

W-38/21/2022-IPHW
Government of India
Ministry of Electronics and Information Technology (MeitY)
(IPHW Division)

Dated: 29th May, 2023

Subject: Guidelines for Modified Scheme for setting up of Semiconductor Fabs in India

1. Background

- 1.1 The Modified Scheme for setting up of Semiconductor Fabs in India (hereinafter referred to as 'Scheme') has been notified vide notification No CG-DL-E-04102022-239339 dated 04.10.2022.
- 1.2 The Scheme is a modified version of the "Scheme for setting up of Semiconductor Fabs in India" notified vide notification No CG-DL-E-21122021-232055 dated 21.12.2021.
- 1.3 The Scheme shall extend a fiscal support of 50% of the project cost for setting up of Semiconductor Fabs in India. The application should meet the threshold value for capital expenditure. The fiscal support of 50% against the eligible project cost will be provided on *pari-passu* basis after the approval of the application, subject to terms and conditions stipulated in the Scheme / Guidelines / Approval Letter.
- 1.4 Applications under the Scheme will be accepted from 01.06.2023 and will remain open till further notice. All applicants who had applied in pursuance of the Gazette Notification dated 21st December, 2021 (earlier Scheme) shall be allowed to submit applications as per the Scheme.
- 1.5 In pursuance of Para 16 of said Scheme 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.

1.6 The Scheme Guidelines, *inter-alia*, cover the following:

- a) Definitions
- b) Eligibility for Fiscal Support
- c) Eligible Project Cost
- d) Nodal Agency
- e) Application
- f) Approval
- g) Claim for Fiscal Support
- h) Disbursement of Fiscal Support
- i) Other Support
- j) Related Party Transactions (RPT)
- k) Review and Impact Assessment
- l) Residual

2. Definitions

- 2.1 **Modified Scheme:** Modified Scheme for setting up of Semiconductor Fabs in India notified vide notification No CG-DL-E-04102022-239339 dated 04.10.2022, is a modified version of the “Scheme for setting up Semiconductor Fabs in India” notified vide notification No CG-DL-E-21122021-232055 dated 21.12.2021. The Modified Scheme shall extend a fiscal support of 50% of the project cost for setting up of Semiconductor Fabs in India.
- 2.2 **Applicant:** Applicant for the purpose of the Scheme is a legal entity i.e., Private Limited Company or a Public Limited Company making an application for seeking fiscal support under the Scheme.

- 2.3 **Application:** Application means an application submitted by an applicant in the Application Form prescribed in **Annexure-1** of the Guidelines containing requisite information, along with the supporting documents and application fee.
- 2.4 **Nodal Agency:** “India Semiconductor Mission (ISM)” within Digital India Corporation, MeitY to act as nodal agency and drive the long-term strategies for implementation of programme / modified programme for development of Semiconductors and Display manufacturing ecosystem.
- 2.5 **Competent authority:** The Union Cabinet shall be the Competent Authority for approving fiscal support for any selected applicant. After the approval is accorded by the Union Cabinet, the same will be forwarded by the Ministry of Electronics and Information Technology to the Nodal Agency for communication to the applicant(s).
- 2.6 **Acknowledgement Date:** Acknowledgment date is the date on which, based on the initial scrutiny of the application, acknowledgment is issued by the Nodal Agency. Acknowledgement of an application shall not be construed as approval under the Scheme.
- 2.7 **Approval Date:** Approval date is the date on which approval letter for the project is issued by the Nodal Agency to the applicant.
- 2.8 **Fiscal Support Agreement:** Fiscal Support Agreement (FSA) is an agreement to be signed between Nodal Agency and approved applicant for disbursement of fiscal support.
- 2.9 **Project / Unit:** A Project / Unit under the Scheme would be a new business unit or expansion of capacity / modernization and / or diversification of an existing unit in India which an applicant intends to implement as per an application submitted under the Scheme.
- 2.10 **Approved Project / Unit:** Approved Project / Unit means a project for which approval letter is issued by the Nodal Agency.

