

**File No. 17/09/2021 - IPHW-MeitY**  
**Government of India**  
**Ministry of Electronics and Information Technology (MeitY)**  
**IPHW Division**

**Dated:** 14.07.2023

**Subject: Guidelines for the Operation of Production Linked Incentive Scheme - 2.0 for IT Hardware**

**1. Background**

- 1.1.** The Production Linked Incentive Scheme (PLI) for IT Hardware (hereinafter referred to as ‘Scheme’) was notified vide notification No. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021.
- 1.2.** The Production Linked Incentive (PLI) Scheme 2.0 for IT Hardware (hereinafter referred to as ‘Scheme’) has been notified vide notification No. CG-DL-E-30052023-246165 dated 29<sup>th</sup> May 2023.
- 1.3.** In pursuance of para 13 of said notification and for the effective operation and smooth implementation of the Scheme, the following guidelines are being laid down that are to be read along with the scheme. In case of any inconsistency between the scheme and the guidelines, the provisions of the scheme shall prevail.
- 1.4.** These guidelines have been prepared after detailed consultations with industry and other relevant stakeholders.

**2. Definitions**

- 2.1. Applicant:** An Applicant for the purpose of the Scheme is a company registered in India, proposing to manufacture goods covered under the Target Segment, and making an application for seeking approval under the Scheme. The applicant can operate new and/ or existing manufacturing facility(ies) to manufacture said goods. The aforesaid manufacturing can be carried out at one or more locations in India.
- 2.2. Application:** Application submitted by an applicant to Project Management Agency (PMA)/ MeitY as per the Application Form prescribed at **Annexure 3** of these Guidelines containing requisite information, along with supporting documents and application fee.

- 2.3. Application Approval Date:** The date on which, based on an application, approval under the Scheme is issued by the Project Management Agency (PMA).
- 2.4. Application Window:** Time period allowed for filing of applications. In accordance with Para 6.1 of the Scheme, the Application Window shall be till 31<sup>st</sup> July 2023 initially which may be extended and/ or reopened based on response from the industry.
- 2.5. Base Year:** FY 2022-23 shall be treated as the base year for computation of net incremental sales of manufactured goods for applicants opting for incentive on incremental sales of FY 2023-24. If an applicant opts for incentive on incremental sales of FY 2024-25 or FY 2025-26, in such cases FY 2023-24 and FY 2024-25 shall be treated as the base year respectively.

For applicants, opting to migrate from existing PLI Scheme for IT Hardware notified vide notification no. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021, refer clause 10.

- 2.6. Competent Authority:** Competent Authority under the Scheme shall be defined as per OM F. No. 32(03)/PF-II/2020 dated 01.10.2020 issued by Department of Expenditure, Ministry of Finance, or any subsequent modifications thereof.
- 2.7. Domestic Company(ies):** Domestic Company(ies) shall be defined as those which are owned by resident Indian citizens as defined in the FDI Circular of 2020. A company is considered as ‘Owned’ by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and / or Indian companies, which are ultimately owned and controlled by resident Indian citizens.
- 2.8. Domestic Value Addition:** Domestic Value addition shall be computed as below (A divided by B):
- A. Net Sales minus value of non-originating Material and Services used in manufacturing.
  - B. Net Sales
- 2.9. Electronics Hardware products / sub-assemblies / components:** Electronics Hardware products for the purpose of the Scheme shall mean mobile phones, telecom products, IT hardware products (including

desktops and target segment under the scheme), and their sub-assemblies and components. However, only target segments mentioned in para 2.26 are eligible for incentive under PLI Scheme 2.0 for IT Hardware.

- 2.10. Eligible Product:** Goods manufactured in India and covered under the Target Segment with invoice value as applicable to the respective categories of applicants as defined in **Annexure 1** of these Guidelines.
- 2.11. Employment:** Jobs which are directly involved in the production process or with related activities beginning from when materials enter a production facility and up until the resultant manufacturing good leaves the production facility. Such employment shall include on-roll, contractual and apprentice workforce in the country only.
- 2.12. Empowered Group of Secretaries (EGoS):** EGoS is the Committee chaired by the Cabinet Secretary. The EGoS will monitor the Scheme, undertake periodic reviews of the outgo under the Scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.
- 2.13. Financial Year:** Financial Year (FY) begins on the 1<sup>st</sup> of April of a year and ends on 31<sup>st</sup> March of the following year.
- 2.14. Force Majeure:** Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable / seasonal rain and any other events specifically excluded).
- 2.15. Group Company(ies):** Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:
- Exercise twenty-six percent or more of voting rights in other enterprise; or
  - Appoint more than fifty percent of members of board of directors in the other enterprise.

As defined in the FDI Policy Circular of 2020.

- 2.16. Incremental Investment:** Investment made in India as under:
- (i) For applicants already approved under PLI Scheme for IT Hardware notified vide notification no. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup>

March 2021 and migrating to PLI Scheme 2.0 for IT Hardware, the investment made from 1<sup>st</sup> April 2021 (refer clause 10 of the Scheme Guidelines)

- (ii) For other applicants, investment made on or after 1<sup>st</sup> April 2023
- (iii) In case application window is reopened for inviting application again, the cut-off date for eligibility of investment shall be specified accordingly in the notification that will be issued for reopening the application window.

**2.17. Investment:** “Investment” as mentioned in Para 5.2 of the Scheme shall mean:

- (i) Expenditure incurred on Plant, Machinery, Equipment and Associated Utilities: This shall include expenditure on plant, machinery, equipment, and associated utilities as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components, and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging, or processing of any of the goods covered under the Target Segment. It shall also include expenditure on packaging, freight / transport, insurance, and erection and commissioning of the plant, machinery, equipment, and associated utilities. Associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water & power supply, and control systems. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software, and ERP solutions. All non-creditable taxes and duties would be included in such expenditure.
- (ii) Expenditure incurred on Research and Development (R&D): Capital expenditure on R&D and product development related to the Target Segment. The term “related” here refers to all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. Such expenditure shall include expenditure on in-house and captive R&D, directly attributable to goods covered under the Target Segment, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. Such expenditure shall include test and measuring instruments, prototypes used for testing, purchase of design tools, software cost (directly used for R&D) and license fee,

expenditure on technology, IPR, Patents and Copyrights for R&D. All non-creditable taxes and duties would be included in such expenditure.

- (iii) Expenditure related to Transfer of Technology (ToT) Agreements: This shall include cost of technology and initial technology purchase related to goods covered under the Target Segment. All non-creditable taxes and duties would be included in such expenditure.
- (iv) Expenditure incurred on Land and Building: The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered for determining eligibility under the Scheme.

**2.18. Invoice Value:** Unit Price charged on an invoice raised by an applicant on sale of manufactured goods, net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), or any other adjustments/ refunds to customers against sales consideration and applicable taxes.

It is clarified that in for export sales:

- (i) Value of invoices issued under GST rules as per exchange rate notified by CBIC shall be considered (refer rule 34 of CGST Rules). In case company is not issuing GST invoices as per rate notified by CBIC, the prevailing exchange rates as on the date of GST invoice shall be considered.
- (ii) Free on Board (FOB) value of export sales will be considered. FOB value shall be considered as per books of accounts, if the actual sales terms with buyer is on FOB basis. If the actual sales terms are other than FOB basis, lower of sales values as per book of account or FOB sales value as per shipping bill, filed for the purpose of export, shall be considered.

**2.19. Manufacturing:** In accordance with Central Goods and Services Tax (CGST) Act, 2017; manufacturing shall mean processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly

- 2.20. Net Incremental Sales:** Net Sales of Manufactured Target Segment Goods over a given period minus the Net Sales of Manufactured Target Goods over the corresponding period in the Base Year.
- 2.21. Net Sales:** Gross sales net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), any other adjustments/ refunds to customers against sales consideration, applicable taxes, expenses pertaining to advertisement and sales promotion, and brand royalty.
- 2.22. Non-Originating Material and Services:** Material and Services whose country of origin is other than the country in which that material / service is used in manufacturing and any material / service whose origin cannot be determined.
- 2.23. Project Management Agency (PMA):** Refers to the Financial Institution(s) or any other authority(ies) appointed by MeitY to act on its behalf for receipt and appraisal of applications, determination of baselines, verification of eligibility and examination of disbursement claims through any method/ document deemed appropriate and for managing the above-mentioned in accordance with these Guidelines.
- 2.24. Related Party(ies):** The term related party shall be as defined in Accounting Standard-18: Related Party Disclosures or Indian Accounting Standard (Ind-AS)-24 Related Party Disclosure, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.
- 2.25. Successor-in-Interest:** Successor-in-Interest shall mean the new or re-organized entity formed after the merger, demerger, acquisition, transfer of business or significant change in ownership of an applicant.
- 2.26. Target Segment:** In accordance with Para 4 of the Scheme, the Target Segment shall include (i) Laptops (ii) Tablets (iii) All-in-One PCs (iv) Servers and (v) Ultra Small Form Factor (USSF), manufactured in India and complete in all respect for sale to consumers.

For **Servers** to be eligible under the Scheme, applicants shall use firmware from Indian sources or other trusted foreign sources as certified by MeitY.

### **3. Qualification Criteria and Selection under the Scheme**

- 3.1.** There are three categories for applications viz (i) Global Company (ii) Hybrid (Global/ Domestic) Company and (iii) Domestic Company.

A Domestic Company, as defined in clause 2.7 of Scheme Guidelines, may apply under the Category: (i) Domestic Company or (ii) Hybrid (Global/ Domestic) company.

Any company other than Domestic Company can apply under the Category: (i) Global Company or (ii) Hybrid (Global/ Domestic) Company.

- 3.2.** The applicants may apply under any category as mentioned above as their Primary Preference and/ or Secondary Preference. In case, an applicant is not selected in the category applied as Primary Preference, the application shall be assessed in the category applied as Secondary Preference.

- 3.3.** For the purpose of qualification criteria, the revenue of **FY 2021-22** shall be considered irrespective of 1<sup>st</sup> year of incentive opted by the applicant. Eligibility shall be subject to qualification criteria as under:

(i) **For application under Global Companies:** Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies) should be greater than INR 5,000 crore for the target segment or greater than INR 10,000 crore for electronics hardware products/ sub-assemblies/ components.

(ii) **For application under Hybrid (Global/ Domestic) Companies** qualification criteria shall be as under:

a. **Global Companies:** For a company to qualify as Global company under hybrid category, Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies) should be greater than INR 5,000 crore for the target segment or greater than INR 10,000 crore for electronics hardware products/ sub-assemblies/ components.

b. **Domestic Companies:** For a domestic company to qualify under hybrid category, Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies) should be greater than INR 10 crore for the target segment or greater than INR 20 crore for electronics hardware products/ sub-assemblies/ components.

- (iii) **For application under Domestic Companies:** Consolidated Global Manufacturing Revenue of the applicant (including its Group Companies) should be greater than INR 10 crore for the target segment or greater than INR 20 crore for electronics hardware products/ sub-assemblies/ components.
- 3.4.** In case of brand owners manufacturing themselves and/or engaging contract manufacturers for production of Target Segment Goods/ Electronics Hardware Products/ Sub-assemblies/ Components, sales of such items by brand owners may be considered as manufacturing revenue of brand owners for the purpose of Qualification Criteria.
- 3.5.** The applicant shall submit a self-certified statement of consolidated global revenue for FY 2021-22 in the format prescribed in **Annexure 4**. If any company is following calendar year, the revenue shall be calculated by applicant on financial year basis.
- 3.6.** Any applicant meeting either of the revenue threshold mentioned in para 3.3 shall be eligible for consideration. However, ranking of all the applicants shall be done in the order of Global Manufacturing Revenue of Electronics Hardware Products/ Sub-Assemblies/ Components, irrespective of the category in which application has been made.
- 3.7.** The indicative budgetary allocation for the Category (i) Global Companies and (ii) Hybrid (Global/ Domestic) Companies is ₹ 15,544 crore and for the category: Domestic Companies is ₹ 1,395 crore.
- 3.8.** While filing the applications under the Scheme, the applicant shall provide the estimates of their sales projection, localisation plan and annual incentive projection. The incentive projection provided by the applicant, shall be considered for arriving at the budgetary allocation for each applicant and number of eligible applicants shall be selected accordingly within overall budgetary outlay of the Scheme.
- 3.9.** In case the available budget for any applicant is lower than incentive projection as per application, the applicant may be given an option to accept approval with available budget. Such applicant shall, however, be required to meet the threshold applicable for the category in which application was made.



- 3.10.** In case, there is saving of budget in any category, such saving may be utilised for another category, if eligible applicants are available under that category.
- 3.11.** The ranking of applicant shall be done based on the Global Manufacturing Revenue of electronics hardware products/ sub-assemblies/ components. For example:

Applicant Name	Class of Company	Category (Primary Preference)	Global Manufacturing Revenue of		Ranking
			Electronics hardware products/ sub-assemblies/ components (Clause - 2.9)	Target Segment (Clause - 2.26)	
Company A	Global	Global Companies	18000	17000	1
Company B	Global	Hybrid Companies	17000	16000	2
Company C	Global	Global Companies	16000	15000	3
Company D	Domestic	Hybrid Companies	15000	14000	4
Company E	Global Company	Hybrid Companies	7000	4500	Not Eligible
Company G	Global Company	Hybrid Companies	8000	5200	5
Company F	Domestic Company	Domestic Company	7000	5500	6
Company H	Domestic	Domestic Company	100	50	7

In the above table, Company E is not meeting any revenue threshold criteria applicable for its calls of company and therefore is not eligible.

Applicants A to D and F to H are eligible as they are meeting either of the two-revenue threshold criteria, applicable for their class of companies.

The ranking of eligible applicants has been done based on the Global Manufacturing Revenue of electronics hardware products/ sub-

assemblies/ components irrespective of class of company or category in which application was made.

The applicant will be selected in the order of ranking, for the category (i) Global Companies and (ii) Hybrid (Global/ Domestic) Companies against the collective budget available for these categories. Accordingly, applications of A, B, C, D and G shall be considered in the order of their ranking.

The application F and H shall be considered under the category: Domestic Companies within budgetary outlay available for this category, in the order of their ranking.

If savings are available under any category, the same may be used to select applicants under another category. If Primary Preference of any applicant could not be approved due to budgetary constraints, the application shall be assessed for category applied as Secondary Preference, within available budgetary outlay.

#### **4. Incentive Period**

**4.1.** The incentive shall be given for a period of 6 years during Scheme Tenure. The applicants shall have option to select the 1<sup>st</sup> year for which incentive is to be claimed and applicable period shall be consecutive 6 years. For applicants migrating from existing PLI Scheme, please refer clause 10 of the Scheme Guidelines.

**4.2.** For FY 2023-24, the applicable period shall be from 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2029. For applicants, selecting FY 2024-25 or 2025-26 as first year of incentive, the applicable period shall be from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2030 and 1<sup>st</sup> April 2025 to 31<sup>st</sup> March 2031 respectively.

For migrated applicants, please refer Para 10.

**4.3.** It is clarified that, for applicants selecting FY 2023-24 as first year of incentive claim, applicable threshold of incremental sales shall be as under:

- (i) For the period from 1<sup>st</sup> July 2023 to 31<sup>st</sup> March 2024, incremental threshold sales criteria shall be 3/4<sup>th</sup> of the minimum incremental sales threshold applicable for first year i.e. INR 750 crore for the Category: Global Companies, INR 375 core for Hybrid (Global/ Domestic) Company and INR 37.50 crore for Domestic Company.

- (ii) For 1<sup>st</sup> April 2029 to 30<sup>th</sup> June 2029, incremental threshold sales criteria shall be 1/4<sup>th</sup> of the minimum incremental sales threshold for 6<sup>th</sup> year i.e. INR 3,750 crore for the Category: Global Companies, INR 1,875 crore for Hybrid (Global/ Domestic) Company and INR 125 crore for Domestic Company. The rate of incentive applicable for Year 6 shall apply for incentive calculation.

## **5. Eligibility Criteria for Incentive Claims**

- 5.1.** The incentive shall be given on the sales of Target Segment Goods manufactured in India by the applicant or through a contract manufacturer of applicant.
- 5.2.** An applicant must meet eligibility threshold criteria of ‘Incremental Investment (with or without relaxation provided in 5.7 to 5.9)’ and ‘Net Incremental Sales’ of Manufactured Target Segment Goods over the base year as defined in **Annexure I**, to be eligible for incentive for the year under consideration.
- 5.3.** In case an applicant does not meet threshold criteria of ‘Incremental Investment (with or without relaxation provided in 5.7 to 5.9)’ and ‘Net Incremental Sales’ for any given year, the applicant shall not be eligible for incentive in that particular year. However, the applicant will not be restricted from claiming incentive in subsequent years during the tenure of the Scheme, provided eligibility criteria are met for such subsequent years.

## **Incremental Sales**

- 5.4.** For the purpose of determining eligibility of an applicant (for all the categories of application) with respect to ‘Net Incremental Sales’ for any year, the net sales of Target Segment goods manufactured in India for such year over the Base Year shall be considered, irrespective of Invoice Value.

Further, sales of Target Segment Goods manufactured in India by applicant or through contract manufacturer shall be considered for eligibility threshold, irrespective of whether such sales meets the criteria of minimum localisation or not.

- 5.5.** It is clarified that for the purposes of incentive calculation, sales of Target Segment Goods/ Eligible Products manufactured in India and complying

with the criteria of minimum localisation over base year sales shall be considered.

For Example:

- (i) Applicant A makes application for Laptops and the manufacturing sales of laptops in base year was Rs. 100 crore. In the Year -1 manufacturing sales of Laptops is Rs. 2000 crore out of which PCBA has been carried on sales of Rs. 1100 crore.

In such case, for the purpose of eligibility threshold criteria of incremental sales, incremental sales of Rs. 1,900 crore shall be considered.

However, for incentive calculation, incremental sales shall be Rs. 1,000 crore.

- (ii) In the same example, in Year – 2, total manufacturing sales is Rs. 3,000 crore out of which PCBA was carried on sales of Rs. 2,500 crore. Further, one component was localised during the year and out of sales of Rs. 2,500 crore, localised component was used in sales of Rs. 500 crore.

In such case, for the purpose of eligibility threshold criteria of incremental sales, incremental sales of Rs. 2,900 crore shall be considered.

However, for incentive calculation, incremental sales shall be Rs. 2,400 crore (since localisation of component is allowed anytime during the year, sales with PCBA is eligible in Year -2). Incentive for PCBA and Assembly shall be given on sales of Rs. 2,000 crore and incentive for PCBA, Assembly and localised component shall be given on the sales of Rs. 400 crore (as per Para 18.1 (b)).

- 5.6.** It is clarified that the baseline sales and incremental sales for incentive shall be considered only for those Target Segment goods for which application was made and approval was granted by MeitY.

For example, an applicant is manufacturing (i) Laptops (ii) Servers and (iii) Tablets. But application under the Scheme was filed only for (i) Laptops and (ii) Tablets. In this case, the sales of (i) Laptops and (ii) Tablets shall only be considered in base year as well as in incentive claim year for calculation of incremental sales for the purpose of both eligibility and incentive.

