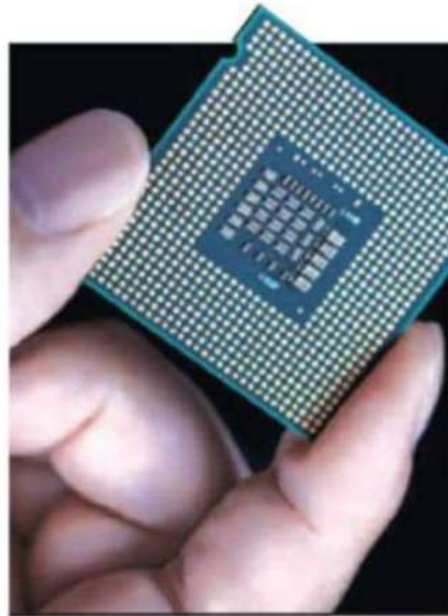
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L&T Semiconductor Technologies (LTSCT), a fabless semiconductor design company (a company that designs chips but outsources manufacturing), is shifting its outsourced semiconductor assembly and test (OSAT) operations from overseas to India. It is already working with Tata Electronics, among others, as the latter prepares to begin commercial operations in the country. The reason, the company says, is that Indian OSAT players are globally cost-competitive.

Speaking to *Business Standard*, Sandeep Kumar, chief executive officer of LTSCT, said, "We are already moving our OSAT operations for assembling chips to India because it is globally competitive. Of the 500 semiconductor package types, the OSAT players in India probably cover around 50. For the rest, we still have to go abroad. But Indian players are also broadening their capabilities."

However, Kumar said the company's chip designs are currently fabricated at semiconductor fabrication (fab) plants in the US, Taiwan, and Japan. Asked whether it would



Big semicon play

- Shifting OSAT operations for its chip designs to India
- Already working with Tata Electronics at its OSAT facility, which is preparing for commercial production
- Will consider fabricating chips in India once domestic fabs become operational, provided pricing is globally competitive

shift fabrication to India once Tata Electronics' semiconductor fab plant becomes operational in mid-2028, Kumar said, "As a fabless design company, I don't have any attachment to a particular location. I would prefer to build them at Tata's fab, but if the pricing is such that I don't make money, I will go elsewhere. If it is competitive, we will build here."

Kumar argued that Chinese semiconductor fab plants are able to offer aggressive pricing because they have received generous government subsidies. "The Indian government has also subsidised semiconductor fab plants by up to 70 per cent of the project cost. Whether Tata will pass on that cost advantage to cus-

tomers or retain it to recover its investment, I don't know," Kumar added.

The company expects to break even over the next two years. It has already invested \$100 million in chip design, with an average investment of \$30 million for each chip. Kumar said, "We expect to do so in two years with revenues of \$150-200 million. Our focus is on three areas — power electronics, compute products, and mixed-signal products."

The company designs chips ranging from 12 nanometre (nm) to 95 nm. The fabless company designs chips in-house, outsources fabrication, and sells them globally across India, the US, Japan, Europe, and Taiwan.