- 2.11 **Commercial Production:** “Commercial Production” implies that the production is undertaken for the sale of manufactured goods by the approved Project / Unit as defined in relevant accounting standards issued by ICAI for the standard capacity of the project.
- 2.12 **Project Cost:** Project Cost shall include Capital Expenditure / Investment on (a) Land, Building, Plant, Machinery, Clean rooms, Equipment and Associated Utilities, (b) Research and Development (R&D), (c) Transfer of Technology (ToT) and other relevant costs such as Interest During Construction and Insurance Cost as detailed below:
- 2.12.1 Capital Expenditure / Investment incurred on Building, Plant, Machinery, Clean rooms, Equipment and Associated Utilities: This shall include expenditure on building, plant, machinery, clean rooms, equipment, and associated utilities (including used / second hand / refurbished) as well as tools, dies, molds, jigs, fixtures (including parts, accessories, components, and spares thereof), etc. used in the manufacturing process eligible under the Scheme. 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 etc. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software, and ERP solutions. Higher cost of equipment on account of additional warranty/ AMC/ consumables etc. shall not be considered as part of the project cost.
- 2.12.2 Capital Expenditure / Investment incurred on Research and Development (R&D): This shall include expenditure on in-house and captive R&D. Such expenditure shall include test and measuring instruments, purchase of design tools, software cost and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D purpose.

- 2.12.3 Capital Expenditure / Investment related to Transfer of Technology (ToT) Agreements: This shall include cost of technology purchase related to manufacturing of goods for which application is made under the Scheme. Any cost associated with ToT or licensing of the process between JV partners shall not be considered as part of the ToT cost.
- 2.12.4 Capital Expenditure / Investment incurred on Land: The expenditure incurred on land required for the project shall be considered towards eligible project cost computation under the Scheme. The value of land will be as per the rate allotted by State Government or local circle rate, whichever is lower.
- 2.12.5 Interest During Construction (IDC): Interest accumulated for the planned / standard period for setting up of the proposed Fab on the finances of the construction / acquisition of the building, plant, clean rooms used in the manufacturing process shall be considered towards eligible project cost computation under the Scheme. Interest on short-term/bridge loan shall not be considered as part of the IDC cost.
- 2.12.6 Insurance Cost: Insurance cost for the building, plant, machinery, clean rooms, equipment, and associated utilities used in manufacturing process shall be considered as per market norms towards eligible project cost computation under the Scheme.
- 2.13 **Eligible Project Cost / Investment**: The Project Cost / investment which is considered eligible for fiscal support under the Scheme as per the approval letter issued to the applicant.
- 2.14 **Pari-Passu Payment**: The pro rata payment by Nodal Agency to be released after the corresponding share to be mobilized by applicant / Project Company along with other sources in the No-Lien Account (NLA). The deposits in the No-Lien Account (NLA) shall be utilized only for authorized expenditure for the approved project.
- 2.15 **Fiscal Support**: Financial support to enhance the viability of the project.
- 2.16 **Additional Fiscal Support**: Fiscal Support offered by the State Government or any of its agencies or local bodies.

- 2.17 **Related Party(ies):** The term related party(ies) would be as defined as per provisions of relevant statutes and Accounting Standard, as may be applicable to the applicant / Project Company, as notified by Ministry of Corporate Affairs (MCA) or any other appropriate authority from time to time.
- 2.18 **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).
- 2.19 **Group Company(ies):** Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:
- a) Exercise twenty-six percent or more of voting rights in other enterprise; or
 - b) Appoint more than fifty percent of members of board of directors in the other enterprise.

3. Eligibility for Fiscal Support

- 3.1 Support under the Scheme shall be provided only to the Project Company meeting eligibility criteria as defined under Para 3.1 of the Scheme.
- 3.2 In case of a consortium / joint venture, the criterion may be satisfied by one or more group companies.
- 3.3 The Scheme shall be applicable for investments in new units as well as expansion of capacity / modernization and / or diversification of existing units. The minimum investment thresholds are same for new units or expansion of capacity / modernization and / or diversification by existing units.
- 3.4 The structure and quantum of fiscal support for the selected Project Company will be determined after negotiations by the nodal agency and appraisal of the project proposal.