### **Incremental Investment**

- 5.7.** For the purpose of determining eligibility of an applicant with respect to ‘Incremental Investment’ for any year, the cumulative value of investment done till such year (including the year under consideration) from the cut-off date as defined in para 2.17 shall be considered.
- 5.8.** In case there is a shortfall (X%) in cumulative investment by an applicant for any year and shortfall is not more than 40% of the cumulative investment threshold applicable for that year, the applicant will be eligible to claim incentive, provided sales threshold and other conditions for eligibility of incentive have been complied with. In such cases, incentive for that year shall be held back by half of the % shortfall in investment (X/2%).
- 5.9.** In case, applicant meets cumulative investment target in subsequent year during the Scheme tenure, as applicable for that year, the incentive held back earlier will be released without interest.

For example,

An applicant is required to make cumulative incremental investment of ₹ 100 crore in Year – 2. However, cumulative incremental investment made by this applicant till Year -2 is ₹ 70 crore. In this case shortfall in cumulative investment vis-à-vis threshold criteria is 30%. The incentive for Year 2 shall be subject to deduction of 15% of incentive payable, if applicant is meeting all other the conditions and eligibility criteria.

If the cumulative incremental investment threshold for Year -3 is ₹ 150 crore and applicant make cumulative incremental investment of ₹ 150 crore in Year -3, the amount deducted from incentive paid in Year -2 shall be refunded without interest.

#### **Localisation of Components/ Sub-Assemblies**

- 5.10.** The applicant is required to localize at least PCBA (PCB Assembly) and assembly of Target Segment Finished Goods from the first year. Accordingly, In the first year, manufacturing sales on which Assembly and PCBA has been carried shall only be considered for incentive claim.

Thereafter, one component/sub-assembly as given in Annexure 2 is required to be localised anytime during each subsequent financial year. (Annexure, page 54)

- 5.11.** To promote early localisation, it is provided that if an applicant does localisation of more than one component/ sub-assemblies in any year, the localisation in excess of one component/ sub-assembly may be considered for compliance with this clause in subsequent year(s).
- 5.12.** The date of localisation of component shall be considered based on the date of first sales invoice of the finished Target Segment Goods, in which the same has been used.
- 5.13.** Incentive offered for localization of each component/ assembly shall be as per rates given in Annexure 2, for respective years during Scheme Tenure. The incentive for any localised component shall be given on the sales from the date of localisation of such component.
- 5.14.** The eligibility of sales with minimum localisation requirement shall be considered at product level for which approval was granted under the Scheme.

**For example**

A company was approved for (i) Laptops and (ii) Tablets. In case, the Company comply with minimum localisation requirements for laptops but not for tablets. The sales of laptop meeting minimum localisation requirements shall be eligible for incentive, subject to compliance with other conditions.

- 5.15.** Once a component/ sub-assembly has been localised and incentive has been claimed on the same, manufactured Target Segment goods sales shall be considered eligible for incentive only if such localised components/ sub-assembly have been used in such sales.

It is clarified that, if any applicant has done localisation of components/ sub-assemblies in excess of mandatory localisation applicable for any year and subsequently any such localised component is discontinued . In such a case, the sales will be considered for incentive if minimum localisation applicable for that year is complied with. Incentive shall not be granted on the component discontinued in that year.

**For Example:**

- a) An applicant localises component A in Year – 1 from 1<sup>st</sup> January. Thereafter, any manufacturing sales not containing component A shall not considered for eligibility for incentive.

b) An applicant localises component A and B in Year – 1 and subsequently in Year – 2, product B is discontinued from 1<sup>st</sup> July 2023. The sales shall be considered as eligible as in Year 2 only one component has to be localised. However, incentive shall not be allowed on Component B in Year -2.

**5.16.** Any component/ sub-assembly shall be considered as localised after meeting the requirement of local content/ value addition as per Public Procurement (Preference to Make in India) Order W-43/4/2019-IPHWMeitY dated 07.09.2020, as amended from time to time.

**5.17.** In case localisation of component/ sub-assemblies are done through contract manufacturer/ supply chain partner, the applicant shall be responsible for ensuring that the contract manufacturer/ supply chain partner is actually producing the component/ sub-assembly in India in compliance with para 5.11 of the Scheme Guidelines. The applicant shall provide a declaration from the component supplier as per **Annexure 12**.

#### **Incentive Ceilings & Distribution of Savings**

**5.18.** The annual incentive projection provided by the applicant shall become the annual ceiling of incentive for respective financial year. To bring discipline in the projections and ensure realistic targets, it is provided that in case actual incentive claimed by applicant for any year is lower than incentive projection for that year, the incentive claims for that year shall be deducted by:

- (i) 5% of the incentive payable, if the shortfall is more than 25% and upto 50% of the incentive projection.
- (ii) 10% of the incentive payable, if the shortfall is more than 50% of the incentive projection.

It is clarified that in case no incentive is payable for that year, there shall be no penalty or recovery on account of this clause.

**5.19.** There will be an overall ceiling on incentive payable to any applicant during Scheme tenure, including incentive on over performance and incentive received under PLI Scheme 1.0 notified vide notification dated W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021, if any. The ceiling will be ₹4,500 Crore for Global companies, ₹2,250 Crore for Hybrid (Global/Domestic) companies and ₹500 Crore for Domestic companies.

**5.20.** In case there is a saving of incentive in any particular year due to lower claim of incentive by some applicants or any other reason, such unutilised incentive may be awarded to the applicants who have over performed their annual incentive projections for the same year. The over performance may be due to any reason like higher sales or early localisation of components/sub-assemblies. The distribution of savings shall be calculated as under:

- (i) In case, savings under the Scheme in any year are more than incentive payable on over performance, entire incentive over and above the annual ceiling shall be paid subject to ceiling mentioned in para 5.19 .

If the incentive claim by some applicants is lower by ₹ 100 crore from their annual incentive projections and Applicant X and Applicant Y have claimed ₹50 crore and ₹30 crore over and above their incentive projections, respectively. Applicant X and Y both will be given additional incentive to the extent of their claim.

- (ii) In case, savings under the Scheme in any year are less than the incentive payable on over performance, the savings shall be distributed proportionately amongst the over performing applicants in the ratio of the incentive payable over and above annual ceiling to each applicant subject to ceiling mentioned in para 5.19.

If the incentive claim by some applicants is lower by ₹ 50 crore from their incentive projections and Applicant X and Applicant Y have claimed ₹ 50 and ₹30 crore over and above their incentive projections, respectively. The savings of ₹ 50 crore shall be distributed between Applicant A and B proportionately in the ratio of their additional incentive claim.

**5.21.** Eligibility under PLI Scheme shall not affect eligibility under any other scheme except as mentioned in Para 6.1(vi) and vice-versa.

## **6. Investment for Determining Eligibility**

### **6.1. General Terms and Conditions**

- (i) Investment as defined in **clause 2.17** of these Guidelines shall be considered for determining eligibility under the Scheme provided such investment is made on or before cut-off date as defined in **clause 2.16**.
- (ii) Expenditure on consumables and raw material used for manufacturing shall not be considered as Investment.



- (iii) For the purpose of cut-off date for incremental sales as per clause 2.17, the date of invoice would be considered as the date of investment under the Scheme.
- (iv) The heads of investment, based on which eligibility is being determined, must be capitalized in the books of accounts of the applicants or their contract manufactures.
- (v) For the purpose of determining eligibility of an applicant with respect to Incremental Investment, the investment considered under this Scheme shall not be considered for determining eligibility under any other PLI Scheme and vice-versa.
- (vi) In case applicant has availed benefit of incentive on investment under SPECS Scheme, such investment shall not be considered for the purpose of determining eligibility with incremental investment thresholds. This condition shall apply to investment made by contract manufacturer also, if contract manufacturer has availed benefit of incentive under SPECS Scheme on such investment.

## **6.2. Plant, Machinery and Equipment**

- (i) Expenditure incurred on Plant, Machinery & Equipment as defined in Para 2.18 (i) of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.
- (ii) Plant, machinery, and equipment must be purchased/ leased in the name of the applicant/ contract manufacturer. In cases where these are being leased, the lease should be in the nature of a financial lease within the meaning of Accounting Standard 19 – Leases or Indian Accounting Standard (Ind-AS) – 116 Leases, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.
- (iii) The used/ refurbished plant, machinery and equipment allowed under the Scheme shall have a minimum residual life of at least 5 years as per Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, amended vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018. Further, a valuation certificate by a Chartered Engineer assessing the value and residual life shall also be required. In case of import, such valuation should be in accordance with Customs Valuation Rules and Circulars. The value of

these plant, machinery and equipment shall be considered as lower of depreciated value (as per scale of depreciation fixed by Customs, whether these plant, machinery and equipment are imported or not) and the value assessed by Chartered Engineer (of India) or equivalent overseas chartered engineer.

- (iv) In such case that plant, machinery, equipment, tools, dies, moulds, jigs, fixtures and parts, accessories, components, and spares are located outside the premises of an applicant, appropriate undertaking(s) from the person having custody of these equipment / components along with valid legal agreement(s) for the said transaction(s) shall be obtained. These equipment / components should not be located outside the country. The format of the undertaking is placed at **Annexure 5**.
- (v) Plant, machinery, and equipment shall be procured / leased through legally valid documents after payment of applicable taxes and duties.
- (vi) The plant, machinery and equipment approved under the Scheme should be used in regular course for manufacturing of the goods under the Target Segment that are approved in the approval letter issued by PMA. This does not preclude the usage of such plant, machinery, and equipment for manufacturing of electronic goods other than the Target Segment. The applicant must submit a declaration as per **Annexure 6** about usage of plant, machinery, and equipment for each year during the period that such applicant is claiming incentive under the scheme.
- (vii) The PMA will rely on certificates from Chartered Engineer or any valuer registered with Insolvency & Bankruptcy Board of India, and valuation considered under Customs Rules, wherever applicable, for the purpose of determining reasonableness of cost.

### **6.3. Research and Development (R&D)**

- (i) Expenditure incurred on Research and Development as defined in Para 2.17 (ii) of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.
- (ii) The applicant shall provide a statutory auditor certificate and purchase agreements in respect of the cost of technology, IPRs, patents and copyrights.

- (iii) The software associated with R&D shall be procured / licensed through legally valid documents after payment of applicable taxes and duties.

#### **6.4. Transfer of Technology Agreements**

- (i) Expenditure incurred on Transfer of Technology Agreements as defined in Para 2.17 (iii) of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.
- (ii) The applicant shall provide a statutory auditor certificate in respect of expenditure related to Transfer of Technology Agreements.

#### **6.5. Associated Utilities**

- (i) Expenditure incurred on associated utilities as defined in Para 2.17 (i) of these Guidelines shall be considered as Investment for determining eligibility under the Scheme.
- (ii) The associated utilities will be capped at rates specified in the CPWD schedule of rates for items whose rates are available under CPWD schedule of rates. Wherever CPWD rates are not available, as certified by Chartered Engineer, the cost of assets as per books shall be considered.
- (iii) The applicant shall provide a statutory auditor certificate in respect of expenditure related to associated utilities.

### **7. Related Party Transactions**

- 7.1 All transactions with Related Parties will be subject to provisions of relevant statutes and Accounting Standard-18 as amended from time to time.
- 7.2 The basis of pricing and other terms for related party transaction should be approved by appropriate authority as per provision of Companies Act, 2013, as may be applicable to the applicant.
- 7.3 In case, applicant is required to file Form 3CEB, the pricing of transactions with related parties should be in line with the basis of pricing adopted for justification of arm's length price in Form 3CEB.

### **8. Contract Manufacturing Arrangement**

- 8.1 The applicants shall be allowed to localize the manufacturing of finished goods and sub-assemblies/ components through their domestic contract manufacturers and supply chain partners.

- 8.2 In case of contract manufacturing arrangements, incentive on sales of Target Segment goods shall be claimed only once either by the Brand Owner or Contract Manufacturer, even if both are applicants under the Scheme. The applicant will submit an undertaking (as per Annexure 14) that their contract manufacturer has not claimed incentive on this sale under any PLI Scheme.
- 8.3 The investment made by such contract manufacturers may be considered for eligibility of threshold incremental investment by applicant, subject to compliance with these Guidelines. The contract manufacturer has to give declaration as given in **Annexure 13**.
- 8.4 The arrangement of contract manufacturing shall be exclusive for PLI applicant (s) wherever investment of the contract manufacturer is to be considered for eligibility threshold of the incremental investment by an applicant.
- 8.5 In case of joint arrangement, the share of investment to be considered for each applicant shall be defined at the inception of arrangement. Further, it shall be the duty of applicant to ensure that investment claimed by all the applicants under the Scheme should not exceed investment made by contract manufacturer under any circumstances.
- 8.6 The applicant shall give prior intimation of the contract manufacturing arrangement with particulars of the contractor and necessary agreement with them. The eligibility for investment and localisation shall be considered from the date of such agreement or date of intimation to PMA, whichever is later. In case, date of intimation is within 90 days of the agreement, the date of agreement shall be considered.
- 8.7 At the time of intimation, applicant shall inform the name of contract manufacturer, address where investment is being made, product for which investment has been made, name of participants in the contract, roles and responsibilities of the parties to contract, commercial arrangement related to investment, estimated investment, project report/ capex details and investment sharing ratio, if any.
- 8.8 It shall be the duty of the applicant and the contract manufacturer to ensure that investment considered for PLI Scheme shall be kept separately identified with the name of PLI applicant (s).

- 8.9 In case any contract manufacturing arrangement is rescinded or terminated, the gross block of investment considered such contractor shall be excluded from cumulative eligible investment considered for eligibility under the Scheme for subsequent years, from the date of termination.
- 8.10 For continued consideration of the investment made by contractor manufacturer, it is required that the relevant contractual arrangement is valid and there is actual procurement of the products/ components/ sub-assemblies from such contractor during the year.
- 8.11 It shall be the responsibility of the applicant to ensure that all documentation associated with contract between applicant and contract manufacturer is made available to PMA.
- 8.12 It shall be the responsibility of the applicant to facilitate site visit and/ or furnishing requisite information/ documents/certificates as may be required under the scheme as and when required by PMA or its authorised representative.

**9. Approval of additional product within Target Segment**

- 9.1 During the Scheme tenure, applicant shall have option to include additional products from Target Segment, which were not included in the application with prior approval from MeitY. In such cases, the additional product may be considered from the next financial year, after the approval from MeitY.
- 9.2 In such cases, the baseline sales shall be revised if applicant was manufacturing such product in base year.
- 9.3 The requirement as to localisation of component/ sub-assemblies shall be applicable, as per Scheme.

**10. Migration from PLI Scheme for IT Hardware notified vide notification no. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021**

The provision related to migration of application from existing PLI Scheme for IT Hardware is summarised hereunder. The other clauses of Scheme Guidelines shall mutatis mutandis be applicable to those who will migrate to PLI 2.0. Any applicant approved under PLI Scheme for IT Hardware (hereinafter referred to as ‘approved applicants’) shall have following options:

**To continue with earlier Scheme:**

- 10.1 The approved applicants under PLI Scheme for IT Hardware notified vide notification no. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021 have option to remain in that Scheme. In such a case, such approved applicant or their Group Company will not be eligible to apply under PLI 2.0 Scheme.

**Migration to PLI Scheme 2.0 for IT Hardware (PLI 2.0):**

- 10.2 In case, any approved applicant or its Group Company is approved under PLI 2.0 Scheme, it has to withdraw its application from the earlier Scheme.
- 10.3 The application of such an approved applicant shall be considered as per Qualification Criteria under this Scheme and processed afresh for approval. Earlier approval shall not automatically be considered sufficient for migration to PLI 2.0 Scheme.
- 10.4 **Applicants not having claimed any incentive in earlier Scheme:** In case, an approved applicant has not claimed any incentive under the earlier Scheme, it will be treated as new applicant under this Scheme and the provision of Base Year, Incentive Rate, Localisation, Thresholds of Incremental Sales and Investment shall be applicable accordingly.
- 10.5 **Applicants having claimed any incentive in earlier Scheme:** Approved applicants under existing PLI Scheme have option to claim incentive of Year 1 and/ or Year 2 under that Scheme and migrate to PLI Scheme 2.0 for IT Hardware. In such cases, the provision of PLI Scheme 2.0 for IT Hardware shall be as under:
- (i) The first year under PLI Scheme 2.0 shall be considered as succeeding to the year for which incentive was actually claimed in existing PLI Scheme (Year 2 or Year 3, as the case may be).
  - (ii) The first year selected by applicant in PLI Scheme 2.0 for IT Hardware shall be considered 2<sup>nd</sup> or 3<sup>rd</sup> year of the Scheme (as the case may be) and threshold of incremental sales and investment shall be applicable accordingly.

If applicant selects FY 2023-24 as first year of incentive under this Scheme, applicable period of incentive shall start from 1<sup>st</sup> July 2023. Further, eligibility criteria for threshold incremental sales for 9 months in FY 2023-24 and 3 months in last year of incentive

claim, shall be adjusted in line with clause 4.3 of the Scheme Guidelines.

- (iii) The migrated applicant shall be required to follow the localisation requirement applicable for 2<sup>nd</sup>/ 3<sup>rd</sup> year as the case may be under PLI 2.0.
- (iv) For the first year under this Scheme, incentive rate of assembly for 2<sup>nd</sup>/ 3<sup>rd</sup> will be applicable and for PCBA and other components/ sub-assemblies, incentive rate applicable for first year shall be considered. In subsequent years, the incentive rate shall follow the downward trajectory accordingly.

**For example:**

If an applicant has claimed incentive for one year under the earlier PLI scheme for IT Hardware, the applicable incentive rate of assembly for 1<sup>st</sup> year will be 2% and for any other component sub-assembly rates applicable for 1<sup>st</sup> year under this Scheme shall be considered.

- (v) In case, applicant selects FY 2023-24 as 1<sup>st</sup> year of incentive, the Base Year shall be FY 2019-20 (as in case of earlier PLI Scheme). However, For approved global/ domestic applicant under PLI Scheme for IT Hardware 1.0 opting to migrate to Hybrid category under PLI Scheme 2.0, the base year for sales shall be at par with other new applicants, which is the year preceding the 1st year of incentive opted by the applicant under PLI 2.0. Investment shall be considered as per para 2.16 above.
- (vi) For applicants selecting FY 2024-25 or FY 2025-26 as first year of incentive under PLI Scheme 2.0 -IT Hardware, the preceding financial year shall be considered as base year. The applicable period of incentive shall be 1<sup>st</sup> April of the concerned Financial Year. Investment shall be considered as per para 2.16 above.
- (vii) Under any circumstances, the total years for which incentive shall be given under both the Schemes shall not exceed 6 years.

## **11. Application**

- 11.1. The Scheme shall be open for applications till 31<sup>st</sup> July 2023 which may be extended. The Scheme may also be reopened for applications anytime during its tenure based on response from the industry.
- 11.2. An application under the Scheme can be made to Project Management Agency (PMA)/ MeitY by any company registered in India.
- 11.3. The number of applications allowed per applicant and their group companies for support under the Scheme shall be restricted to one (1) including support under PLI Scheme for IT Hardware notified vide notification dated vide notification no. W-18/28/2020-IPHW-MeitY dated 3<sup>rd</sup> March 2021.
- 11.4. Each application shall be limited to one of the categories i.e. (i) Global Companies, (ii) Hybrid (Global/ Domestic) Companies or (iii) Domestic Companies
- 11.5. Incentives, at any point of time, will be limited to applications approved under the Scheme.
- 11.6. An application shall be made in the format provided in **Annexure 3** of these Guidelines.
- 11.7. On receipt of an application in the prescribed format, MeitY/ PMA will conduct an examination as to whether the application prima facie meets the criteria as prescribed in **Annexure 7** of these Guidelines. The aforesaid prima facie examination shall be completed within 15 working days from the date of closure of application window.
- 11.8. A non-refundable application fee would be payable for each application. The application fee, as mentioned in **Annexure 8** of these Guidelines, would be accepted electronically only.

