

Quote By Devroop Dhar, India CEO & Co-founder, Primus Partners

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## CG Powers Chip Plans Rocked by Turmoil at Wafer Co Wolfspeed

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Wolfspeed's impending bankruptcy will cause supply disruptions globally: Expert

Dia Rekhi

**Chennai:** Reports of a likely bankruptcy filing by US-based silicon carbide (SiC) wafer maker Wolfspeed are sending shockwaves through the global semiconductor industry and could impact Murugappa group-owned CG Power's upcoming outsourced semiconductor assembly and test facility (OSAT) in Sanand, experts told ET. Japan's Renesas Electronics, CG Power's partner for the project, has a long-term \$2-billion SiC wafer supply agreement with Wolfspeed, which is now reportedly on the brink of default.

Since Renesas has already made advance payments under the contract, it risks a financial setback besides supply disruptions. CG Power's OSAT facility, which was betting on demand from Renesas, may face headwinds as a result, experts explained.

"Wolfspeed's impending bankruptcy will cause supply disruptions globally including Japan, China and even India," said Danish Faruqui, CEO of US-based semiconductor investment advisory Fab Economics. "If Wolfspeed undergoes bankruptcy proceedings, Renesas will face significant accounting losses to recognise impairment losses because it will likely struggle to recover the advance payment of \$2 billion."

This, he added, may hamper Renesas' ability to continue supporting global JVs with the vision of expanding production capabilities.

Wolfspeed, in a recent SEC filing, said "substantial doubt exists" about its ability to continue as a going concern. Within three days of that, Renesas reportedly decided to halt in-house production of SiC power chips, Faruqui noted.

"There is a high possibility of a bankruptcy filing which shall not

#### IN DIRE STRAITS



- **Renesas had a long-term \$2 billion SiC wafer supply agreement with Wolfspeed**
- **This is now poised for default even though it's prepaid**
- **Apart from supply disruptions, Renesas is likely to head for a financial downturn**
- **This spells trouble for CG Power's OSAT which was majorly relying on demand from Renesas**

PABLO PICASSO, *Portrait of a Woman with a Hat*

only be a setback to Renesas but also for its downstream partners like CG Power's OSAT," he said.

Queries sent to CG Power and Renesas remained unanswered as of press time Thursday.

Devroop Dhar, cofounder and board member at Primus Partners, agreed that the development could impact the CG Power venture at least in the short term.

"A lot will depend on the kind of financial hit that Renesas takes and how much time they take to rebound," he said.

"If Renesas is going to be down for a long time, then CG Power's plant would really have to be completely reassessed because both from a technology and demand perspective, they are dependent on Renesas as the STMicroelectronics is only an OSAT partner. They are not going to bring any design, capability or demand."

CG Power holds a majority 92.3% stake in the joint venture OSAT, with Renesas holding 6.8%.



**DANISH FARUQUI**  
CEO, Fab Economics



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