- 3.5 Eligibility under the Scheme shall not affect eligibility under any other Scheme of Government of India and State Governments and vice-versa. However, an applicant under the Scheme will not avail fiscal support under any other Capex Linked Scheme of Government of India for the same project.
- 3.6 Integrated Fab project (Fab + ATMP) shall also be eligible for the fiscal support of the eligible project cost as per the applicable Scheme Guidelines.

4. Eligible Project Cost

- 4.1 Project cost as defined in Para 2.12 shall be considered for determining eligible project cost under the Scheme provided such expenditure is made on or after the date of approval letter issued by the Nodal Agency and within 6 years from the date of approval letter.
- 4.2 Expenditure / investment incurred from other than No Lien Account shall not be considered for calculation of eligible project cost under the Scheme.
- 4.3 Capital expenditure / investment, based on which the eligible project cost has been determined, shall be capitalized in the books of accounts of the applicants.
- 4.4 Land, building, clean rooms, plant, machinery, and equipment (including for associated utilities and R&D) shall be purchased / leased in the name of the Project Company.
- 4.5 The value of land, building, clean rooms, plant, machinery, equipment, and associated utilities shall be verified by the Nodal Agency or its appointed/ empaneled agency.
- 4.6 The used / second hand / refurbished plant, machinery, and equipment (including for associated utilities and R&D) allowed under the Scheme shall have a minimum residual life of at least five (5) years, at the time of transfer of assets, 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.

5. Nodal Agency

- 5.1 The Scheme shall be implemented by India Semiconductor Mission (ISM), the Nodal Agency as mentioned in Para 12.1 of the Scheme. For carrying out activities related to the implementation of the Scheme, Nodal Agency would *inter-alia*:
- 5.1.1 Receive applications, issue acknowledgements, and verify eligibility of the applicants for support under the Scheme.
 - 5.1.2 Empanel agency(ies) or consultants as deemed necessary to carry out technical and financial appraisal of the projects, monitor the physical progress as well as evaluate expertise of the applicants.
 - 5.1.3 Negotiate with the applicant(s) to propose the appropriate process technologies, applications, technology nodes, capacity, etc., and structure of fiscal support under the Scheme.
 - 5.1.4 Examine claims eligible for disbursement of fiscal support under the Scheme and disburse the fiscal support as per eligibility.
 - 5.1.5 Submit periodic reports to Ministry of Electronics and Information Technology (MeitY) regarding the progress and performance of the Scheme.
 - 5.1.6 The Nodal Agency India Semiconductor Mission (ISM) will receive applications and all documents through online portal i.e., www.ism.gov.in.

6. Application

- 6.1 Applications under the Scheme will be accepted from 01.06.2023 and will remain open till further notice. All applicants who had applied in pursuance of the Gazette Notification dated 21st December, 2021 (earlier Scheme) shall be allowed to submit applications as per the Scheme.
- 6.2 An application shall be made in the format provided in **Annexure-1** of the Guidelines. On receipt of an application in the prescribed format, the Nodal Agency

shall conduct an examination as to whether the application prima facie meets the criteria under the Scheme.

- 6.3 For an application which prima facie meets the criteria, the Nodal Agency shall issue an acknowledgement of receipt of the application. This acknowledgement shall not be construed as approval under the Scheme.
- 6.4 There is no restriction on any applicant from making multiple applications.
- 6.5 Para 3.1 of the Scheme notification states the minimum investment threshold criteria and there is no upper limit of the investment.

7. Approval

- 7.1 **Evaluation of the Applications by Nodal Agency:** The applications will be evaluated by the Nodal Agency through a process of technological and financial appraisal. This shall include technology parameters such as process technologies, project implementation capacity, operation capability, etc. as well as financial parameters such as structure of fiscal support sought from the government, funds raised for the project, off-take agreements from customers etc. The evaluation criteria and weightage for technological and financial appraisal shall be decided by Ministry of Electronics and Information Technology (MeitY) in consultation with Nodal Agency and approved by the Minister of Electronics and Information Technology (MEIT).
- 7.2 **Negotiations by Nodal Agency:** After the evaluation, the Nodal Agency will negotiate with the selected applicant(s) under the Scheme to propose the appropriate process technologies, applications, technology node(s), capacity, etc., and structure and quantum of fiscal support under the Scheme.
- 7.3 **Recommendations by Nodal Agency:** The applicant(s) selected after negotiations shall be forwarded by the Nodal Agency to Ministry of Electronics and Information Technology (MeitY).