## **12. Online Portal**

- 12.1. All applications will be submitted through an online portal <https://pliithw.com/> to Project Management Agency (PMA). In case, the portal is not available, applications may be submitted in physical form, addressed to Joint Secretary (Electronics), IPHW Division, Ministry of Electronics & Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi – 110003.
- 12.2. Upon successful submission of an application, PMA/ MeitY will issue a unique Application ID to the applicant for all future activities pertaining



to the Scheme. All applicants may refer to this unique ID for any future correspondence on the subject.

**12.3.** Ministry of Electronics and Information Technology (MeitY) may separately issue detailed instructions for the use of online portal for PLI.

**13. Project Management Agency (PMA)**

**13.1.** The Scheme will be implemented through a Nodal Agency as mentioned in Para 11 of the Scheme. Such nodal agency shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MeitY from time to time.

**13.2.** The PMA would be responsible for inter-alia:

- (i) Receipt of application, examination and appraisal of applications and issuing acknowledgements.
- (ii) Making appropriate recommendations to the Competent Authority for approval of applications under the Scheme.
- (iii) Determination of Baseline for Net Sales of Manufactured Goods and Investment for approved applicants and making appropriate recommendations to the Competent Authority.
- (iv) Verification of thresholds for determining eligibility for disbursement of incentive.
- (v) Examination of claims for disbursement of incentive and making appropriate recommendations to the Competent Authority.
- (vi) Verification of the reconciliation of disbursement claims with prescribed documents.
- (vii) Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports and other information / documents

**13.3.** The PMA may seek additional information, details and documents from the applicant as deemed necessary. To bring process standardisation and incorporate future learnings, PMA may improvise, update or modify the formats of the certificates and documents given in Annexures.

**13.4.** The PMA shall have the right to carry physical inspection of an applicant's manufacturing units and offices through site visit.

#### **14. Empowered Group of Secretaries (EGoS)**

**14.1.** An Empowered Group of Secretaries (EGoS) has been constituted by the Central Government vide Order No. P 36017/144/2020-Investment Promotion published in the Gazette of India. The composition of the EGoS is as follows:

- (i) Cabinet Secretary, **Chairperson**
- (ii) CEO, NITI Aayog
- (iii) Secretary, Department for Promotion of Industry and Internal Trade, **Member Convenor**
- (iv) Secretary, Department of Commerce
- (v) Secretary, Department of Revenue
- (vi) Secretary, Department of Economic Affairs
- (vii) Secretary, Ministry of Electronics, and Information Technology

**14.2.** The Empowered Group of Secretaries (EGoS) chaired by Cabinet Secretary will monitor the Scheme, undertake periodic review of the outgo under the scheme and take appropriate action to ensure that the expenditure is within the prescribed outlay as approved by the Cabinet.

**14.3.** The EGoS will conduct periodic reviews of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.

**14.4.** EGoS may revise incentive rates, ceilings, target segment(s), list of items for localisation, utilisation of overall savings, eligibility criteria and relaxation under Force majeure conditions as deemed appropriate during the tenure of the Scheme.

#### **15. Competent Authority**

**15.1.** Competent Authority under the Scheme shall be defined as per OM F. No. 32(03)/PF-II/2020 dated 01.10.2020 issued by Department of Expenditure, Ministry of Finance, or any subsequent modifications thereof.

**15.2.** The Competent Authority will consider applications, as recommended by the PMA for approval under the Scheme. The Competent Authority may seek such additional information, as necessary for approval.

**15.3.** The Competent Authority will consider baselines, as determined by the PMA for approval.

**15.4.** The Competent Authority will consider claims for disbursement, as recommended by the PMA, for disbursement of incentive.

**15.5.** In case of a Force Majeure event, the Competent Authority may amend, modify, or withdraw any clauses under the Scheme Guidelines.

**15.6.** The Competent Authority will also be authorized to carry out any amendments in Scheme Guidelines.

**16. Approval under the Scheme**

**16.1.** The Project Management Agency (PMA) appointed by MeitY, will appraise the applications, and make appropriate recommendations to the Competent Authority for approvals under the Scheme.

**16.2.** After receiving approval from the Competent Authority, the PMA shall issue a letter to the applicant within 5 working days, communicating approval under the Scheme. The approval letter shall clearly state the following:

- (i) Name of Applicant
- (ii) Category
- (iii) Proposed Product(s)
- (iv) Yearly Thresholds of Incremental Investment and Net Incremental Sales of Manufactured Goods (covered under the Target Segment), applicable for determining eligibility
- (v) Yearly Incentive projections submitted by applicant which shall be the annual ceilings
- (vi) Plan for Domestic Value Addition/ Localisation during the tenure of the Scheme
- (vii) Plan for Employment Generation in India during the tenure of the Scheme

**16.3.** The aforesaid approval letter shall not be construed as a guarantee for disbursement of incentive as the same will be dependent upon verification of eligibility after submission of disbursal claim and other criteria defined in these Guidelines.

**17. Baseline for Investment and Net Sales of Manufactured Goods**

**17.1.** Eligibility under the Scheme is subject to thresholds of Incremental Investment and Net Incremental Sales of Manufactured Goods (covered under the Target Segment) as defined. Accordingly, a baseline for

Investment and Net Sales of Manufactured Goods will have to be established to determine eligibility and compute incentive amount.

- 17.2.** The period for determination of baseline shall be as follows:
- (i) Baseline for Investment: As on cut-off date defined in clause 2.17
  - (ii) Baseline for Net Sales of Target Segment Goods/ Eligible Products Manufactured Goods in India: The sales of Base Year during the period corresponding to the incentive claim period.
- 17.3.** In case of brand owners, the Baseline Sales shall include the sales of Target Segment Goods manufactured through contract manufacturers in India.
- 17.4.** The Baseline shall include net sales of Target Segment goods/ Eligible Product manufactured in India in the base year for the applicant company as well as any entity(ies) (covered under the definition of group company).
- 17.5.** Applicants shall be required to submit information/ documents, as deemed necessary for establishing the baseline, including but not limited to statutory auditor certificates as per format in **Annexure 14** and returns furnished to various Ministries/ Departments/ Agencies, or any other document sought by the PMA.
- 17.6.** The PMA shall determine the baseline based on information/ documents submitted by the applicant. This process will be completed within 30 working days from the submission of all necessary documents and receipt of clarifications sought by the PMA. The PMA shall accordingly make appropriate recommendations to the Competent Authority for approval of the baseline.
- 17.7.** The Competent Authority will consider baselines of investment and net sales of manufactured goods (covered under the Target Segment), as recommended by the PMA for approval.
- 17.8.** After receiving approval from the Competent Authority, the PMA shall issue a letter to the applicant within 5 working days communicating the same. The letter shall clearly state with reference to earlier communication, the following:
- (i) Name of Applicant
  - (ii) Category of applicants
  - (iii) Proposed Product (s)

- (iv) Date of Acknowledgement
- (v) Date of Approval
- (vi) Thresholds of Incremental Investment and Net Incremental Sales of Manufactured Goods (covered under the Target Segment), applicable for determining eligibility
- (vii) Baseline for Investment as per para 17.2
- (viii) Baseline for Net Sales of Manufactured Goods (covered under the Target Segment) and for Net Sales of Eligible Product as per para 17.2
- (ix) Any other information/ condition stipulated by the Competent Authority

**17.9.** No disbursement claims will be considered until the process of determining the baseline has been completed for an approved application.

## **18. Calculation of Incentive**

**18.1.** The incentive applicable for an approved applicant shall be computed as follows:

### **Net Incremental Sales of Eligible Products x Rate of Incentive**

Where:

- a) 'Net Incremental Sales of Eligible Products' shall be the 'Net Incremental Sales of Eligible Products' which meets the localisation requirement under this Scheme, for the period to which the claim for disbursement of incentive pertains minus the Net Sales of Eligible Products as per baseline determined.
- b) Incremental sales may have different rate of incentive in a year, due to localisation of components during the year. In such cases, the baseline sales shall be first deducted from the Target Segment sales meeting minimum localisation criteria applicable for that year and thereafter from sales having lower rate of incentive to arrive at 'net incremental sales' for incentive calculation.

For example: If an applicant has baselines sales of Rs. 100 crore. In this case, in 1st year sales having PCBA and Assembly shall be deducted first. Similarly in 2nd year, sales having PCBA, Assembly and One Local Component shall be deducted first.

- c) In case of return of sales, the Gross Sales shall be reduced by the amount corresponding to such return of sales. If the corresponding sales have been considered for claim processing for the earlier period, the sales return shall be adjusted with Gross Sales for the period in which the actual sales return takes place.
- d) The incentive amount payable shall be subject to annual and cumulative ceilings.
- e) Rate of incentive shall depend upon components localised and rate of incentive applicable in the respective financial year.
- f) For the purpose of computing Net Sales, expenses pertaining to 'advertisement and sales promotion' shall be deducted proportionately in the ratio of total expenses pertaining to advertisement & sales promotion) to total sales. The expenditure shall be deducted from net sales on aggregate basis.
- g) For computing Net Sales, expenses pertaining to brand royalty shall be deducted from the Net sales (for which such royalty expenses have been incurred) proportionately in the ratio of Total Expenses (pertaining to brand royalty) to Total Revenue (for which such royalty expenses have been incurred). The expenditure shall be deducted from net sales on aggregate basis.
- h) The sales price shall include pre-loaded software and standard warranty, if the sales to the customer have been made on lump-sum, all-inclusive basis and the component of the sales consideration towards each of these elements are neither separately mentioned on invoice nor separately accounted for/ identified in the books of accounts. The accounting practices in this regard should be followed consistently over time from base year and its preceding years.

## **19. Disbursement of Incentives**

- 19.1.** For claiming incentives under the Scheme, applicants will be required to submit claims for disbursement of incentive to the PMA. Applicants must ensure that the claims are complete in all respects and are accompanied by all the documents required as per format prescribed in **Annexure 15** of these Guidelines. PMA may prescribe any other data, clarification, or document to be filed with the incentive claims.

- 19.2.** An applicant may submit a claim for disbursement of incentive as early as the end of the quarter in which the eligibility criteria for the year in consideration have been met. Claims for disbursement of incentive may be submitted only on a quarterly or half-yearly or annual basis.
- 19.3.** The Financial Statements for the claim period may be audited/ un-audited. In case of incentive claims based on Unaudited Financial Statements, a follow-up certificate from Statutory Auditors are required as detailed in **clause 19.13.**
- 19.4.** Claims for any period shall be made only once, unless withdrawn, and no subsequent part claims shall be allowed for the said period, except where the claim is deferred by PMA for accounting or regulatory rectification, such cases may be considered with subsequent incentive claim, for the period to which it pertains.
- 19.5.** Claims for disbursement of incentive shall be filed by the applicants within 9 months from the end of the financial year to which the claim pertains.
- 19.6.** The PMA will examine the disbursement claims as submitted by an applicant. The PMA shall verify eligibility and assess incentive payable to an applicant based on the method laid down in these Guidelines and the approval letter issued to the applicant.
- 19.7.** The PMA will have the right to verify any document(s) in relation to the claim for incentives including but not limited to statutory auditor certificates and returns furnished to various Ministries/ Departments/ Agencies. The PMA shall also have the right to examine the end realization and settlement/ payments corresponding to sales and investment respectively by way of auditor's certificate, bank statements etc. to the extent deemed necessary.
- 19.8.** In case of any doubt with respect to determining eligibility and incentive amount due, or any other matter in discharge of its duties and responsibilities, the PMA may refer to MeitY for clarification. The decision of MeitY will be final in this regard.
- 19.9.** The PMA shall process claims for disbursement of incentive and make appropriate recommendations to the Competent Authority.

- 19.10.** The Competent Authority will consider claims for disbursement, as examined, and recommended by the PMA, for disbursement of incentive.
- 19.11.** The PMA shall disburse funds after completion of all pre-disbursal formalities by the applicant and approval from Competent Authority.
- 19.12.** The disbursement of incentives may be in the form of Direct Bank Transfer (to be used as may be allowed by the Ministry of Finance) through PFMS, or through any other mechanism of adjustment in the name of the applicant only.
- 19.13.** It is expected that the data submitted for incentive claims shall be in reconciliation with Annual GST Returns, Income Tax Returns, Form 3CEB, if applicable, MCA records and Audited Financial Statements (if claims were approved based on unaudited financial statements). In cases where incentive claims have been approved before filing of these documents, applicants shall be required submit a reconciliation statement by 31st March of the next financial year. A certificate from Statutory Auditors in this regard may be provided as per Annexure 15.7.
- 19.14.** The PMA shall verify the aforesaid reconciliation. In case of excess claims disbursed, the applicant shall reimburse MeitY for any incentive amount refundable along with interest calculated at 3 years SBI MCLR/ base rate per Annum or the extant rates prevailing on the date of disbursement, compounded annually (for the period between excess payment and date of refund by the applicant).
- 19.15.** If the PMA or MeitY is satisfied that eligibility under the Scheme and/ or disbursement of incentives have been obtained by misrepresentation as to an essential fact or furnishing of false information, MeitY may ask the applicant to refund the incentives along with interest calculated at 3 years SBI MCLR/ base rate per Annum or the extant rates prevailing on the date of disbursement, compounded annually, after giving an opportunity to the applicant of being heard.
- 19.16.** MeitY shall make budgetary provisions for disbursal of incentives by the PMA under the Scheme. The PMA will submit budgetary requirements to MeitY as a consolidated amount on a quarterly basis.
- 19.17.** The PMA shall furnish information to MeitY with details of disbursement claims received for incentives, amount disbursed, reasons for rejection / delay in disbursement of the incentives on a quarterly basis.




## **20. Review**

- 20.1.** Periodic reviews will be undertaken by the Empowered Group of Secretaries (EGoS) to conduct a periodic review of eligible companies with respect to their investments, employment generation, production, and value addition under the Scheme.
- 20.2.** All approved applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter in the format provided in **Annexure 9** of these Guidelines.

## **21. Residual**

- 21.1.** An applicant shall intimate the PMA of any change in the shareholding pattern during the tenure of the Scheme, after updation with the Registrar of Companies (RoC).
- 21.2.** Any change in the shareholding pattern of an applicant leading to a successor-in-interest or having the effect of change in nature of company as per **Annexure 1** of the Guidelines during the tenure of the Scheme, shall be intimated by PMA for approval of the Competent Authority to consider for disbursal of incentives.
- 21.3.** In case of a successor-in-interest or having the effect of change in category as per **Annexure 1** of the Guidelines, all Incremental Investment undertaken by the applicant to whom approval was accorded under the Scheme, would be considered for determining eligibility, subject to approval and compliance with any other condition stipulated by the Competent Authority, as may be deemed appropriate. The baseline applicable for the successor-in-interest will be the same as determined for the applicant to whom approval was accorded under the Scheme.
- 21.4.** To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from applicants under the Scheme.

- 21.5.** Two formats of undertakings are enclosed as Format-A and Format-B in **Annexure 10 & Annexure 11**. These undertakings are to be furnished by applicants, duly signed by its CEO/MD/Director depicting designation and authorization to do so.
- 21.6.** The first undertaking (Format-A) shall be provided by all applicants whose applications or claims are under consideration for approval or disbursement of incentives. The applications or claims of those applicants who do not submit the undertaking shall not be processed and considered. The second undertaking (Format-B) for confirming the compliance of integrity will be provided by applicants after the submission of claims for disbursement of incentive and in any case before release of funds. The release of incentives shall be withheld until the above-mentioned undertaking is provided.

  
14/07/2023

**(Amitesh Kumar Sinha)**

**Joint Secretary to the Government of India**

**Tel No. 011-24363078**

**Email: amitesh.iras@gov.in.**

**New Delhi, Dated: 14.07.2023**

**Eligibility Threshold Criteria**

<b>Category</b>	<b>Incremental Investment</b>	<b>Incremental Sales of Manufactured Goods over Base Year</b>
<b>Global Companies</b> i. Laptops (Invoice value of INR 30,000 and above), ii. Tablets (Invoice value of INR 15,000 and above), iii. All-in-One PCs iv. Servers v. Ultra Small Form Factor (USFF)	<b>INR 500 Crore over 6 Years</b> <b>Cumulative Minimum</b> Year 1: INR 50 Crore Year 2: INR 150 Crore Year 3: INR 250 Crore Year 4: INR 350 Crore Year 5: INR 450 Crore Year 6: INR 500 Crore	Year 1: INR 1,000 Crore Year 2: INR 2,500 Crore Year 3: INR 5,000 Crore Year 4: INR 10,000 Crore Year 5: INR 12,000 Crore Year 6: INR 15,000 Crore
<b>Hybrid (Global/Domestic) companies</b> i. Laptops (Invoice value of INR 30,000 and above) ii. Tablets (Invoice value of INR 15,000 and above) iii. All-in-One PCs iv. Servers v. (Ultra Small Form Factor (USFF)	<b>INR 250 Crore over 6 Years</b> <b>Cumulative Minimum</b> Year 1: INR 25 Crore Year 2: INR 75 Crore Year 3: INR 125 Crore Year 4: INR 175 Crore Year 5: INR 225 Crore Year 6: INR 250 Crore	Year 1: INR 500 Crore Year 2: INR 1,250 Crore Year 3: INR 2,500 Crore Year 4: INR 5,000 Crore Year 5: INR 6,000 Crore Year 6: INR 7,500 Crore
<b>Domestic Companies</b> i. Laptops ii. Tablets iii. All-in-One PCs iv. Servers v. Ultra Small Form Factor (USFF)	<b>INR 20 Crore over 6 Years</b> <b>Cumulative Minimum</b> Year 1: INR 4 Crore Year 2: INR 8 Crore Year 3: INR 12 Crore Year 4: INR 15 Crore Year 5: INR 18 Crore Year 6: INR 20 Crore	Year 1: INR 50 Crore Year 2: INR 100 Crore Year 3: INR 200 Crore Year 4: INR 300 Crore Year 5: INR 400 Crore Year 6: INR 500 Crore

**Note:**

- For eligibility threshold criteria, Net Incremental Sales of Manufactured Goods (covered under the target segment) irrespective of Invoice Value shall be considered for all categories of application.
- Domestic Companies shall be defined as those which are owned by resident Indian citizens as defined in the FDI Policy Circular of 2020. A company is considered as 'Owned' by resident Indian citizens if more than 50% of the capital in it is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately owned and controlled by resident Indian citizens.
- Year 1 shall refer to the 1<sup>st</sup> Financial Year of incentive claim period selected by the applicant.