- 7.4 **Determination of Fiscal Support for Applicants:** Ministry of Electronics and Information Technology (MeitY) in consultation with Nodal Agency shall determine the structure and quantum of fiscal support to be provided to the selected applicant(s) under the Scheme.
- 7.5 **Approval of Applicant(s) by Union Cabinet:** The selected applicant(s) will be placed by the Ministry of Electronics and Information Technology (MeitY) for approval by the Union Cabinet. After the approval is accorded by the Union Cabinet, the same will be forwarded by MeitY to the Nodal Agency for communication to the applicant(s).

8. Claim for Fiscal Support

- 8.1 The applicant / Project Company shall create a No-Lien Account (NLA) with a Scheduled Commercial Bank in India and provide the details thereof to the Nodal Agency. The Nodal Agency shall enter into a Tripartite Agreement with the applicant, and the Bank, where the NLA of the applicant is maintained, for proper utilization of the fiscal support.
- 8.2 Claim for fiscal support may be submitted by the Project Company as and when required.
- 8.3 The Nodal Agency may seek any documents, certificates, etc. from the applicant / Project Company during the process of verification.
- 8.4 The quantum of fiscal support payable for the project would be assessed based on eligible Project Cost / investment as communicated in the approval given to the applicant / Project Company by the nodal agency.
- 8.5 The disbursement of fiscal support shall be made on pari-passu basis i.e., all pro rata payments to be released after the corresponding share to be mobilized by applicant along with other sources and is deposited in the No-Lien Account (NLA) and other necessary conditions for release of such payments as prescribed in the Scheme Guidelines / Approval Letter have been complied. The same is to be applicable on all the instalments with effect from the first instalment to be released

to the applicant. The deposits in the No-Lien Account (NLA) shall be utilized only for authorized expenditure for the approved project.

- 8.6 Disbursement of fiscal support shall be within the amounts approved as eligible Project Cost / investment as per the approval given to the applicant / Project Company by the Nodal Agency. Any variation in expenditure pertaining to approved eligible Project Cost / investment item due to exchange rate variations, technology upgradation, and change in specifications of Building, Plant, Machinery and Equipment shall be allowed, subject to verification of relevant documents submitted by the applicant, even if it leads to variation of expenditure within individual eligible Project Cost / investment items, as long as the total actual expenditure is within the overall approved eligible Project Cost / investment.
- 8.7 Second instalment onwards shall be released on submission of a report mentioning the physical and financial status (% completion) of Buildings & Clean Room, Plant, Machinery & Equipment, Associated Utilities, Technology Transfer, Itemized list of capital goods/ equipment with details of suppliers, purchase orders, invoice, payment, capitalization etc. Copy of the Fixed Assets Register duly certified by the Statutory Auditors of the Project Company and utilization certificate for the utilized amount with proper justification for further requirement of funds also needs to be submitted with the claim.
- 8.8 The project company must ensure adequate insurance including transit insurance of its project assets explained in Para 2.12.6.
- 8.9 The Nodal Agency or its empaneled agency(ies) shall have the right to carry physical inspection of an applicant's manufacturing units and offices with prior intimation for purpose of verification of claims.
- 8.10 In case of doubt with respect to the eligibility of any component of the Project Cost / investment that is mentioned in the claim for fiscal support, the Nodal Agency may refer the matter to the Ministry of Electronics and Information Technology (MeitY) for clarification. The decision of the MeitY shall be final in this regard.

9. Disbursement of Fiscal Support

- 9.1 The disbursement of fiscal support shall be carried out by the Nodal Agency.
- 9.2 The fiscal support against the eligible project cost / investment shall be released after the approval of the claim for fiscal support by the nodal agency, subject to compliance to other terms and conditions stipulated in the Scheme / Guidelines / Approval Letter.
- 9.3 The Nodal Agency shall submit budgetary requirement to Ministry of Electronics and Information Technology (MeitY) as a consolidated amount on regular basis and not on project-by-project basis. MeitY shall make budgetary provisions for disbursal of fiscal support to approved projects under the Scheme. Any excess / shortfall of funds for release of fiscal support would be intimated by the Nodal Agency to MeitY well in advance for smooth implementation of the Scheme.
- 9.4 The Nodal Agency shall submit reports about the progress and performance of the Scheme to Ministry of Electronics and Information Technology (MeitY) along with details of claims received for fiscal support, claims approved, amount disbursed, and reasons for rejection / delay in disbursement of the fiscal support on monthly basis.
- 9.5 Ministry of Electronics and Information Technology (MeitY) shall follow approved system of the Government of India for releasing the fiscal support to approved applicants.
- 9.6 Fiscal support on pari-passu basis shall be released to the Project Company subject to safeguards like submission of bank guarantee / corporate guarantee / personal guarantee or creation of charge on assets in favour of the Nodal Agency or combination thereof or any other suitable mechanism as prescribed in the approval letter.
- 9.7 Any excess fiscal support provided to project company, shall be refunded to the nodal agency post declaration of the commercial operation for the entire project.

10. Other Support

10.1 **Support for development of Infrastructure / Common Facility Centres:**

Government of India may extend the benefits of Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme for development of infrastructure / Common Facility Centre subject to the proposal satisfying the EMC 2.0 framework requirements.

10.2 **Demand Aggregation Support:** Semiconductor Fab(s) set up in India will be supported through purchase preference in procurement of electronic products by the Government under the Public Procurement (Preference to Make in India) Order 2017.

10.3 **Support for R&D, Skill Development and Training:** Up to 2.5% of the outlay of the schemes is intended to support the R&D requirements for the development of ecosystem and Skill Development and Training requirements of approved applicants as well as capacity building for enabling a sustainable and vibrant semiconductor manufacturing ecosystem. Companies, Universities, R&D and Training Institutions which support the R&D requirements for the development of ecosystem and Skill Development and Training requirements of approved applicants as well as capacity building for enabling a sustainable and vibrant semiconductor manufacturing ecosystem will be eligible for getting support.

11. Related Party Transactions (RPT)

11.1 For any expenditure forming part of the claim for fiscal support which involves purchase / lease from Group Companies / 'Related' entities, relevant certificate / documents (for domestic and / or international procurement) must be provided by the applicant. This shall be submitted in accordance with the provisions of Companies Act, Income Tax Act and Accounting Standard as applicable and amended from time to time.

11.2 In case, any expenditure value is revised based on an assessment done subsequently as per provisions of the acts as cited above, the applicant shall notify

and reimburse the Nodal Agency immediately for any incentive amount disbursed over and above the revised value as per subsequent assessment along with the interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually.

12. Review and Impact Assessment

- 12.1 Periodic reviews of approved applicants will be undertaken by the Nodal Agency with respect to their investments, utilization of funds, production, employment generation and value addition under the Scheme.
- 12.2 All approved applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter till five years or till the time the fiscal support is being drawn or till commissioning of the project, whichever is later.
- 12.3 Mid-term appraisal of the Scheme will be carried out after three years of its implementation or as per recommendation from MeitY to assess the impact of the Scheme, off-take by the approved applicants and economy in terms of the stated objectives. Based on such impact assessment, a decision may be taken to increase the tenure of the Scheme and change its financial outlay with the approval of Minister of Electronics and Information Technology (MEIT).

13. Residual

- 13.1 Any change / deviation in the location of a project / unit, after filing the application and before approval of the same, shall be allowed by the Nodal Agency after due verification of application of project cost at the changed location.
- 13.2 Any deviation with respect to approved eligible project cost / investment, after approval of the project, shall be intimated by the Nodal Agency to the Ministry of Electronics and Information Technology (MeitY).
- 13.3 An applicant shall intimate the Nodal Agency of any change in the shareholding pattern of the Promoters' holding in the Project company, including any change in

encumbrance, post application and during the period of six (6) years from the date of acknowledgement or till the time the fiscal support is being drawn or till commissioning of the project, whichever is later.