**Items for localisation and applicable rate of incentive – Other than Server**

S. No.	Components/Sub-assemblies	Y1	Y2	Y3	Y4	Y5	Y6
1.	Assembly of IT Hardware – Laptop / Tablets/ AIOs and USFF (Year-1 /Year-2 /Year-3 / Year 4/Year 5/Year 6))	3.00	2.00	1.00	1.00	1.00	0.00
2.	PCBA of IT Hardware (Target Segment)	1.20	1.14	1.08	1.02	0.96	0.90
3.	Bare PCB	0.57	0.54	0.51	0.48	0.46	0.43
4.	Memory Modules assembled in India	0.95	0.90	0.86	0.81	0.76	0.71
5.	Solid State Drive (SSD) assembled in India	0.95	0.90	0.86	0.81	0.76	0.71
6.	Display panel – Assembled in India (Not for Servers/USFF)	1.49	1.42	1.34	1.27	1.19	1.12
7.	Power Adapter / SMPS	0.41	0.39	0.37	0.35	0.33	0.31
8.	Battery	0.41	0.39	0.37	0.35	0.33	0.31
9.	Cabinets / Chassis / Enclosures	1.49	1.42	1.34	1.27	1.19	1.12
10.	Memory Modules additional incentive for ATMP in India (over and above incentive for item 4)	0.25	0.24	0.23	0.21	0.20	0.19
11.	Memory Modules additional incentive for ICs manufactured in India (over and above incentive for item 4)	0.25	0.24	0.23	0.21	0.20	0.19
12.	Solid State Drive (SSD) additional incentive for ATMP in India (over and above incentive for item 5)	0.25	0.24	0.23	0.21	0.20	0.19
13.	Solid State Drive (SSD) additional incentive for ICs manufactured in India (over and above incentive for item 5)	0.25	0.24	0.23	0.21	0.20	0.19
14.	Display Panel – Additional incentive for ICs manufactured in India (over and above incentive for item 6)	0.60	0.57	0.54	0.51	0.48	0.45
15.	System on Chip (SoC) Processors designed in India (IP ownership/Co-ownership in India) including but not limited to SHAKTI and VEGA (IC manufactured outside India) for Laptop, Tablet, AIO and USFF)	3.24	3.08	2.92	2.75	2.59	2.43
16.	System on Chip (SoC) Processors designed in India - Additional incentive for ATMP/ICs manufactured in India (over and above incentive for item 15) for Laptop, Tablet, AIO and USFF)	1.49	1.42	1.34	1.27	1.19	1.12

**Note:** Battery localisation is not part of localisation schedule for All-in-One PCs, USFF and Servers.



**Items for localisation and applicable rate of incentive- Server**

S. No.	Components/Sub-assemblies	Y1	Y2	Y3	Y4	Y5	Y6
1.	Assembly of IT Hardware – Server (Year-1/Year-2/Year-3/Year 4/Year 5/Year 6)	3.00	2.00	2.00	1.00	1.00	0.00
2.	PCBA of IT Hardware (Target Segment)	1.20	1.14	1.08	1.02	0.96	0.90
3.	Add on Controllers assembled in India – (For Servers)	0.41	0.39	0.37	0.35	0.33	0.31
4.	Bare PCB	0.57	0.54	0.51	0.48	0.46	0.43
5.	Memory Modules assembled in India – (For Servers)	1.89	1.80	1.70	1.61	1.51	1.42
6.	Solid State Drive (SSD) assembled in India	0.95	0.90	0.86	0.81	0.76	0.71
7.	Power Adapter / SMPS – (For Servers)	0.54	0.51	0.49	0.46	0.43	0.41
8.	Cabinets / Chassis / Enclosures	1.49	1.42	1.34	1.27	1.19	1.12
9.	Memory Modules additional incentive for ATMP in India (over and above incentive for item 5) (For Servers)	0.50	0.48	0.45	0.43	0.40	0.38
10.	Memory Modules additional incentive for ICs manufactured in India (over and above incentive for item 5) – (For Servers)	0.50	0.48	0.45	0.43	0.40	0.38
11.	Solid State Drive (SSD) additional incentive for ATMP in India (over and above incentive for item 6)	0.25	0.24	0.23	0.21	0.20	0.19
12.	Solid State Drive (SSD) additional incentive for ICs manufactured in India (over and above incentive for item 6)	0.25	0.24	0.23	0.21	0.20	0.19
13.	System on Chip (SoC) Processors designed in India (IP ownership/Co-ownership in India) including but not limited to SHAKTI and VEGA (IC manufactured outside India) for and Server)	3.78	3.59	3.40	3.21	3.02	2.84
14.	System on Chip (SoC) Processors designed in India - Additional incentive for ATMP/ICs manufactured in India (over and above incentive for item 13) for and Server)	1.62	1.54	1.46	1.38	1.30	1.22

**Note:** Rate of incentive shall be tapered down by 5% every year from the 2<sup>nd</sup> year onwards.

### Annexure 3

#### **Application Form: Production Linked Incentive Scheme (PLI) for IT Hardware 2.0.**

##### **Instructions**

- (i) The application shall be made available on online portal PLI Scheme for IT Hardware 2.0. Applicants are requested to provide information and upload all supporting documents as detailed in the online application form.
- (ii) In case, the portal is not available, applications may be submitted in physical form to IPHW Division, Ministry of Electronics & Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi – 110003. **A non-refundable application fee of Rs. 1,00,000 (One lakh only) would be payable for each application.** The application fee, as mentioned in **Annexure 8** of these Guidelines, would be accepted electronically only.
- (iii) Applicants may go through the Guidelines carefully before filling up the details in the application.

#### **1. Company Information**

- 1.1.** Name of the company, Address (Registered and Corporate), phone, email, website, Date of Incorporation, CIN, PAN, GSTN, Shareholding Pattern, Business Profile.

Documents to be furnished:

- a) Brief Business profile
- b) Certificate of incorporation
- c) Self-certified copy of PAN for applicant company
- d) GSTN Certificate
- e) Self-Certified copy of the memorandum and articles of association or equivalent registration document
- f) Shareholding Pattern (latest shareholding pattern certified by Company Secretary)

#### **1.2. Details of Authorised Signatory**

Name, Designation, Email, Contact details, Address of authorized signatory

Document to be furnished: Letter of Authorization by Board of Directors or Managing Director or equivalent.

- 1.3. Category of application:** Classification of Company (Domestic/ Global as per clause 2.15 of the Scheme Guidelines), Category of Primary Preference, Secondary

Preference (Optional). Target Segment and Eligible Product. Detail of existing approval under PLI IT Hardware Scheme.

- 1.4. Details of Contract Manufacturing:** Name, address, GSTN, investment made Product components to be manufactured, date of agreement.

*Document to be furnished: Copy of Contract/ Manufacturing Agreement. In case there is any sensitive proprietary information like technological aspects, specific manufacturing process etc. the content of such sections after main heading, may be masked. However, at a bare minimum the name of contract manufacturer, address where investment is being made, product for which investment has been made, name of participants in the contract, roles and responsibilities of the parties to contract, commercial arrangement related to investment, capex detail and investment sharing ratio should be visible.*

- 1.5. Manufacturing facilities of applicant:** Address, GSTN, Products manufactured.

- 1.6. Details of Statutory Auditor:** Name of Firm, FRN number, tenure of the Statutory Auditor.

- 1.7. Credit History:** Credit Rating, RBI's Defaulter and Wilful Defaulter Lists, SEBI Debarred List and CIBIL Score.

*Documents to be furnished: CIBIL Report, Certificate from Company Secretary/ Board of Directors for Defaulter's List.*

- 1.8. Key Managerial Personnel & Board of Directors:** Name, Designation, DIN, email, address, Contact details.

*Documents to be furnished: Self-certified copies of brief profile of Key Managerial Personnel.*

- 2. Migration from PLI Scheme for IT Hardware notified vide notification No. W-18/28/2020-IPHW-MeitY dated 3rd March 2021 (Earlier Scheme)**

- 2.1.** Whether applicant or their Group Company is already approved under earlier PLI Scheme

- 2.2.** Incentive claimed in earlier Scheme

- 2.3.** Option to migrate and 1<sup>st</sup> year of incentive claim under this Scheme

- 3. Qualification Criteria (self-certified)**

- 3.1.** Consolidated Global Manufacturing Revenue of the applicant (including Group Companies) in the Target Segment and for electronics hardware products/ sub-assemblies/ components.

Documents to be furnished: Self Certification on Consolidated Global Manufacturing Revenue of the applicant (including Group Companies) in (i) Target Segment and (ii) Electronic Hardware Products/sub-assemblies/component.

**4. Financial Details for FY 2021-22**

- 4.1.** Revenue (INR Cr) –Target Segment, ESDM and others bifurcation into Exports, Domestic Sales.
- 4.2.** Profit before Tax (PBT) and Profit after Tax (PAT) (INR Cr) —~~Target Segments~~
- 4.3.** Capex in FY 2021-22 for TS Goods and Source of Funds - Received from government / owners or other financing agencies, multi-lateral agencies / other institutions to fund expansion. Equity and debt to be shown separately.

Documents to be furnished: Self-certified certified copy of Annual Report.

**5. Baseline Data (self-certified)**

- 5.1.** Baseline Data for Net Sales (Target Segment and Eligible Products wherever applicable). In case Base Year is FY 2023-24 or subsequent year, baseline data may be provided later.
- 5.2.** Baseline Data for Investment: Data of Fixed Assets (including Tangible and Intangible) as per Balance Sheet.

Documents to be furnished:

- a) Self-Certificate mentioning Net Sales of Manufactured Goods covered under Target Segment and Net Sales of Eligible Product.
- b) Audited/Provisional Financial Statement for applicable Baseline Financial Year.

**6. Projections for Primary and Secondary preference (optional).**

- 6.1.** Forecasted Revenue for Target Segment Goods/ Eligible Products with bifurcation into Exports, Domestic Sales.
- 6.2.** Projected Incremental Sales.
- 6.3.** 1<sup>st</sup> Year of PLI Incentive claim opted by the applicant. Annual PLI incentive projections during Scheme Tenure (this will be annual and overall ceiling of incentive as per clause 3.8 of the Scheme Guidelines)
- 6.4.** Size of Investment: Cumulative Capex Plan
- 6.5.** Proposed plan for Domestic Value Addition
- 6.6.** Proposed plan for Employment Generation in India.

**7. Localization Schedule:** Localization Schedule of each component/ assembly



- 8. Regulatory Approvals:** Self-Certification on regulatory approvals necessary to do manufacturing process.
- 9. Application Fee:** Application Fee and details of remittance are to be submitted along with the proof of application fee payment.
- 10. Declaration:** Integrity Undertaking (Format A)

**Self-Certified Qualification Criteria****Self-Certification of manufacturing revenue by Applicant Company****Date.....**

..... (name of the applicant) is a Company incorporated and registered under the Companies Act, 2013 (erstwhile Act of 1956) with Corporate Identity Number \_\_\_\_\_ and Permanent Account Number (PAN) \_\_\_\_\_ and having its Registered Office at \_\_\_\_\_

In connection with our application for incentive under Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 notified vide notification no. CG-DL-E-30052023-246165 dated 29<sup>th</sup> May, 2023, it is certified that the revenue of M/s ..... (name of the applicant) and its Group Companies for FY 2021-22 as per qualification criteria mentioned at clause 3 of the scheme guidelines is INR ..... Crore for Target Segment Goods and INR ..... crore for Electronic Hardware products/sub-assemblies/components.

**For the purpose of Qualification Criteria, manufacturing turnover of the following Group Companies has been considered:**

Sr. No.	Name of the company	Country where registered	Relationship with client	Consolidated Global Manufacturing (Rs. Crore)	
				Revenue under Target Segment	Electronic Hardware products/sub-assemblies/component
1.	Applicant		Self		
2					
<b>Total</b>					

- It is certified that all the companies whose revenue has been considered for Qualification Criteria are Group Companies as per clause 2.15 of the Scheme Guidelines. There is no double count of any inter-group revenue.
- The individual declaration from each Group Company, whose revenue has been considered for Qualification Criteria is enclosed.

**For.....****Name and Designation of Authorised Signatory**

- Under the head “relationship with applicant” basis of considering the Group Company as per guidelines, should also be given i.e. ‘common control over 26% voting rights’ or ‘right to appoint more than 50% of the Board of Directors’
- In case, revenue is being considered based on the consolidated financial statement of ultimate parent company, the company wise break-up of revenue is not required. However,

the name of applicant, in such case, should be appearing as Group Company in the consolidated financial statements considered for the purpose of evaluation criteria.

## Self-Certification of manufacturing revenue by the Group Company

Date: .....

We, ..... (name of the company') have received a request from our Group Company ..... (name of the applicant) for providing details of our manufacturing revenue from Target Segment Goods i.e (i) Laptops (ii) Tablets (iii) All-in-One PCs (iv) Servers and (v) Ultra Small Form Factor (USFF) (*strike out, whichever is not applicable*) and Electronics Hardware products / sub-assemblies / components from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

We understand this information is being sought by ..... (the applicant) for the purpose of filing an application under the Production Linked Incentive Scheme (PLI)-IT Hardware 2.0 with the Ministry of Electronics and Information Technology (MeitY), Government of India.

In connection, it is certified that :

- (Name of the applicant) ..... is our Group Company as defined in clause 2.15 of the Scheme Guidelines
- Our manufacturing revenue for FY 2021-22 is as under, which may be submitted by ..... (the applicant) for the purpose of Qualification Criteria as defined in clause 3 of the Scheme Guidelines:

Name of Company	Relationship with the applicant	Registration No. (as per place of registration)	Consolidated Global Manufacturing Revenue under (INR Crore)	
			Target Segment	Electronic Hardware products/sub-assemblies/component

In order to determine the manufacturing revenue of the company in INR, we have considered the exchange rate of INR ..... i.e. the average of exchange rate declared by RBI as on the 1<sup>st</sup> day and last day of the reporting period (FY 2021-22). *In case financial statements are not prepared in INR.*

We request you to take the aforementioned information on record. In case you require any further information or clarification, please feel free to contact us.

For.....

Authorized Signatory of Group Company

(Please mention name & designation)

## Annexure 5A

### (A) Format for undertaking for Tools, Moulds and Dies lying at Third party Location (in case no assets is lying with third parties)

To,

**Date:** Month xx, 20xx

Project Management Agency  
Address

#### **Reference:**

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time.

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated for application no \_\_\_\_\_ dated \_\_\_\_\_ for Target Segment Goods \_\_\_\_\_

#### **Declaration**

We have claimed a total investment of ₹ .... crore (cumulative figures) from ..... to..... under PLI Scheme for eligibility with threshold criteria of incremental investment.

This is to declare that no assets claimed as eligible investment under the Scheme Guidelines including Plant Machinery and any equipment's and tools, dies, moulds, jigs, fixtures and parts, accessories, components, and spares are lying outside the premises of M/s \_\_\_\_\_ (name of the applicant), where target segment goods are manufactured.

This declaration has been issued in requirement under the Clause 6.2 (iv) of the Guidelines for operation of Production Linked Incentive Scheme – 2.0 for IT Hardware dated ....., as amended from time to time.

For ..... (Company name)

**Authorized Signatory**  
(please mention name and designation)

**Place:**

**Date:**

## Annexure 5B

### (B) Format for undertaking for Tools, Moulds and Dies lying at Third Party Location (in case any asset is lying with third parties)

Date: xxxxx, 20xx

To,  
Project Management Agency  
Address

#### Reference:

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time.

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated \_\_\_\_\_ for application no \_\_\_\_\_ dated \_\_\_\_\_ for Target Segment Goods \_\_\_\_\_

#### Declaration

We have claimed a total investment of ₹ .... crore (cumulative figures) from ..... to..... under PLI Scheme for eligibility with threshold criteria of incremental investment.

This is to declare that out of the assets (including Plant, Machinery and any equipment's and any tools, dies, moulds, jigs, fixtures and parts, accessories, components, and spares) claimed as eligible investment under the Scheme Guidelines, following assets are lying outside the premises of M/s \_\_\_\_\_, where Target Segment Goods are manufactured. The list of assets and parties is as follows:

Sl. No.	Name of Party	Asset details	Amount	Date of Agreement	Valid upto	Reason for asset lying with third party

This declaration has been issued in requirement under the Clause 6.2(iv) of the Guidelines for operation of Production Linked Incentive Scheme – 2.0 for IT Hardware dated ....., as amended from time to time.

For ..... (Company name)

**Authorized Signatory**  
(please mention name and designation)

**Place:**

**Date:**

**(C) Undertaking from Third Party with whom assets are lying.**

Date: Month xx, 20xx

From,  
 Company name (third party where assets are lying)  
 Address

To,  
 Project Management Agency  
 Through ..... Name of Applicant  
 Address

**Subject: Confirmation in respect of Moulds and assets lying in the premises of vendor for usage under scheme PLI-IT Hardware 2.0.**

This undertaking relates to the assets provided to us under Agreement dated \_\_\_\_ between \_\_\_\_\_ (Applicant company name) and \_\_\_\_\_ (third party company giving this undertaking) for carrying out production of ..... for \_\_\_\_ (applicant company name) ..... / or repair & maintenance/ or any other purpose (please specify).

We hereby acknowledge and confirm that the following assets available with us are presently located at \_\_\_\_\_ (address of plant location) for abovementioned purpose are in good condition to use them for intended purposes and have been kept identified separately.

Sl. No.	Asset Identification No.	Asset description/ Nature	Date of Agreement	Valid Upto	Quantity

**For \_\_\_\_\_ (name of company giving undertaking)**

**Authorized Signatory  
 (Name & Designation)**

**Format for declaration of regular usage of Machinery**

Date: Month xx, 20xx

To,

Project Management Agency

Address

Reference:

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated \_\_\_\_\_ for application no \_\_\_\_\_ dated \_\_\_\_\_ for Target Segment Goods \_\_\_\_\_

**Declaration**

This is to declare that the \_\_\_\_\_ (*company name*) has utilised the incremental investment of ₹ ..... Crore in Plant & Machinery and equipment over the base year 202x-2x and claimed as eligible capex under PLI Scheme, in the regular course of manufacturing of the goods covered under the target segment approved *Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor (strike out, whichever is not applicable)*. All these assets are in good condition and have been used in the regular course of manufacturing during the period ..... to ..... (Incentive claim period).

This declaration has been issued in requirement under the Clause 6.2 (vi) of the Guidelines for operation of Production Linked Incentive Scheme – 2.0 for IT Hardware dated ....., as amended from time to time.

For *company name*

**Authorized Signatory**

**Place:**

**Date:**



**Criteria: Documents / Information to be checked for preliminary assessment of application**

1. Payment of prescribed Application Fee.
2. Products proposed are covered under the Target Segment.
3. Qualification and Eligibility of Applicant
4. Proposed investment is greater than or equal to the threshold applicable under the proposed Category (as per Annexure 1 of the Guidelines)
5. Proposed Net Incremental Sales of Manufactured Goods (covered under the Target Segment) are greater than or equal to the threshold applicable under proposed Category (as per Annexure 1 of the Guidelines)

**Note:** It may be noted that acknowledgement based on above does not qualify an applicant for claiming incentives under the Scheme. The applicant would be eligible for incentives after approval, baseline determination and achieving eligibility as per procedure defined in the Scheme Guidelines

**Application Fee for Application under PLI IT Hardware 2.0**

An amount of INR 1,00,000 as application fee shall be paid electronically through NEFT/RTGS. The bank account details shall be available in the online application form.