- 13.4 In case of a successor-in-interest, the Project Cost / investment undertaken by the applicant and the successor-in-interest, would be considered for determining eligible Project Cost / investment, subject to recommendation and compliance with any other condition stipulated by the Nodal Agency, as may be deemed appropriate. The earlier Project Cost / investment and eligible Project Cost / investment for the successor-in-interest shall be the same as determined for the applicant to whom approval was accorded under the Scheme.
- 13.5 Units receiving fiscal support under the Scheme shall have to remain in commercial production for a period of at least 3 (three) years from the date of commencement of commercial production of the entire project and provide an undertaking for the same.
- 13.6 The applicants shall also be eligible to take benefit under any other Scheme(s) of Government of India except Capex Linked Scheme(s) of Government of India. However, investments committed by the applicants under SPECS Scheme for which fiscal supports have been claimed shall not qualify as eligible capital expenditure under the Modified Scheme for setting up of Semiconductor Fab in India.
- 13.7 Fiscal supports, offered by the State Government or any of its agencies or local bodies shall be over and above the fiscal support of the Scheme.
- 13.8 The Nodal Agency shall rely upon information submitted by applicant/ project company on self-certification basis. For this purpose, the applicant shall submit an undertaking as per format at **Annexure-2**. 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, the Nodal Agency shall obtain undertaking(s) from applicants under the Scheme as per **Annexure-3**.

- 13.9 If Nodal Agency is satisfied that eligibility under the Scheme for determination of eligible capital expenditure and / or disbursement of incentive have been obtained by fraud of an essential fact pertaining to the Scheme or furnishing of false information or in case of an Insolvency Event pertaining to the Project Company or closure or abandonment of the project or breach of any of the terms under the Scheme, Nodal Agency may ask the Applicant / Project Company to refund the fiscal support along with accrued interest, calculated at 3 years SBI MCLR (as applicable at the date of demand) compounded annually, after giving an opportunity to the Applicant / Project Company of being heard.
- 13.10 The Project Company shall not, without the prior written approval of Nodal Agency, enter into any transaction of merger, consolidation, re-organization, Scheme of arrangement or compromise with its creditors or shareholders or effect any Scheme of amalgamation or reconstruction, on or before 1 (one) year from the date of commencement of commercial production.
- 13.11 All clearances including permits, licenses and environmental clearances, third party approvals, etc. necessary to execute the proposed project shall be obtained by the Project Company as per law.
- 13.12 Till declaration of the commercial production of the entire project, the Project Company shall not sell or dispose or transfer the project assets or any part thereof or create thereon any mortgage, lien or charge by way of hypothecation or otherwise except in the ordinary course of business without prior approval of Nodal Agency.
- 13.13 The Project Company shall create first charge on the Fixed Assets, created or to be created, in favour of Nodal Agency. In case of any financing for the project through Banks/ Financial Institutions (FIs), Nodal Agency's charge on the Fixed Assets shall be subservient to the charge/ security interest of the Banks/ FIs. The

charge/ security interest created in favour of Nodal Agency shall be released upon commencement of commercial production of the entire project.

13.14 Supplementary Guidelines may be issued from time to time for the smooth implementation of the Scheme.

Application Form

1. Applicant Company

- 1.1. Date & Country of Incorporation
- 1.2. Registered Address, Corporate Address, Phone, Email, Website
- 1.3. Shareholding Pattern
- 1.4. Profile and contact details of Shareholders
- 1.5. Profile and contact details of Board of Directors
- 1.6. Joint Venture (JV) Agreement/ Other Business Agreements, if applicable
- 1.7. Audited Financial Statements for last 3 years
- 1.8. Credit History – Details of presence in RBI/ CIBIL's Defaulter and Wilful Defaulter Lists, SEBI Debarred List. CIBIL Rating and External Credit Rating, if any. Certificate from Company Secretary/ Board of Directors
- 1.9. Letter of Authorization by Board of Directors or Managing Director or equivalent
- 1.10. Business Profile
- 1.11. Operational Experience of Applicant/ its Promoters/ Group in manufacturing the proposed products
- 1.12. Details of current manufacturing facilities in India and abroad
- 1.13. Integrity Undertaking (Format A)
- 1.14. Proof of submission of non-refundable application fee of INR 10,00,000 (inclusive of GST).

2. Project Company (Company incorporated in India for the purpose of the Scheme)

- 2.1. Certificate of Incorporation
- 2.2. Memorandum and Articles of Association
- 2.3. Permanent Account Number (PAN) Card
- 2.4. Goods & Services Tax Registration (GSTN) Certificate
- 2.5. Registered Address, Corporate Address, Phone, Email, Website
- 2.6. Capital Structure
- 2.7. Shareholding Pattern
- 2.8. Profile and contact details of Board of Directors
- 2.9. Joint Venture (JV) Agreement/ Other Business Agreements, if applicable
- 2.10. Audited Financial Statements for last 3 years

- 2.11. Credit History – Details of presence in RBI/ CIBIL's Defaulter and Wilful Defaulter Lists, SEBI Debarred List, Blacklisting by any Government Department/ Agency in India. CIBIL Rating and External Credit Rating, if any. Certificate from Company Secretary/ Board of Directors
- 2.12. Letter of Authorization by Board of Directors or Managing Director or equivalent
- 2.13. Business Profile

3. Project/ Detailed Project Report (DPR)

- 3.1. Project Summary
- 3.2. Bank/ FI Appraisal Note/ Report, if available
- 3.3. Technology Specifications
 - 3.3.1. Technology
 - 3.3.2. Target products and applications
 - 3.3.3. ITC/ HS codes for proposed products
 - 3.3.4. Existing and Proposed Installed capacity, number of working days in a year, number of working hours per day
 - 3.3.5. Technology Partnerships – Details of technology partner(s) with relevant documents
 - 3.3.6. Manufacturing Process
- 3.4. Proposed Location
 - 3.4.1. Complete Address of the proposed manufacturing unit(s)
 - 3.4.2. GPS location
 - 3.4.3. GST Registration (GSTN) Certificate
 - 3.4.4. Registered Sale/ Lease Deed
 - 3.4.5. No-objection certificate (NOC) from owner of land in case of sub-lease
 - 3.4.6. Title Search Report from lawyer including Non-encumbrance certificate
 - 3.4.7. Land area
 - 3.4.8. Description of the locational advantage with respect to supply of raw materials, power, water, fuel and manpower as also with respect to facilities for transportation, effluent disposal and market.
- 3.5. Project Financials
 - 3.5.1. Total project cost including working capital requirements and year-wise proposed phasing of investment

- 3.5.2. Sources of fund
 - 3.5.2.1. Board Resolution of Project Company for investing the project cost towards setting up of the project
 - 3.5.2.2. Board Resolution/ Undertaking from equity/ unsecured loan providers
 - 3.5.2.3. Proof of equity/ unsecured loans brought in
 - 3.5.2.4. Sanction letter/ Letter of Intent (LoI) and Term Loan Agreement for Debt
 - 3.5.2.5. Documents showing capability of fund providers (not required for Banks/ FIs)
 - 3.5.2.6. Contact details of fund providers
- 3.5.3. Projected P&L for 20 years
- 3.5.4. Key financial indicators (IRR, ROCE, ROI, EBIDTA, NPV)
- 3.6. Operational Details
 - 3.6.1. Water, power and other utility requirements and arrangements for their supply
 - 3.6.2. Ramp-up timelines/ Implementation schedule
 - 3.6.3. Management structure
- 3.7. Human Resources
 - 3.7.1. Availability and Requirement of trained manpower, plan for training and skill development
 - 3.7.2. Proposed employment generation
- 3.8. Building
 - 3.8.1. Land and Building Layout Plan
 - 3.8.2. Type of construction, Purpose and Built-Up Area of each Building
 - 3.8.3. Cost of Building vis-à-vis CPWD/ State PWD rates
- 3.9. Capital Goods
 - 3.9.1. Requirement of new/ refurbished capital goods
 - 3.9.2. Itemized list of equipment with details of proposed suppliers and quotations/ purchase orders.
 - 3.9.3. Board-approved Vendor selection process
- 3.10. Raw Material
 - 3.10.1. Bill of Materials (BOM) - %BOM cost and suppliers