**Quarterly Review Report**

An applicant shall be required to provide the following information (self-certified) for quarterly review within 30 days from the end of each quarter:

<b>1. Name of Applicant</b>
<b>2. Application Category</b>
<b>3. Product(s)</b>
<b>4. Date of Acknowledgement</b>
<b>5. Date of Approval</b>
<b>6. Manufacturing Location(s)</b>
<b>7. Investment capitalized for Manufacturing of Target Segment by applicant and contract manufacturer. (amount in INR)</b>
<i>Source of Funding (Equity, Debt, Internal Accrual etc.)</i>
<b>8. Employment as on date (in numbers)</b>
<i>On-roll labour / employees</i>
<i>Contractual</i>
<i>Apprentice</i>
<b>9. Installed Production Capacity for Target Segment / Eligible Product (in numbers)</b>
<b>10. Revenue from Operations – Domestic Sales, Export Sales</b>
[net of credit notes, discounts, and taxes applicable]
a) Manufacturing Activity
i. Eligible Products
ii. Other Goods in Target Segment
iii. Other Goods
b) Trading Activity
i. Target Segments
ii. Other Goods
c) Services Activity

**11. Revenue from Operations – Exports**

[net of credit notes, discounts, and taxes applicable]

**a) Manufacturing Activity**

i. Eligible Products

ii. Other Goods in Target Segment

iii. Other Goods

**b) Trading Activity**

i. Target Segment

ii. Other Goods

**c) Services Activity****12. Total Revenue from Operations****13. Details of Import** (*CIF plus non-creditable taxes / duties*)**a) Raw Material / Parts / Components**

i. Eligible Products

ii. Other Goods in Target Segment

iii. Other Goods

**b) Spare Parts**

i. Eligible Products

ii. Other Goods in Target Segment

iii. Other Goods

**c) Finished Goods**

i. Eligible Products

ii. Other Goods in Target Segment

iii. Other Goods

**d) Capital Goods**

i. Target Segment

iii. Other Goods

**e) Import of Services pertaining to Target Segment**

<b>14. Domestic Value Addition (%) (As per definition in Para 2.8)</b>
<b>15. Sub-assemblies localized as per Localization Schedule in Para 6 of the Scheme (including details of vendors if applicable)</b>

The format of QRR shall be provided on the online portal to the approved applicant. The information has to be provided for each manufacturing facility, products applied for, component localised, investment made by applicant or their contract manufacturer. The format may be updated from time to time to seek relevant details for effective monitoring of the Scheme.

**Format for Integrity Compliance Part A**

Date: Month xx, 20xx

To,

Project Management Agency

Reference:

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May, 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time

Subject: Integrity Compliance in Production Linked Incentive Scheme

1. Whereas, the applicant namely \_\_\_\_\_ (*company name*) has submitted an application under Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 to Ministry of Electronics and Information Technology (MeitY), Government of India seeking incentive on the sales of Target Segment Goods (.....please mention name of the product applied for) manufactured by applicant in India till dd/mm/yyyy at the following locations:
  - a) .....
  - b) .....
  - c) .....
2. Now, therefore, the applicant including its officers /representatives commits and undertake that he will take all measures necessary to prevent corruption. He commits to observe the following principles during his association/engagement with MeitY or its Agencies or its consultants engaged with the process of appraisal and verification of application for the approval of application and disbursement of incentives under PLI.
  - 2.1. The PLI applicant will not directly or through any other person or firm, offer, promise or give to any MeitY's officer(s) or consultant or agency representative (appraisal/verification agency appointed by MeitY to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange in any advantage or any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentives under PLI.
  - 2.2. The PLI applicant will not commit any offence under the relevant IPC/PC Act. Further, the applicant will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the MeitY.

- 2.3. The PLI applicant shall disclose the name and address of the duly authorised agents and representatives who will be dealing with MeitY or its Agencies and the remuneration of these agents or representatives shall not include any hidden amount or component to get the work done in undue manner or causing inducement of whatsoever nature whether in cash or kind to influence the normal process or practice of work.
- 2.4. The PLI applicant shall disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries other than regular employees or officials of the applicant, in connection with the grant of approval or/and disbursement of incentives.
- 2.5. The applicant will not offer any illicit gratification to obtain unfair advantage.
- 2.6. The applicant will not collude with other parties to impair transparency and fairness.
- 2.7. The applicant will not give any advantage to anyone in exchange for unprofessional behaviour.
3. The applicant declares that no previous transgressions occurred in the last three years with any other company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises/Central or State government or its any instrumentality in India.
4. The applicant agrees that if it is found that the applicant has made any incorrect statement on this subject, the application will be closed or rejected and MeitY reserve the right to initiate legal action of whatsoever nature. In case if MeitY has disbursed the incentives under the PLI, the amount disbursed to applicant be recoverable along with interest calculated at three years SBI MCLR/ base rate per Annum or the extant rates prevailing on the date of disbursement, compounded annually besides blacklisting of the applicant and initiation of legal action of whatsoever nature at the discretion of MeitY.

The contents of the above undertaking have been gone through and after understanding the same is being executed given on .....day of Month, 202x.

For *Company Name*

Name:

Designation: Director/CEO/MD

**Place:**

**Date:**

**Format for Integrity Compliance Part B**

Date: Month xx, 202x

To

Project Management Agency  
Address

Reference:

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time.

**Subject: Integrity Compliance in Production Linked Incentive Scheme**

Whereas, the applicant namely (*name of company with address*) has submitted an application under Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 to Ministry of Electronics and Information Technology (MeitY), Government of India seeking incentives on the sales of Target Segment Goods (.....) manufactured by an applicant in India at..... location (s).

And whereas, the applicant has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated.....given under the signatures / authority of applicants ..... (name and designation) to MeitY in respect of aforesaid application.

And whereas, the applicant including its officers / representatives gives commitment and undertake that he / she will take all measures necessary to prevent corruption and that he / she will not directly or through any other person or firm, offer, promise or give to any of the MeitY's officer(s) or consultant or agency representative (appraisal or / and verification agency appointed by MeitY to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he / she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentives under PLI.

And whereas, the application submitted by the applicant has been given the approval by MeitY vide its communication no.....dated.....

And whereas, the applicant has submitted a claim for disbursement of incentive dated .... to the PMA for claiming incentives of INR.....

And whereas, the PMA has considered the claim for disbursement of incentive and is in the process of disbursement / release of incentives on the claim dated.....



Now, therefore, we hereby confirm the compliance thereof with the Integrity Undertaking submitted to MeitY duly certifying that there is no breach to the same and requests that eligible incentives under PLI be released to applicant and the amount of incentives be credited in the bank account of applicant.

The contents of the above Undertaking have been gone through and after duly understanding the same, is being executed / given on..... day of..... (month / year).

Signature

(Name & designation with address) Director / CEO /MD

**Date:**

**Place:**

**Declaration from the Component Supplier for Localization****Date:** Month xx, 202xx**To,**

.....

Name of the Applicant .....

Address .....

**For onward submission to:**

Project Management Agency,

Address

**Reference:**

- (i) Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023, and PLI scheme Guidelines issued thereunder, as amended from time to time (hereinafter referred to the PLI Scheme)
- (ii) Declaration for Manufacturing and supply of ..... (name of the component) to ..... (name of applicant) in connection with their incentive claim under PLI Scheme for the period from ..... to .....

**Declaration**

This declaration is being issued in connection Incentive Claim by ..... (name of the applicant) for the period from ..... to ..... under Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 as notified vide notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 read with guidelines for the operation of PLI for IT Hardware 2.0 entities dated ....., as amended from time to time (hereinafter referred as 'the PLI Scheme'). In this regard, it is confirmed that,

- (i) We ..... (name of the contract manufacturer/ component supplier) are manufacturing and supplying ..... (name of the component/ sub-assembly) to ..... (name of the applicant), which is an eligible product/ component/ sub-assembly as per localisation program under the PLI Scheme.
- (ii) We are manufacturing this component/ sub-assembly at our manufacturing location situated at .....
- (iii) The components ..... (Please give name) manufactured at this plant and sold to ..... (name of the applicant) meets the requirement of local content/ value addition as per Public Procurement (Preference to Make in India) Order W-43/4/2019-IPHWMeitY dated 07.09.2020, as amended from time to time.
- (iv) The detail of ..... (name of the component/ sub-assembly) manufactured in India by us and sold to ..... (name of the applicant) is enclosed as **Annexure A and B**.
- (v) The data on consumption of key raw material for manufacturing of ..... (name of the component/ sub-assembly) is also attached at **Annexure -C**.

- (vi) We also confirm to provide any data, documentation third party certificate or clarification sought by PMA/ MeitY or their authorised representative in connection with this declaration.

For Company name

**Authorized Signatory**

**Place:**

**Date:**

**Annexure A**

Particulars of Component/ Sub-Assembly sold to ..... (Name of PLI applicant)	Make/ Model No/ Product ID	Total Production	Sales to .... (name of applicant)	
		from ..... To .....		
		Units	Units	Value
Total				

**Annexure B**

**Invoice level detail of sales to ..... (name of applicant) from ..... To .....**

GSTIN/ UIN of Buyer	Buyer's Name	Related Party (Y/N)	Invoice Number	Invoice date	Invoice type (Sales invoice, Dr. note, cr. Note)	Product Description (Model/ Make or Identification Number)	HSN Code	Quantity	Amount

**Annexure C**

Description of Raw Material Consumed in production of component/ sub- assembly *	Production of Components	Sales	Consumption of Raw Material	
	Unit	Unit	Consumption per Unit of Component	Unit Total Consumption
<b>Total</b>				

Please give detail of major raw material consumed in production of component.

### Annexure 13

#### Declaration from the Contract Manufacturer/ Supply Chain Partner for Investment

**Date:** Month xx, 202x

**To,**

.....

Name of the Applicant .....

Address .....

**For onward submission to:**

Project Management Agency,

Address

#### **Reference:**

- (i) Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May, 2023, and PLI scheme Guidelines issued thereunder, as amended from time to time
- (ii) Consideration of Investment for the purpose of threshold criteria of 'Incremental Investment' by ..... (name of the applicant) for their incentive claim for FY .....

#### **Declaration**

This declaration is being issued in connection Incentive Claim by ..... (name of the applicant) for the period from ..... to ..... under Production Linked Incentive Scheme (PLI) for IT Hardware as notified vide notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 read with guidelines for the operation of PLI for IT Hardware 2.0 entities dated ....., as amended from time to time (hereinafter referred as 'the PLI Scheme'). In this regard, it is confirmed that:

- (i) We ..... (name of the contract manufacturer) are manufacturing ..... (name of the product/ component), which is an eligible component under the PLI Scheme, for ..... (name of all the applicants for which manufacturing)
- (ii) For the purpose, we have set-up a manufacturing plant ..... (complete postal address) and made an investment of Rs.....This investment has been made in pursuance of our understanding/ agreement/ MoU (*by whatever name*) dated ..... with ..... (name of all the applicants where investment has to be considered under the Scheme), which needs to be considered for eligibility with threshold investment criteria under the PLI Scheme.
- (iii) The actual investment made which is Rs..... crore out of which eligible under the Scheme is Rs.....crore (considered from the date of agreement or 1<sup>st</sup> April, 2023 (whichever is later) to .....), the investment has been distributed amongst the PLI applicant is as under:

Name of the Applicant	Ratio	Investment to be considered

- (iv) The components ..... (Please give name) manufactured in this plant meets the requirement of local content/ value addition as per Public Procurement (Preference to Make in India) Order W-43/4/2019-IPHWMeitY dated 07.09.2020, as amended from time to time.
- (v) The manufacturing facility set-up with aforesaid investment is being exclusively used for sales made to the PLI applicants only i.e. .... (please provide names).
- (vi) This investment not been considered by us ..... (name of the contract manufacturer) under any PLI Scheme and also have not been considered by anybody other than entities mentioned in para (iii) under any PLI Scheme.
- (vii) The Plant & Machinery installed with this investment have been kept separately identifiable with the name of PLI applicant. PMA or their authorised representative may visit the plant for physical verification of assets, production of components, inspection or verification of underlying documents.
- (viii) We also confirm to provide any data, documentation or clarification sought by PMA/ MeitY or their authorised representative in connection with this investment or plant.
- (ix) A certificate from our Statutory Auditors and Chartered Engineers in connection with this investment is enclosed herewith. (The format of auditor's certificate attached herewith and CE certificate as per Annexure 15.2)

For Company name

**Authorized Signatory**

**Place:**

**Date:**

## Independent Auditors' Certificate for Investment by Contract Manufacturer

Date: xxxxxx, 20XX

**To,**

Board of Directors,

Name of the Applicant .....

Address .....

**For onward submission to:**

Name

Project Management Agency,

Address

1. We do hereby confirm that we are Independent Auditors of M/s \_\_\_\_\_ Limited (hereinafter referred to as "the company") for FY 202x-2x Appointed under section 139 of the Companies Act, 2013.
2. This certificate is being issued in connection with Investment by .....(name of the contract manufacturer at their manufacturing facility located at ..... for the period from ..... to ..... under Production Linked Incentive Scheme (PLI) for IT Hardware as notified vide notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 read with guidelines for the operation of PLI for IT Hardware 2.0 entities dated ....., as amended from time to time (hereinafter referred to as 'the PLI Scheme').
3. It is confirmed that we have followed the relevant code of conduct for independence of Auditors issued by ICAI w.r.t. and related provisions of Companies Act, 2013. Further, ..... (name of statutory auditor's firm) or any of our associates or affiliate concerns/ entities are not engaged in providing any services to or business with, the applicant which may pose any potential 'conflict of interest' in submission of this certificate or could potentially result in non-compliance with the code of ethics issued by ICAI or provisions of Companies Act, 2013.
4. The accompanying statements appended at Annexure I to Annexure II (collectively referred to as '**the Statement of Annexures**') have been prepared by the Company for investment made by the company for manufacturing of TS goods i.e. *Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor* **or** Components ..... or Sub-assemblies..... (please give name and *strike out whichever is not applicable*), as defined under the PLI Scheme.

### Management's Responsibility

5. The accompanying Statements, including the creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Company's Management. The Company's Management is responsible for designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.
6. The Company's Management is also responsible for ensuring compliance with the requirements of the PLI Scheme and for providing all relevant information to the Project Management Agency appointed under the PLI Scheme

### **Auditor's Responsibility**

7. Pursuant to the requirements of the PLI Scheme, it is our responsibility to provide a certificate based on our examination of the information contained in the Statements with reference to the books of accounts and other records of the Company, on the matters listed under the head 'Independent Auditor's Opinion'.
8. We have verified the fixed assets register, and all other relevant financial, secretarial, and statutory records of the company for the period from 1<sup>st</sup> April 20XX to ..... for the purpose of arriving at the information contained in **the Statement of Annexures**.
  - (i) The financial statements of the Company for the year ended 31<sup>st</sup> March 202x were audited by us on which we had issued an unmodified audit opinion vide our report dated ....., 20YY. *(if not audited for the incentive claim period, please mention about the last audited balance sheet)*
  - (ii) The audit of internal financial controls with reference to financial statements of the Company as of 31 March 202x was performed in conjunction with audit of the financial statements of the Company for the year ended on that date by us considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, on which we had issued an unmodified opinion vide our report dated MMMM DD, 20YY.
  - (iii) The Company's financial statements for the year ended 31<sup>st</sup> March 202x was subject to audit as mentioned in para 9(a) above, (in case, financial statements for claim period is not audited, please mention accordingly).
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
11. Our engagement for this certificate includes performing procedures to obtain sufficient appropriate audit evidence on the applicable criteria mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgement.

### **12. Independent Auditor's Opinion**

Based on our examination as stated above and based on the information and explanations given to us by the Company's management, we report that:

#### **I. General**

- a) The Company has considered the audited/unaudited financial statements for the year ended 31st March 202x prepared under Companies Act, 2013 for arriving at the information given in the accompanying Statement of Annexures.
- b) The accounting policies, methods and assumptions of management's estimates used by the Company has been applied consistently in the preparation of the financial statements and there has been no change in the said accounting policies, methods and assumptions during the year ended 31 March 202x (please mention incentive claim period) from those followed in earlier year. Further, the accounting policies, methods and assumptions of management's estimates used for preparation of financial statements have been applied for the preparation of information given in the Statement of Annexures.

## II. Investment

- (i) ..... (name of the contract manufacturer) has entered into an agreement/ contract/ MoU dated ..... (name of all the applicants) to make investment of Rs..... crore at its manufacturing facility at ..... the agreement/MoU is valid during the period of incentive claim i.e. .... to.....
- (ii) The investment has to be considered under the Scheme for eligibility with threshold investment criteria under the PLI Scheme for respective PLI applicant (s).
- (iii) As per terms of the agreement/ contract/ MoU referred in clause (i) above, ..... has made cumulative incremental investment of ₹ ..... from ..... to .....

Out of which, Rs..... crore is eligible as per clause 2.17 and para 6 of the Scheme Guidelines. As per the term of agreement, this investment has been distributed amongst the PLI applicant(s) is as under:

Name of the Applicant	Ratio	Investment to be considered

- (iv) There is a total amount of ₹ ..... crore capitalised in the book of accounts during the period from ..... to ....., out of which capex of ₹ ..... has been considered as eligible under PLI Scheme for the applicant (s) M/s \_\_\_\_\_. Detail of head wise assets is attached as Annexure I and individual assets register is attached at Annexure II.
- (v) Entire capex of ₹ ..... claimed under the Scheme are eligible for capitalisation as per relevant provision of Companies Act, 2013 and relevant Accounting Standards followed by the Company. Therefore, considered as eligible for capitalisation in the books of accounts.
- (vi) The aforesaid investment is being exclusively used for sales made to the PLI applicants only (s) i.e..... (name of applicants)



- (vii) The assets capitalised but having invoice date prior to 1<sup>st</sup> April 202x or the date of agreement whichever is earlier, have not been considered while calculating the incremental investment under PLI Scheme.
- (viii) The investments which are yet to be capitalised (CWIP) as of date of claim period have not been considered while calculating the incremental investment for the year of claim.
- (ix) The Plant & Machinery installed with this investment have been kept separately identifiable with the name of PLI applicant.
- (x) In respect of used/ refurbished imported assets purchased by the Company during the year of claim, as provided by the PLI scheme, the value has been considered lower of a) value ascertained by chartered engineer. b) Depreciated value in accordance with custom laws and c) invoice value. Further, the residual life of such used imported assets has been assessed by chartered engineer as being more than 5 years as per Hazardous and Other Waste (Management and Transboundary Movement) Rule, 2006.
- (xi) Deprecation on the old/ used/ refurbished machinery of ₹ ....., which have been imported from outside India and claimed as eligible capex under the Scheme, is being charged over a period of 5 year or more.
- (xii) The capex claimed as eligible under the Scheme is not subject to any other Govt. Incentive Scheme except ..... The amount of eligible incentive on the capex is ..... crore, for which claim has been filed / not filed. The accounting policy of the Company for in this regard is ..... adjustment from cost / recognition as revenue (also method to be followed for recognition).
- (xiii) The investment on which ..... (name of contract manufacturer) has availed the benefit of incentive under SPECS Scheme (whether disbursed or not), such investment has not been considered for the purpose of eligible investment for incremental investment thresholds.
- (xiv) No expenses have been allocated to the capex claim under the Scheme Guidelines except purchase price, non-creditable duties & taxes, packaging, insurance, freight, and expenses on 'erection & commissioning' of new/ old machinery/ equipment purchased during the period from 1<sup>st</sup> April 202x to 31<sup>st</sup> March 202x.
- (xv) No amount pertaining to upgradation/ refurbishment or modernisation of existing assets has been capitalised and claimed as eligible under the Scheme for the purpose of meeting with eligibility threshold.
- (xvi) With reference to clause 5.5 of the Scheme Guidelines, the amount of Associated Utilities claimed under eligible capex is ..... which has been cross checked with CPWD schedule of rates for the respective assets and lower of actual value and rates as per CPWD schedule has been considered for the purpose of computation of incremental investment under the PLI Scheme.
- (xvii) There is no expenditure on Transfer of Technology or Research & Development claimed under eligible capex under the Scheme Guidelines OR give the detail of expenditure.

### **III. Related Party Transaction**

- (i) During the year, the Company has made related party transaction with respect to Target Segment Goods and Investment claimed for eligibility under the Scheme.
- (ii) The company has appropriately disclosed the related party transaction in the financial statements.
- (iii) The related party transaction with reference to sales of Target Segment Goods and Investment has been approved by appropriate authorities, as per requirement of Companies Act and the pricing claimed under PLI Scheme is in alignment with such approvals.
- (iv) The Company is liable to file Form 3CEB under Income Tax Act, 1961 and the basis of pricing at transaction level considered for incentive claim is in alignment with the same considered for justification of arm's length price in Form 3CEB.
- (v) Other relevant under Companies Act, 2013, Indian Accounting Standard 24 and Income Tax Act, 1961 have been made with respect to transaction with Related Parties.

### **IV. Internal Controls**

- (i) The Company has adequate internal controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 202x considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- (ii) The internal control procedures on capitalisation of property, plant and equipment and other areas relevant to determination of sales and investment of manufactured target segment goods is operating effectively during the period of incentive claim.

### **13. Restriction on Use**

The certificate is being issued at the request of Board of Directors of the Company for onward submission to Project Management Agency/ MeitY and solely for the purpose of Production Linked Incentive Scheme and should not be used by any other person or for any other purpose.

## Annexure I

Particulars	Gross Block as on 01/04/202x	Gross Block as on 01/04/202x	Additions from 01/04/202x	Deletions from 01/04/202x	Additions considered for PLI Scheme for applicant__	Additions not considered in the eligible assets for applicant__
<b>(A) Property, Plant and Equipment</b>						
Land & Building						
Plant & Equipment						
Furniture and Fixtures						
Vehicles						
Office equipment						
Bearer Plants						
Others (Specify nature)						
Electric Installations						
Tools & Dies						
Computers						
Right of Use Assets - Leasehold Building						
<b>(B) Intangible Assets</b>						
Software						
License & Franchise						
Brands or trademarks						
Others (Specify nature)						

## Format for capex register

[illegible][illegible]

To be signed by auditor and also to be provided in excel file.

**Independent Auditors' Certificate  
(Baselines Sales & Investment)**

Date: xxxxxx, 20XX

**To,**  
Board of Directors,  
Name of the Applicant .....  
Address .....

**For onward submission to:**  
Name  
Project Management Agency,  
Address

1. We do hereby confirm that we are Independent Auditors of M/s \_\_\_\_\_ Limited (hereinafter referred to as "the company") for FY 202x-2x Appointed under section 139 of the Companies Act, 2013.
2. This certificate is being issued in connection with determination of baseline sales of manufactured goods covered under Target Segment and investments for the company, under Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 as notified vide notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May, 2023 read with guidelines for the operation of PLI for IT Hardware 2.0 dated ....., as amended from time to time (hereinafter referred to as 'the PLI Scheme').
4. It is confirmed that we have followed the relevant code of conduct issued by ICAI w.r.t. independence of Auditors and provisions of Companies Act, 2013. .... (name of statutory auditor's firm) or any of our associates or affiliate concerns/ entities are not engaged in providing any services to or business with, the applicant which may pose any potential 'conflict of interest' in submission of this certificate or non-compliance with the code of ethics issued by ICAI or provisions of Companies Act, 2013.
5. The accompanying statements appended at Annexure I to Annexure V (collectively referred to as '**the Statement of Annexures**') have been prepared by the Company for the target segment goods and eligible products manufactured by the Company in India i.e. Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor (please strike out whichever is not applicable), as defined under the PLI Scheme.

**Management's Responsibility**

5. The accompanying Statement, including the creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Company's Management. The Company's Management is responsible for designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

6. The Company's Management is also responsible for ensuring that the Company complies with the requirements of the PLI Scheme and for providing all relevant information to the Project Management Agency appointed under the PLI Scheme.

#### **Auditor's Responsibility**

7. Pursuant to the requirements of the PLI Scheme, it is our responsibility to provide a certificate based on our examination of the information contained in the Statements with reference to the books of accounts and other records of the Company, on the matters listed under the head 'Independent Auditor's Opinion'.
8. We have verified the fixed assets register, sales register, GST returns and all other relevant financial, secretarial, and statutory records of the company for the period from 1st April 202x to 31st March 202x for the purpose of arriving at the baseline sales of goods manufactured by the company and covered under target segment.
9. (a) The financial statements of the Company for the year ended 31st March 202x were audited by us on which we had issued an unmodified audit opinion vide our report dated Month DD, 202x.  
  
b) The audit of internal financial controls with reference to financial statements of the Company as of 31st March 202x in conjunction with our audit of the financial statements of the Company for the year ended on that date was performed by us in accordance with the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, on which we had issued an unmodified opinion vide our report dated MMMM DD, 20YY.  
  
c) The Company's financial statements for the year ended 31st March 202x was subject to audit as mentioned in para 10(a) above, however, the stub period i.e. 1st April 201x to 30th June 202x (included in the year ended 31 March 202x) has not been subject to any independent audit separately.
10. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
12. Our engagement for this certificate includes performing procedures to obtain sufficient appropriate audit evidence on the applicable criteria mentioned in paragraph 7 above. The procedures selected depend on the auditor's judgement.

### **13. Independent Auditor's Opinion**

#### **I. General**

- (i) The Company has considered the audited financial statements for the year ended 31st March 202x prepared under Companies Act, 2013 for arriving at the at the information given in the accompanying Statement of annexures.
- (ii) The accounting policies, methods and assumptions of management's estimates used by the Company has been applied consistently in the preparation of the financial statements and there has been no change in the said accounting policies, methods and assumptions during the year ended 31 March 202x (please mention baseline period) from those followed in earlier year. Further, the accounting policies, methods and assumptions of management's estimates used for preparation of financial statements have been applied for the preparation of information given in the Statement of Annexures.

#### **II. Sales of Target Segment Goods and Eligible Products manufactured in India.**

- (i) the information relating to (i) net sales of manufactured target segment goods, (ii) net sales of manufactured eligible products for the period 1st April 201x to 31st March 202x and year ended 31st March 202x and information given in Annexure I & V are in agreement with the books of accounts of the Company and Scheme Guidelines.
- (ii) The baseline sale of TS goods includes goods manufactured by applicant and their contract manufacture and any Group Company in India, as required under Scheme Guidelines, the break-up thereof is given in **Annexure I**.
- (iii) As per accounting policy regularly followed by the Company and contractual arrangement with customers, the event of revenue recognition is upon (i) dispatch from factory, (ii) delivery to the customer premises (iii) any other (please specify). We have verified the cut-offs and confirm that revenue has been booked correctly as per revenue recognition policy followed by the Company or the revenue not meeting recognition policy has been reversed in book/ incentive claim filed.
- (iv) The baselines sales of target segment goods and eligible products has not been adjusted by the amount of sales returns, taxes, discounts, rebates and credit notes and claims & cost escalation pertaining to earlier years.
- (v) The net sales has been arrived after giving effect of sale returns, taxes, discounts, rebates, credit notes, refunds against sales consideration, claims if any. All due/ accrued claims, refunds, or expenses which are deductible from sales have been provided for in the books of accounts and adjusted in the sales. There are no disputed claims against the sales of manufactured goods covered under target segment.

For the purposes of calculation of baselines sales, the export sales have been considered on FoB basis as per exchange rate notified by CBIC.

- (vi) In case of companies under the Global Companies, where invoice level threshold are applicable for Eligible Product, the classification of Target Segment Goods in Eligible Products has been done correctly as per Scheme Guidelines.

- (vii) Any credit note, discount, sales consideration of any other item given free or at concessional rate, rebate, refunds etc. or any other such transaction covered under Scheme Guidelines has been set-off against the invoice to which it relates.

**Note**

The is applicable where invoice level thresholds are applicable for classification of eligible products.

In case such set-off has not been done at each invoice level, reasons thereof and methodology followed by the Company may be given. Auditor may give their opinion on the reasons and whether methodology adopted by the Company is reasonable in view of available records and business model of the Company.

- (viii) There are no expenses pertaining to Advertisement and Sales Promotion and Brand Royalty in FY 2019-2x, therefore no deduction required from baselines sales on account of these items.

**OR** the expenses pertaining to Advertisement and Sales Promotion and Brand Royalty has been deducted from the net sales of manufactured Target Segment goods and manufactured Eligible Product as per Scheme Guidelines.

- (ix) The ageing of outstanding debtors as at 31st March 202x in connection with target segment Goods as provided in Annexure- II to the Statement is in agreement with the books of accounts and appropriation policy followed by the Company on a regular basis.
- (x) The sales amount of manufactured target segment goods and eligible products as per GST returns reconciles with sales of manufactured target segment goods and eligible products as per books of account, as provided in Annexure – III.

**III. Investment**

- (i) The amounts relating to baseline for investment of Company as a whole as at 31<sup>st</sup> March 202x as stated in Annexure IV of the Statement are in agreement with books of accounts of the Company.

**IV. Related Party Transaction**

- (i) During the year, the Company has made related party transaction with respect to Target Segment Goods and Investment claimed for eligibility under the Scheme.
- (ii) The company has appropriately disclosed the related party transaction in the financial statements.
- (iii) The related party transaction with reference to sales of Target Segment Goods and Investment has been approved by appropriate authorities, as per requirement of Companies Act and the pricing claimed under PLI Scheme is in alignment with such approvals.
- (iv) The Company is liable to file Form 3CEB under Income Tax Act, 1961 and the basis of pricing at transaction level considered for incentive claim is in alignment with the same considered for justification of arm's length price in Form 3CEB.



- (v) Other relevant under Companies Act, 2013, Indian Accounting Standard 24 and Income Tax Act, 1961 have been made with respect to transaction with Related Parties.

**V. Internal Controls**

- (i) The Company has adequate internal controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 202x considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- (ii) The internal control procedures on classification of trading & manufacturing revenue, identification of manufactured Target Segment goods in the books of accounts, revenue recognition, allocation of sales consideration, pricing policy, settlement of discounts & rebates, capitalisation of property, plant and equipment and other areas relevant to determination of sales and investment of manufactured target segment goods is operating effectively during the period of incentive claim.

**Restriction on Use**

The certificate is being issued at the request of Board of Directors of the Company for onward submission to IFCI Limited (Project Management Agency/ MeitY and solely for the purpose of Production Linked Incentive Scheme and should not be used by any other person or for any other purpose.

**Note:**

The **certificate** and all accompanying '**Statement of Annexures**' should be signed by the auditors.

## Annexure I

### Statement of Sales of Manufactured Target Segment Goods and Eligible Products

Name of applicant	
Category	
Product Applied for	
Application reference no.	
Target Segment	
Eligible Product	

#### A. Baseline sales

Particulars	From April 01, 202x to March 31, 202x
Net Sales of Target Segment Goods in ₹ – _____ (name of target segment) manufactured in India by:  (i) Applicant at (factory address and amount) (ii) Contract Manufacturer (please specify name and factory address) (iii) Group Company in India.	
Net sales of Eligible Product Goods manufactured in India by  (iv) Applicant at (factory address) (v) Contract Manufacturer (please specify name and amount) (vi) Group Company in India.	

## Annexure II

### Debtors related to manufactured goods covered under Target Segment of the company:

Name of the debtor	Balance as at		Outstanding for claim period			
	March 31 2020	March 31 2021	less than 3 Month	more than 3 months	more than 6 months	more than 12 months
<b>TOTAL – (A)</b>						
Debtors Other Than Target Segment –(B)						
<b>GRAND TOTAL (A+B)</b>						

**Debtor appropriation policy:**

(Please provide a note on policy followed by applicant for appropriation of payment from debtors following by the Company and confirm whether the debtor aging has been arrived at using the same appropriation policy.)

**Annexure III****Reconciliation of Sales as per Books of Accounts and GST Return for manufactured goods under Target Segment of the company**

Particulars (in ₹)		FY 202x-2x
<b>Total Sales per GST Returns</b>		
<b>Less:</b>	Branch Transfer & Other Stock Transfer not considered as sales	
	Sales of products not covered under Target Segment	
	Income from services provided	
	Services covered under 'Reverse Charge Mechanism'	
	Sales of products covered under Target Segment but not manufactured by the applicant (trading items)	
<b>Sales of Manufactured Target Segment Goods as per GST Returns</b>		
<b>Add:</b> Sales made by units located in Special Economic Zone ('SEZ') but not required to be reported in GST returns as per GST law		
<b>Add:</b> Adjustment carried out in the books of accounts, but not forming part of GST returns		
1.	Please specify broad nature of adjustment and give details	
<b>Less:</b> Adjustment not carried out in the books of accounts but forming part of GST returns.		
1.	Please specify broad nature of adjustment and give details	
<b>Sales of manufactured goods covered under Target Segment, as per Books of Accounts</b>		
<b>Less: Adjustments as per Guideline of Scheme</b>		
Advertisement & Sales promotions, if any		
Brand Royalty, if any		
<b>Net Sales of manufactured goods covered under Target Segment, as per Books of Accounts</b>		
<b>Less:</b> Sales of TS goods not covered as Eligible Product		
<b>Sales of Eligible Products considered for incentive</b>		

**Note**

- The reconciliation may be provided with financial statements with all the GST registration numbers held by company.
- Reco may be provided with monthly/ annual returns.

## Annexure IV

Baselines for Investment of the company as at March 31, 202x:

Heads of Investment (in ₹)	Gross Block	Accumulated Depreciation	Net Block
<b>A. Property, Plant and Equipment</b>			
Land & Building			
Plant & Equipment			
Furniture and Fixtures			
Vehicles			
Office equipment			
Bearer Plants			
Others (Specify nature)			
Electric Installations			
Tools & Dies			
Computers			
Right of Use Assets - Leasehold Building			
<b>B. Intangible Assets</b>			
Software			
License & Franchise			
Brands or trademarks			
Others (Specify nature)			

# Annexure V

## Format of Sales register

GSTIN / UIN of Buyer	Buyer's Name	Related Party (Y/N)	Supplies from SEZ unit – Reportable in GST returns (Y/N)	Invoice Number	Invoice date	Invoice type (Sales invoice, Dr. note, cr. Note)	Product Description (Model/Make or Identification Number)	HSN Code	Quantity	Domestic / Export	Forex currency USD/eur or any other	Exchange rate as per books	Exchange rate as per GST	Invoice value	FOB value of export sales	Place of Supply	Of
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E-way bill date	E-way bill no.	Shipping bill no.	Shipping bill date	Applicable % of Tax Rate	Deduction as per clause 2.18	Value considered for PLI*

- The register may be provided for total TS goods manufactured in India by the applicant or manufacturer
- This is the value net of credit notes, discounts, taxes or any other adjustments.
- To be signed by auditor and also to be provided in excel file.

**Format of Documents required under Disbursement Claim Form:**

- Certificate from Statutory Auditor (Annexure 15.1) for incentive claim
- Certificate from Chartered Engineer (Annexure 15.2)
- Undertaking for No deviation from eligible product and Target Segment. (Annexure 15.3)
- Certificate from the Company Secretary regarding clearances/approval required. (Annexure 15.4)
- Board Resolution that applicant agrees to terms and conditions of PLI Scheme Guidelines (Annexure 15.5)
- An agreement/indemnity bond. (Annexure 15.6)
- Post Disbursement Certificate by Statutory Auditors (Annexure 15.7)
- Undertaking from applicant that sales has been considered only once under the Scheme (Annexure 15.8)
- Audited/ Unaudited Financial Statements with Trial Balance Grouping
- In case of servers, certificate issued by MeitY for usage of firmware from India sources or other trusted sources

## Annexure 15.1

### Independent Auditors' Certificate for Incentive Claim

Date: xxxxx, 20XX

**To,**  
Board of Directors,  
Name of the Applicant .....  
Address .....

**For onward submission to:**  
Name of PMA  
Address:

1. We do hereby confirm that we are Independent Auditors of M/s \_\_\_\_\_ Limited (hereinafter referred to as “the company”) for FY 202x-2x Appointed under section 139 of the Companies Act, 2013.
2. This certificate is being issued in connection with incentive claim for the period from ..... to ..... under Production Linked Incentive Scheme (PLI) for IT Hardware as notified vide notification No. CG-DL-E-30052023-246165 dated 29<sup>th</sup> May 2023 read with guidelines for the operation of PLI for IT Hardware 2.0 entities dated ....., as amended from time to time (hereinafter referred as ‘the PLI Scheme’).
3. It is confirmed that we have followed the relevant code of conduct for independence of Auditors issued by ICAI w.r.t. and related provisions of Companies Act, 2013. Further, ..... (name of statutory auditor’s firm) or any of our associates or affiliate concerns/ entities are not engaged in providing any services to or business with, the applicant which may pose any potential ‘conflict of interest’ in submission of this certificate or could potentially result in non-compliance with the code of ethics issued by ICAI or provisions of Companies Act, 2013.
4. The accompanying statements appended at Annexure I to Annexure VIII (collectively referred to as ‘**the Statement of Annexures**’) have been prepared by the Company for the target segment goods and eligible products manufactured by the Company in India i.e. *Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor (please strike out whichever is not applicable)*, as defined under the PLI Scheme.

#### Management's Responsibility

5. The accompanying Statements, including the creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Company's Management. The Company's Management is responsible for designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.
6. The Company's Management is also responsible for ensuring compliance with the requirements of the PLI Scheme and for providing all relevant information to the Project Management Agency appointed under the PLI Scheme.

### **Auditor's Responsibility**

7. Pursuant to the requirements of the PLI Scheme, it is our responsibility to provide a certificate based on our examination of the information contained in the Statements with reference to the books of accounts and other records of the Company, on the matters listed under the head 'Independent Auditor's Opinion'.
8. We have verified the fixed assets register, sales register, inventory records, GST returns and all other relevant financial, secretarial, and statutory records of the company for the period from 1<sup>st</sup> April 20XX to ..... for the purpose of arriving at the information contained in **the Statement of Annexures**.
9. (i) The financial statements of the Company for the year ended 31st March 202x were audited by us on which we had issued an unmodified audit opinion vide our report dated ....., 20YY. *(if not audited for the incentive claim period, please mention about the last audited balance sheet)*  
  
(ii) The audit of internal financial controls with reference to financial statements of the Company as of 31 March 202x was performed in conjunction with audit of the financial statements of the Company for the year ended on that date by us considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, on which we had issued an unmodified opinion vide our report dated MMMM DD, 20YY. *(if not audited, please mention about the last audited balance sheet)*.  
  
(iii) The Company's financial statements for the year ended 31<sup>st</sup> March 202x was subject to audit as mentioned in para 9(a) above, (in case, financial statements for claim period is not audited, please mention accordingly).
10. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
12. Our engagement for this certificate includes performing procedures to obtain sufficient appropriate audit evidence on the applicable criteria mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgement.

### **13. Independent Auditor's Opinion**

Based on our examination as stated above and based on the information and explanations given to us by the Company's management, we report that:

#### **I. General**

- (i) The Company has considered the audited/unaudited financial statements for the year ended 31st March 202x (please mention incentive claim period) prepared under



Companies Act, 2013 for arriving at the information given in the accompanying Statement of Annexures.

- (ii) The accounting policies, methods and assumptions of management's estimates used by the Company has been applied consistently in the preparation of the financial statements and there has been no change in the said accounting policies, methods and assumptions during the year ended 31 March 202x (please mention incentive claim period) from those followed in earlier year. Further, the accounting policies, methods and assumptions of management's estimates used for preparation of financial statements have been applied for the preparation of information given in the Statement of Annexures.

## **II. Sales of Target Segment Goods and Eligible Products manufactured in India.**

- (i) the information relating to (i) net sales of manufactured target segment goods, (ii) net sales of manufactured eligible products for the period 1<sup>st</sup> April 202x to 31<sup>st</sup> March 202x and year ended 31<sup>st</sup> March 202x and **Annexure I and V** are in agreement with the books of accounts of the Company and Scheme Guidelines.
- (ii) The sale of TS goods includes goods manufactured by applicant and their contract manufacture as permitted under the Scheme Guidelines, the break-up thereof is given in **Annexure I**.
- (iii) The incremental sales of the manufactured Target Segment goods for the period from ..... to ..... over sales for the period from ..... to ..... is ₹ ..... crore. The company has achieved the threshold incremental sales of manufactured target segment goods applicable for 1<sup>st</sup>/ 2<sup>nd</sup> ..... Year x i.e. FY 202x-2x.
- (iv) As per accounting policy regularly followed by the Company and contractual arrangement with customers, the event of revenue recognition is upon (i) dispatch from factory, (ii) delivery to the customer premises (iii) any other (please specify). We have verified the cut-offs and confirm that revenue has been booked correctly as per revenue recognition policy followed by the Company or the revenue not meeting recognition policy has been reversed in book/ incentive claim filed.
- (v) The company has issued e-way bill for each sales transaction, wherever applicable. There is a sales of ₹ .... considered in eligibility criteria for which e-way bill was required to be issued but not issued.
- (vi) The net sales has been arrived after giving effect of sale returns, taxes, discounts, rebates, credit notes, refunds against sales consideration, claims if any. All due/ accrued claims, refunds, or expenses deductible from sales have been provided for in the books of accounts and adjusted in the sales. There are no disputed claims against the sales of manufactured goods covered under target segment.

- (vii) In case of companies under the Global Companies, where invoice level threshold are applicable for Eligible Product, the classification of Target Segment Goods in Eligible Products has been done correctly as per Scheme Guidelines.
- (viii) Any credit note, discount, sales consideration of any other item given free or at concessional rate, rebate, refunds etc. or any other such transaction covered under Scheme Guidelines has been set-off against the invoice to which it relates.

**Note**

The is applicable where invoice level thresholds are applicable for classification of eligible products.

In case such set-off has not been done at each invoice level, reasons thereof and methodology followed by the Company may be given. Auditor may give their opinion on the reasons and whether methodology adopted by the Company is reasonable in view of available records and business model of the Company.

- (ix) The expenses pertaining to Advertisement and Sales Promotion and Brand Royalty has been deducted from the net sales of manufactured Target Segment goods and manufactured Eligible Product in accordance with formula given in Scheme Guidelines.

**OR**

There is no expense on account of Advertisement and Sales Promotion and Brand Royalty.

- (x) The ageing of outstanding debtors as at 31 March 202x in connection with target segment Goods as provided in Annexure- II to the Statement is in agreement with the books of accounts and appropriation policy followed by the Company on a regular basis.
- (xi) The sales amount of manufactured target segment goods and eligible products as per GST returns reconciles with sales of manufactured target segment goods and eligible products as per books of account, as provided in Annexure – III. Entire sales of Target Segment Goods considered for incentive has been disclosed in the GST returns of the relevant incentive claim period, as applicable (if disclosed in some other period, please mention) except for a sales of ₹ .....

**III. Investment**

- (i) The cumulative incremental investment from ..... (as per applicable cut-off date) to ..... is ₹..... crore. The Company has complied with the criteria of incremental cumulative threshold investment for the 1<sup>st</sup>/ 2<sup>nd</sup> .....year i.e. year ended 31st March 20XX and investment has been made in accordance with Scheme Guidelines and approval accorded by MeitY.
- (ii) The cumulative investment claimed by the Company includes investments of ₹..... crore done by contract manufacturers viz ..... (name of parties). The detail of cumulative investment made by applicant and their contract manufacturer is as provide in Annexure IV.
- (iii) For the investment made by contract manufacturers, the Company has obtained requisite declaration dated ..... as per Annexure -13 of Scheme Guidelines and the

certificate from their Statutory Auditors dated ..... and Chartered Engineer dated .....

We have relied upon these documents to ascertain that the investment is in compliance with Scheme Guidelines and is eligible for consideration for eligibility with threshold criteria of incremental investment. Further, the contract manufacturing agreement dated ..... is valid during the claim period.

- (iv) There is a total amount of ₹ ..... crore capitalised in the book of accounts during the period from ..... to ..... (claim period), out of which capex of ₹ ..... has been considered as eligible under PLI Scheme and submitted for eligibility of minimum threshold investment under PLI Scheme. Detail of head wise assets is attached as **Annexure IV** and individual assets register is attached at **Annexure VI**.
- (v) The assets have been purchased/ leased in the name of applicant with legally valid document and taxes & duties have been paid or accrued in the books, as per clause 6.2.(v) of Scheme Guidelines.
- (vi) Entire capex of ₹ ..... claimed under the Scheme are eligible for capitalisation as per relevant provision of Companies Act, 2013 and relevant Accounting Standards followed by the Company. Therefore, considered as eligible for capitalisation in the books of accounts.
- (vii) The assets capitalised but having invoice date prior to 1st April 2021 have not been considered while calculating the incremental investment under PLI Scheme.
- (viii) The investments which are yet to be capitalised (CWIP) as of date of claim period have not been considered while calculating the incremental investment for the year of claim.
- (ix) In respect of used/ refurbished imported assets purchased by the Company during the year of claim, as provided by the PLI scheme, the value has been considered lower of a) value ascertained by chartered engineer. b) value assessed by Custom Authorities/ Depreciated value in accordance with custom laws and c) invoice value. Further, the residual life of such used imported assets has been assessed by chartered engineer as being more than 5 years as per Hazardous and Other Waste (Management and Transboundary Movement) Rule, 2006.
- (x) Deprecation on the old/ used/ refurbished machinery of ₹ ....., which have been imported from outside India and claimed as eligible capex under the Scheme, is being charged over a period of 5 year or more.
- (xi) The capex claimed as eligible under the Scheme is not subject to any other Govt. Incentive Scheme except ..... The amount of eligible incentive on the capex is ..... crore, for which claim has been filed / not filed. The accounting policy of the Company for in this regard is ..... adjustment from cost / recognition as revenue (also method to be followed for recognition).
- (xii) The investment on which applicant has availed the benefit of incentive under SPECS Scheme (whether disbursed or not), such investment has not been considered for the purpose of eligible investment for incremental investment thresholds.

- (xiii) No expenses have been allocated to the capex claim under the Scheme Guidelines except purchase price, non-creditable duties & taxes, packaging, insurance, freight, and expenses on 'erection & commissioning' of new/ old machinery/ equipment purchased during the period from 1<sup>st</sup> April 202x to 31<sup>st</sup> March 202x.
- (xiv) No amount pertaining to upgradation/ refurbishment or modernisation of existing assets has been capitalised and claimed as eligible under the Scheme for the purpose of meeting with eligibility threshold.
- (xv) With reference to clause 6.5 of the Scheme Guidelines, the amount of Associated Utilities claimed under eligible capex is ..... which has been cross checked with CPWD schedule of rates for the respective assets and lower of actual value and rates as per CPWD schedule has been considered for the purpose of computation of incremental investment under the PLI Scheme. There is an investment in associated utilities for Rs. ... crore for which, CPWD rates are not available.
- (xvi) There is no expenditure on Transfer of Technology or Research & Development claimed under eligible capex under the Scheme Guidelines OR give the detail of expenditure.
- (xvii) Assets claimed for eligible capex includes assets of Rs..... crore taken or lease. The nature of lease is Financial Lease.

#### **IV. Related Party Transaction**

- (i) During the year, the Company has made related party transaction with respect to Target Segment Goods and Investment claimed for eligibility under the Scheme.
- (ii) The company has appropriately disclosed the related party transaction in the financial statements.
- (iii) The related party transaction with reference to sales of Target Segment Goods and Investment has been approved by appropriate authorities, as per requirement of Companies Act and the pricing claimed under PLI Scheme is in alignment with such approvals.
- (iv) The Company is liable to file Form 3CEB under Income Tax Act, 1961 and the basis of pricing at transaction level considered for incentive claim is in alignment with the same considered for justification of arm's length price in Form 3CEB.
- (v) Other relevant under Companies Act, 2013, Indian Accounting Standard 24 and Income Tax Act, 1961 have been made with respect to transaction with Related Parties.

#### **V. Localisation of Components**

- (i) Based on the inventory and production related records, the Company has localised the ..... no. of components during the Scheme period. The quantitative and financial data on sourcing, consumption and inventory of localised components and corresponding production and sales of Finished Goods is enclosed at **Annexure VII**.
- (ii) The company has obtained requisite declaration form component supplier (please name the supplier and component) as per Annexure 12 of the Scheme Guidelines. The sales

of component as per such declarations by component supplier is in alignment with the books of accounts maintained by the applicant/ or the difference is explained in **Annexure VII.**

- (iii) The Company has maintained adequate and systematic records of inventory and other relevant information to substantiate the production, sourcing, and consumption of localised components to production and sales of finished products.

#### **VI. Calculation of Incentive Claim**

- (i) As per Scheme Guidelines, the net incremental sales of Target Segment Goods/ Eligible Products (strike out whichever is not applicable) manufactured by the company has been computed as per clause 18.1 (b) of the Scheme Guidelines. Accordingly, eligible amount of incentive claim for the period from ..... to ..... is ₹ ..... crore.
- (ii) The company has considered incentive rates as per Scheme Guidelines from the date of localisation of components on the sales of finished products. Further, the sales considered for incentive calculation is in compliance with clause 5.15 of the Scheme Guidelines.
- (iii) For the purposes of calculation of incentive claims, the export sales have been considered on FoB basis as per exchange rate notified by CBIC.
- (iv) The value of sales doesn't include value of pre-loaded software, standard warranty.  
(OR)

The value of sales includes value of pre-loaded software, standard warranty. However, the same meets the requirement of clause 18.1.(h) of the Guidelines and value of these component cannot be quantified separately. There has been no change in the accounting policies or practice of revenue recognition in this regard since base year and preceding 3 years.

#### **VII. Internal Controls**

- (i) The Company has adequate internal controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 202x considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- (ii) The internal control procedures on classification of trading & manufacturing revenue, identification of manufactured Target Segment goods in the books of accounts, inventory records to identified procurement and consumption of localised components/ sub-assemblies, revenue recognition, allocation of sales consideration, pricing policy, settlement of discounts & rebates, capitalisation of property, plant and equipment and other areas relevant to determination of sales and investment of manufactured target segment goods is operating effectively during the period of incentive claim.

#### **14. Restriction on Use**

The certificate is being issued at the request of Board of Directors of the Company for onward submission to Project Management Agency/ MeitY and solely for the purpose of Production Linked Incentive Scheme and should not be used by any other person or for any other purpose.

#### **Note**

The **certificate** and all accompanying “**Statement of Annexures**” should be signed by the auditors.

## Annexure I

### Statement of Sales of Manufactured Target Segment Goods and Eligible Products

Name of applicant	
Application Category	
Product Approved	
Application No.	
Target Segment Products	
Eligible Product	

#### B. Incremental sales of Target Segment Goods manufactured in India for Eligibility Criteria

Net Sales of Target Segment Goods (..... <i>name of target segment products</i> ) manufactured in India by	From .... To .....
(i) Applicant at (factory address and amount)	
(ii) Contract Manufacturer (please specify name and amount)	
<b>Less: Baseline Sales of TS</b>	
<b>Incremental Sales</b>	

#### C. Incentive Claim

Net sales of Eligible Product Goods meeting minimum localization criteria and eligible for incentive ( ..... <i>name of Eligible Products</i> ), manufactured in India by	From .... To .....
Applicant at (factory address)	
Contract Manufacturer (please specify name and amount)	
<b>Less: Baseline Sales of EP</b>	
<b>Incremental Sales of EP</b>	
Incentive Claimed (as detailed in Annexure V)	

#### D. Other Details

S. No.	Particulars	Unit	Base Year FY 202x-2x	Claim Period FY 2020-2x
1	Investment Capitalized (Cumulative)	₹ Crore		
2	Employment as on Date of Filing Claim (Cumulative)	Numbers		
	a) On-roll labour / employees			
	b) Contractual			

S. No.	Particulars	Unit	Base Year FY 202x-2x	Claim Period FY 2020-2x
	c) Apprentice			
3A	<b>Revenue from Operations –Domestic Sales</b> [net of credit notes, discounts, and taxes applicable]	INR		
	a) Manufacturing Activity			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Trading Activity			
	i. Target Segment			
	ii. Other Goods			
	c) Services Activity			
3B	<b>Revenue from Operations – Exports</b> [net of credit notes, discounts, and taxes applicable]			
	a) Manufacturing Activity			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Trading Activity			
	i. Target Segment			
	ii. Other Goods			
	c) Services Activity			
3C	<b>Total Revenue from Operations (Domestic Sales &amp; Exports)</b>			
4	<b>Sales Quantity</b> [net of credit notes, discounts, and taxes applicable]	Numbers		
	a) Manufacturing Activity			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	b) Trading Activity			



S. No.	Particulars	Unit	Base Year FY 202x-2x	Claim Period FY 2020-2x
	i. Target Segment Goods			
5	<b>Details of Import</b>	INR		
	<i>CIF plus non-creditable taxes / duties</i>			
	a) Raw Material / Parts / Components			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	b) Spare Parts			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	c) Finished Goods			
	i. Eligible Products			
	ii. Other Goods in Target Segment			
	iii. Other Goods			
	d) Capital Goods			
	i. Target Segment			
	iii. Other Goods			
	e) Import of Services – Target Segment			

## Annexure II

### **Reconciliation of Sales as per Books of Accounts and GST Return for manufactured goods under Target Segment of the company**

Particulars (in ₹)		FY 202x-2x
<b>Total Sales per GST Returns</b>		
<b>Less:</b>	Branch Transfer & Other Stock Transfer not considered as sales	
	Sales of products not covered under Target Segment	
	Income from services provided	
	Services covered under 'Reverse Charge Mechanism'	
	Sales of products covered under Target Segment but not manufactured by the applicant (trading items)	
<b>Sales of Manufactured Target Segment Goods as per GST Returns</b>		
<b>Add:</b> Sales made by units located in Special Economic Zone ('SEZ') but not required to be reported in GST returns as per GST law		
<b>Add:</b> Adjustment carried out in the books of accounts, but not forming part of GST returns		
<b>1.</b>	Please specify broad nature of adjustment and give details	
<b>Less:</b> Adjustment not carried out in the books of accounts but forming part of GST returns.		
<b>1.</b>	Please specify broad nature of adjustment and give details	
<b>Sales of manufactured goods covered under Target Segment, as per Books of Accounts</b>		
<b>Less: Adjustments as per Guideline of Scheme</b>		
Advertisement & Sales promotions, if any		
Brand Royalty, if any		
<b>Net Sales of manufactured goods covered under Target Segment, as per Books of Accounts</b>		
<b>Less:</b> Sales of TS goods not covered as Eligible Product		
<b>Sales of Eligible Products considered for incentive</b>		

#### **Note**

- The reconciliation may be provided with financial statements with all the GST registration numbers held by company.
- Reco may be provided with monthly returns.

**Annexure III****Debtors related to manufactured goods covered under Target Segment of the company:**

Name of the debtor	Balance as at		Outstanding for claim period			
	March 31 2020	March 31 2021	less than 3 Month	more than 3 months	more than 6 months	more than 12 months
<b>Total – (A)</b>						
Debtors Other Than Target Segment –(B)						
<b>Grand Total (A+B)</b>						

**Debtor appropriation policy:**

(Please provide a note on policy followed by applicant for appropriation of payment from debtors following by the Company and confirm whether the debtor aging has been arrived at using the same appropriation policy.)

## Annexure IV

### Cumulative investment:

Name of Person, who has made investment	Gross Block as on ..... (cut-off date)	Gross Block as on date of filing claim	Additions from 01/04/202x to date of filing claim	Deletions from 01/04/202x to date of filing claim	Additions considered for PLI Scheme	Additions not considered in the eligible assets
Applicant						
Contra Manufacturer (please give name)						
<b>Total</b>						

**Cumulative investment considered eligible: ₹..... crore**

### Investment Schedule – Applicant and Contractor Manufacturer, as certified by their auditors)

Particulars	Gross Block as on ..... (cut-off date)	Gross Block as on date of filing claim	Additions from 01/04/202x to date of filing claim	Deletions from 01/04/202x to date of filing claim	Additions considered for PLI Scheme	Additions not considered in the eligible assets
<b>(A) Property, Plant and Equipment</b>						
Land & Building						
Plant & Equipment						
Furniture and Fixtures						
Vehicles						
Office equipment						
Bearer Plants						
Others (Specify nature)						
Electric Installations						
Tools & Dies						
Computers						
Right of Use Assets - Leasehold Building						
<b>(B) Intangible Assets</b>						
Software						
License & Franchise						
Brands or trademarks						
Others (Specify nature)						

## Annexure V

### Format of Sales register

GSTIN/ UIN of Buyer	Buyer's Name	Related Party (Y/N)	Supplies from SEZ unit – Reportable in GST returns (Y/N)	Invoice Number	Invoice date	Invoice type (Sales invoice, Dr. note, cr. Note)	Product Description (Model/ Make or Identification Number)	HS Code	Quantity	Domestic/ Export	Forex currency USD/ euro or any other	Exchange rate as per books	Exchange rate as per GST	Invoice value	FOB value of export sales	Place of Supply
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E-way bill date	E-way bill no.	Shipping bill no.	Shipping bill date	Applicable % of Tax Rate	Deduction as per clause 2.18	Value considered for PLI*	Use of Local component for PCBA Qty	Use of Local component – 1 (name of component) Qty	Use of Local component - 2 (Name of the component) Qty

- The register may be provided for total TS goods manufactured in India by the applicant or contract manufacturer.
- This is the value net of credit notes, discounts, taxes or any other adjustments.
- To be signed by auditor and also to be provided in excel file.
- Applicants are required to keep a record of procurement and consumption of localised component. The consumption of localised component may be linked to the sale of the finished product on which incentive is being claimed.

## Annexure VI

### Format for capex register

Sr. No.	Asset description/ Capex item as per Invoice	Capex item as per FAR	Asset Code or Asset ID OR Reference No.	Location (please mention name of third party, where assets are lying)	Related Party Transaction (Yes / No)	Old/ furnished/New	Re- Purchase	Vendor code	Name of the Vendor	Bill/ Invoice Number	Bill date	Goods Receipt Slip			Imported/ Domestic
												GR Number	GR Date	Quantity	

Bill of Entry	Invoice Detail					Freight	Insurance	Other Exp. (please specify nature)	Amount Capitalized (INR)	Capitalization date	Manufacturing process where used	GL where capitalized	GL code	GL Name	Classification of P&M as per PLI Scheme like moulds, jigs, process machinery, dies	CPWD Rate in case of associated utilities
	Date	Currency	Base value	Ex Rate	Total INR											
No																

To be signed by auditor and also to be provided in excel file.

## Annexure VII

### Localization Traceability Performa (to be filled in for each component localised)

Particulars of Finished Goods	Consumption of Localised item <Product Name>		Sales (Locally Procured)		Sales (Other than locally Procured)		Production Qty. in which Localised Component was	
	Locally Procured (Unit)	Imported (Units)	Unit	Value	Unit	Value	Locally Procured Component	Imported Component
Laptop <Eligible Product>								
Model No.								
<b>Total</b>								

### **Movement of inventory of <Localized Product Name>**

<Localized Product Name> Movement	Locally Procured		Imported		Total	
	Unit	Amount	Unit	Amount	Unit	Amount
Opening Stock (A)						
Purchase (B)						
• Name of the Supplier						
Consumption (C)						
Rejection						
<b>Closing Stock (A+B-C)</b>						

**Annexure 15.2**

&lt;On the Letterhead of CE&gt;

**Chartered Engineer's Certificate**

Date: Month xx, 202x

**To,**

Board of Directors,

Name of the Applicant .....

Address .....

**For onward submission to:**

PMA Name

Address

This certificate is being issued in connection with Production Linked Incentive Scheme (PLI) for IT Hardware 2.0 (hereinafter referred as 'PLI Scheme') as notified vide notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 read with operational guideline dated ....., as amended from time to time (hereinafter referred as 'the PLI Scheme').

M/s ..... was approved under PLI Scheme vide letter no. .... dated ..... issued by Project Management Agency appointed under the Scheme. At the request of M/s ..... having its Regd. Office at ..... and plant at ....., We, M/s ..... have examined the relevant records and other documents produced before us related to investment made under PLI Scheme for eligibility of threshold incremental investment. The particular of the project is as under:

<b>Name of the Company have done investment</b>	<b>Address</b>	<b>Product manufactured (TS goods/ Component/ Sub-assemblies name)</b>	<b>Investment Made &amp; Verified</b>
Applicant Name			
Contractor Manufacturer Name			
<b>Total</b>			

**Site Visit Details** (Date of site visit and company officials facilitating the inspection)**Date:****Official of CE visiting Plant:** (Please give name and designation)

(i) .....

(ii) .....

**Company Official facilitating site visit:** (please give name and designation)

(i) .....

(ii) .....

In this connection, we, hereby report and certify as given below:



1. The capex items claimed for eligibility criteria of incremental investment under the PLI Scheme are actually required for the manufacturing of Target Segment good i.e. (i.e. *Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor*)/ *component/ Sub-assemblies (please given name)* and all such plant & machinery have been installed in the factory premises of **M/s .....** **at their factory .....** during the period from ..... to.....
2. Further, it is certified that the expenditure incurred and capitalized in the book for Plant, Machinery, Equipment and Associated Utilities including Tools/ Dies/ Moulds/ Jigs/ Fixtures during the investment year 202x- 202x is ₹ xxxxx.
3. The capital items are new as well as refurbished. The used/ refurbished plant, machinery and equipment of ₹ xxxxxxxx capitalized during the year 202x-202x are found in working condition and still have a residual life of more than five (05) years as per Hazardous and other Waste (Management and other waste Transboundary Movement) Rules, 2016.
4. In case old/ refurbished P&M lower of amount capitalized, depreciated value assessed (as per scale of depreciation fixed by Customs, whether these Plant, Machinery and Equipment are imported or not) and value assessed by Chartered Engineer has been considered as eligible capex. The difference between value so arrived and amount capitalized in the books is INR.....).
5. All capital items which have been claimed for eligibility criteria of incremental investment are being used exclusively for the manufacturing of eligible goods under PLI scheme and the price is as per the marketvalue.
6. All capital items have been purchased at prices that are in our opinion reasonable and in-line with prevailing market value as on the date of the purchase.
7. With reference to clause 5.5 of the Scheme Guidelines, the amount of Associated Utilities claimed under eligible capex is ..... which has been cross checked with CPWD schedule of rates for the respective assets and lower of actual value and rates as per CPWD schedule has been considered.
8. The design of the plant and production process is comprehensive enough to manufacture the component/ sub-assembly in compliance with requirement of local content/ value addition as per Public Procurement (Preference to Make in India) Order W-43/4/2019-IPHWMeitY dated 07.09.2020, as amended from time to time.
9. List of capital items referred in this certificate with details of Assets No in Fixed Assets Register, Date of Capitalization, Amount Capitalized, Classification under PLI Scheme and Usage in the production process amounting to INR xxxxx is attached as **Annexure – A**.
10. We have physically verified the assets capitalized by .... (applicant) or their contractor manufacturer ..... (please give name), installed at ..... (address of the plant) and claimed for eligibility threshold criteria under the Scheme. All the assets were found to be at designated location of plant/ assets of ₹ ..... crore could not be identified/ verified physically.

11. The photograph with GPS coordinates of the site depicting visiting team and company officials facilitating the site visit is attached at **Annexure B**.

#### Declarations

1. It has been ensured that the information furnished is true and correct in all respects, no part of it is false or misleading and no relevant information has been concealed or withheld.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in this property, and I have no personal interest or bias with respect to the parties involved.
4. Neither I nor any of my partners is a partner, director or an employee of the above-named entity or its associated concerns. This report is issued without prejudice.
5. Date of Site visit by Chartered Engineer

Signature & Seal of CE

## Annexure-A

Attached to CE Report Ref No. xxxxx dated xxxx							
Name of the Product*	Classification as per PLI Scheme #	Usage in Production Process #	Asset No. in FAR	Description as per FAR	Capitalization Date	Balance Sheet Head	Amount Capitalized

\* Please provide name of the product (TS goods/ sub-assembly/ component) for which plant & machinery has been installed.

# As per clause 2.17 of Scheme guidelines, expenditure on Plant & machinery, Equipment and Associated Utilities, Tools, Dies, Moulds, Jigs, Fixtures used in the Design, Manufacturing, Assembly, Testing, Packaging or Processing of Goods covered under target segments.

**Annexure 15.3**

**Undertaking for No Deviation from Eligible and Target Goods**

To

Date: Month xx, 202x

Name Project Management Agency

Address

**Reference:**

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29<sup>th</sup> May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time.

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated \_\_\_\_\_ for application no \_\_\_\_\_ dated \_\_\_\_\_ filed online via portal for Category \_\_\_\_\_ ; Target Segment \_\_\_\_\_ ;and Eligible Products \_\_\_\_\_

**UNDERTAKING**

This is to undertake that ..... has not deviated from the eligible product and target segment as mentioned in the scheme and guidelines mentioned in the reference above for determination of incentive data for the period 1<sup>st</sup> April, 202x to 31<sup>st</sup> March, 202x.

That the manufactured goods cover under the Target Segment, there is no deviation between the product manufactured by ..... (on which incentive is being claimed) and target segment goods approved to us under the scheme and guidelines mentioned in the reference above. The net sales of which are considered for determining eligibility and incentive amount due under the scheme are meeting the criteria for localization as per scheme guideline and the computation of incentive claim has been done accordingly.

This declaration has been issued in requirement of the Guidelines for operation of Production Linked Incentive Scheme – 2.0 for IT Hardware dated ....., as amended from time to time.

For Company name.

Place:

Date:

**Annexure 15.4**

**Format of Certificate from Managing Director/ Director/ CEO regarding clearances/approvals required**

Date: Month xx, 2022

To,

Project Management Agency  
Address

**Reference:**

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated for application no \_\_\_\_\_ dated \_\_\_\_\_ filed online via portal for Category \_\_\_\_\_ ; Target Segment \_\_\_\_\_;and Eligible Products \_\_\_\_\_

In connection with our incentive claim under PLI Scheme for IT Hardware 2.0 for the period from 1st April, 20xx to xx Month, 20xx, this is to certify that that \_\_\_\_\_ (*company name*), a Company incorporated under Companies Act, 1956 having CIN: \_\_\_\_\_, has obtained all requisite regulatory and statutory clearances, approval, licenses including environmental clearances required by law for the purpose of manufacturing target segment goods i.e. Laptops, Tablets, All-in-one PCs, Servers, Ultra Small Form Factor at its all units situated at

- (i) .....
- (ii) .....

The approvals were available and valid throughout the period for which incentive is being claimed.

For (*company name*).....

Name & Designation

Place:

Date:

## **Annexure 15.5**

### **Format for Board Resolution**

Extract of the Resolution passed by the Board of Directors of ..... (*company name*) held on DD/MM/YYYY at the Registered office of the company situated at ..... (*address*) held at ..... (*time*).

Acceptance of the Terms & Conditions as laid down in Production Linked Incentive (PLI) Scheme for IT Hardware 2.0.

This is with reference to incentive claim of ..... filed by ..... on the incremental sales of ..... for the period from ..... to ..... under PLI Scheme for IT Hardware 2.0 (hereinafter referred as PLI Scheme). The Board of Directors have pursued the incentive claim filed by ..... and underlying documents for compliances made by ..... under PLI Scheme and resolve as follows:

“RESOLVED THAT the consent of Board of Directors is accorded for accepting and agreeing to abide by the terms and conditions as laid down in Production Linked Incentive (PLI) Scheme for IT Hardware 2.0, Guidelines and Supplementary Guidelines, while securing the incentive amount on behalf of the company and in the best interest of the company.

RESOLVED THAT Board of Directors have taken note of the incentive claim filed by the ..... (name of the company) and documents, certificates, management undertakings and other representations made with the incentive claims. It is confirmed that eligibility and computation of incentive claim filed by ..... (name of the applicant) is in compliance with the Scheme Guidelines and approval letter dated ..... under PLI Scheme.

RESOLVED FURTHER THAT Mr..... and ....., be and are hereby jointly or severally authorized to execute the indemnity bond/ agreement in the format prescribed under PLI Scheme for refund of any excess incentive, as per Scheme Guidelines.

For ..... (*company name*)

Name of person

Designation

Date:

Place:

**Annexure 15.6**

**Format for Undertaking for refund of Incentive (Fraud Detection) – Post Claim  
Submission**

To,

Date: Month xx, 2022

Project Management Agency  
Address

Reference:

Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 29th May, 2023 and PLI scheme Guidelines issued thereunder, as amended from time to time

Approval letter issued by Project Management Agency in favour of \_\_\_\_\_ (*company name*) under the Production Linked Incentive Scheme for IT Hardware 2.0 vide letter no. \_\_\_\_\_ dated \_\_\_\_\_ for application no \_\_\_\_\_ dated \_\_\_\_\_ for Target Segment Goods \_\_\_\_\_

**UNDERTAKING**

We, M/s \_\_\_\_\_ (*company name*) hereby, acknowledge that the incentive that would be provided to us under the Production Linked Incentive Scheme (PLI) for IT Hardware 2.0, notified by Ministry of Electronics and Information Technology vide Notification CG-DL-E-01042020-218990 dated 1<sup>st</sup> April, 2020 will be provided to us based on, and after relying upon information provided by us to avail the said incentives.

We hereby confirm that the information provided by us for availing the sales incentive are true, correct and complete in all respects and that no material fact/information that may have an adverse impact on the information provided by us for availing the said incentives has been concealed. We acknowledge and confirm that the foregoing averment is on an ongoing basis and further undertake to immediately apprise the Ministry of Electronics and Information Technology about any change in the status of information provided by us to avail the said incentives.

We further undertake that in the event of (i) any of the information provided by us to avail the said incentives being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmation stated in Para 2 above being found false, incorrect, incomplete or breached; we will (a) refund the entire amount of incentives availed by us along with interest calculated at three years SBI MCLR/ base rate per Annum or the extant rates prevailing on the date of disbursement, compounded annually for the period between excess payment and date of refund. (b).....

We acknowledge that the remedies provided in para 3(a) and 3(b) above are not the exclusive remedies available with the Ministry of Electronics and Information Technology and are without prejudice to any legal remedies available with Ministry of Electronics and Information Technology for events mentioned in para 3(i) and (ii) above.

For *company name*

Authorized Signatory

Place:

Date:



**Annexure 15.7**

**To,**  
 Board of Directors,  
 Name of the Applicant .....  
 Address .....

**For onward submission to:**  
 Name of PMA  
 Address:

1. We do hereby confirm that we are Independent Auditors of M/s \_\_\_\_\_ Limited (hereinafter referred to as “the company”) for FY 20xx-xx Appointed under section 139 of the Companies Act, 2013.
2. We have issued certificates for FY 2021-22 as per details given in para 4, in connection with determination of Incremental Sales of manufactured goods covered under Target Segment and Investment under Production Linked Incentive Scheme - 2.0 for IT Hardware as notified vide notification No. CG-DL-E-30052023-246165 dated 29<sup>th</sup> May 2023 and guidelines issued thereunder, as amended from time to time (hereinafter referred as ‘the PLI Scheme’).
3. The incentive against incremental sales has since been approved by competent authority and as per clause 19.13 of the Scheme Guidelines, the Company is required to provide the reconciliation of sales and investment as per certificate with Audited Financial Statements and certain annual returns.
4. The details of the certificate for FY ..... issued and approval letters issued by PMA are as under:

<b>Detail of Auditor's Certificate</b>	<b>I</b>	<b>II</b>
Date of Certificate		
UDIN		
Period of Incentive		
TS Sale as per certificate		
Investment as per certificate		
<b>Detail of PMA Approval Letter</b>		
Approval Letter date		
Approval Letter Number		

**Management’s Responsibility for the Statement**

5. The creation and maintenance of all accounting and other records supporting its contents, is solely the responsibility of the Company’s Management. The Company’s Management is responsible for designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.
6. The Company’s Management is also responsible for ensuring that the Company complies with the requirements of the PLI Scheme and for providing all relevant information to the Project Management Agency appointed under the PLI Scheme.

7. The company's management is responsible to file complete and correct information in the statutory returns and ensure consistency of data as per books of accounts and statutory filings.

### **Auditor's Responsibility**

8. Our responsibility is to give a certificate whether data related to TS Sales and Investment as considered in our certificates referred in para 4 above are in reconciliation with data as per Audited Financial Statements (applicable where certificates were issued based on unaudited financial statements), and annual returns specified in para 10 to 12 of this certificate. Further, if there is any difference in the data considered for certificates referred in para 4 above and Audited Financial Statement or specified annual returns, the amount of difference and impact on the incentive claim should be quantified in this certificate.
9. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the code of ethics issued by the Institute of Chartered Accountants of India.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Auditor's Opinion**

Based on our examination as stated above and based on the information and explanations given to us by the Company's management, we report that:

#### **11. Reconciliation with Audited Financial Statement**

The certificate were issued based on audited Financial Statement Statements on which Independent Auditors have issued their report dated ..... vide UDIN ..... Therefore, the clause is not applicable. **OR**

The Financial Statements for FY ..... were audited by ..... and Independent Auditors have issued their report dated ..... u/s 143(10) of Companies Act, 2013 vide UDIN .....

There is no difference in Target Segment Sales and Total Investment as given in the certificates mentioned in para 4 above and the Audited Financial Statement for the year ended 2021-22. Further, there is no impact of any other accounting adjustment, provision, management estimation or any regrouping/re-classification in Audited Financial Statement on the amount of sales and investment given in our certificate.

TS sales as per certificate .....	TS sales after audit .....
	Income other than TS sales .....
	Total as per Audited Financial Statement .....
Investment as per certificate .....	Investment after audit .....

## **12. Reconciliation with Annual GST Return**

The Company has filed the annual GST Return on ..... for FY ..... and there is no difference in amount of sales of Target Segment Goods as per Audited Financial Statements and annual GST return, other than what has been reported in '**Annexure III: Reconciliation of sales as per books of accounts and GST Returns**' of certificate issued for respective claim period.

## **13. Reconciliation with Income Tax Return**

The Company has filed their Income Tax Return for FY ..... on ..... and there is no difference in amount of total revenue as per Audited Financial Statements and revenue considered for computation of tax liability.

Further, there is no difference in amount of total addition and deletion in the fixed assets as per Audited Financial Statements and considered for Income Tax Returns.

## **14. Audited Financial Statement submitted with MCA**

The Company has filed form AOC – 4 with MCA on ..... The data with MCA in Form AOC-4 has been uploaded as per Audited Financial Statements referred in this certificate.

## **Restriction on Use**

15. The certificate is being submitted to IFCI Limited (Project Management Agency) and at the request of Board of Directors of the Company solely for the purpose of Production Linked Incentive Scheme and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Signature

Date

## Annexure 15.8

### Declaration from the Contractor Manufacturer for not claiming PLI Incentive

**Date:** Month xx, 202xx

**To,**

.....

Name of the Applicant .....

Address .....

**For onward submission to:**

Project Management Agency,

Address

#### Reference:

- (iii) Production Linked Incentive (PLI) Scheme for IT Hardware 2.0 notified vide Gazette Notification No. CG-DL-E-30052023-24165 dated 3<sup>rd</sup> March 2021, and PLI scheme Guidelines issued thereunder, as amended from time to time (hereinafter referred to the PLI Scheme)
- (iv) Declaration for Manufacturing and supply of ..... (name of the TS goods) to ..... (name of applicant) in connection with their incentive claim under PLI Scheme for the period from ..... to .....

#### Declaration

This declaration is being issued in connection Incentive Claim by ..... (name of the applicant) for the period from ..... to ..... under Production Linked Incentive Scheme (PLI) for IT Hardware as notified vide notification No. .... dated ..... read with guidelines for the operation of PLI for IT Hardware 2.0 entities dated ....., as amended from time to time (hereinafter referred as 'the PLI Scheme'). In this regard, it is confirmed that,

- (i) We ..... (name of the contract manufacturer) are manufacturing and supplying ..... (name of the TS goods) to ..... (name of the applicant), which is an eligible product under the PLI Scheme for incentive.
- (ii) We are manufacturing ..... (name of TS goods) at our manufacturing location situated at ..... The detail of ..... (Target Segment Goods) manufactured in India by us and sold to ..... (name of the applicant) is enclosed as **Annexure A and B**.
- (iii) We have not claimed any incentive on these good under Production Linked Incentive Scheme - 2.0 for IT Hardware or any other PLI Scheme. Therefore, any incentive claimed by the applicant on these goods shall not amount to double incentive under this PLI Scheme or any other PLI Scheme.
- (iv) We also confirm to provide any data, documentation third party certificate or clarification sought by PMA/ MeitY or their authorised representative in connection with this declaration.

For Company name

**Authorized Signatory****Place:****Date:****Annexure A**

Particulars of Component/ Sub-Assembly sold to ..... (Name of PLI applicant)	Make/ Model No/ Product ID	Total Production	Sales to .... (name of applicant)	
		from ..... To .....		
		Units	Units	Value
Total				

**Annexure B****Invoice level detail of sales to ..... (name of applicant) from ..... To .....**

GSTIN/ UIN of Buyer	Buyer's Name	Related Party (Y/N)	Invoice Number	Invoice date	Invoice type (Sales invoice, Dr. note, cr. Note)	Product Description (Model/ Make or Identification Number)	HSN Code	Quantity	Amount