- 3.10.2. Details regarding sourcing of raw materials, plan for developing the raw material manufacturing ecosystem in India
- 3.11. Market Assessment of Proposed Products and off-take agreements
- 3.12. Roadmap for Technology Upgradation
- 3.13. Plan for R&D Collaboration with Indian academic institutions
- 3.14. Regulatory Treatment
 - 3.14.1. Requirement of licenses, permits, clearances and third-party approvals necessary to execute the project.
 - 3.14.2. Proposed timelines for obtaining such licenses, permits, clearances and third-party approvals

***The nodal agency reserves the right to add/ modify the aforesaid requirement of documents/ information during the process of evaluation of applications received under the Scheme**

**FORMAT OF UNDERTAKING FOR CORRECTNESS OF
APPLICATION**

(Undertaking from the Applicant on letterhead)

1. We,, hereby, acknowledge that the incentives that would / may be provided to us under the Modified Scheme for setting up of Semiconductor Fabs facilities in India, notified by Ministry of Electronics and Information Technology vide Notification No. CG-DL-E-04102022-239339 dated 04.10.2022, will be provided to us based on, and after relying upon, the information provided by us to avail the said incentives.
2. We hereby confirm that the information provided by us for availing the said incentives is 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 on-going basis and further undertake to immediately apprise the Nodal Agency about any change in the status of the information provided by us to avail the said incentives.
3. 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 confirmations stated at 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 3

years SBI MCLR prevailing on the date of disbursement, compounded annually, for the period between excess payment and date of refund.

4. We acknowledge that the remedies provided in para 3 (a) 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 Nodal Agency for events mentioned in Para 3 (i) and (ii) above.

Subject: Proforma for Integrity Compliance-Initial Undertaking(s)

(To be signed by full time Director/CEO/CMD/MD of the company/firm duly depicting the designation and submitted on official stationery of the applicant along-with the authorization to do so)

Undertaking (Format-A)

1. Whereas, the applicant namely (*name of company with address*) has submitted an application under Modified Scheme for setting up of Semiconductor Fabs in India seeking incentive for the project pertaining to manufacturing or expansion of(name of items) at(location of plants/factory) with the estimated capital expenditure of INR.....and estimated fiscal support of INR.....
2. Now, therefore, the applicant/ project company including its officers/ representatives commits and undertakes that he/ she will take all measures necessary to prevent corruption. He/ She commits to observe the following principles during his/ her association/ engagement with Nodal Agency or its agencies or its consultants engaged with the process of appraisal and verification of application for the approval of application and disbursement of incentive under Modified Scheme for setting up of Semiconductor Fabs in India.
 - 2.1 The applicant/ project company will not directly or through any other person or firm, offer, promise or give to any of the Nodal Agency's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by Nodal Agency 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, during or after the processing of the application for grant of approval or disbursement of fiscal support.

2.2 The applicant/ project company 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 Nodal Agency.

2.3 The applicant/ project company shall disclose the name and address of the duly authorized Agents/ Representatives who will be dealing with Nodal Agency 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 applicant/ project company will disclose any and all payments he/ she 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 incentive.

2.5 The applicant/ project company will not offer any illicit gratification to obtain unfair advantage.

2.6 The applicant/ project company will not collude with other parties to impair transparency and fairness.

- 2.7 The applicant/ project company will not give any advantage to anyone in exchange for unprofessional behavior.
3. The applicant/ project company declares that no pervious transgressions occurred in the last 3 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/ project company 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 Nodal Agency reserve the right to initiate legal action of whatsoever nature. In case if Nodal Agency has disbursed the fiscal support under the Modified Scheme for setting up of Semiconductor Fabs in India, the amount disbursed to applicant be recoverable along-with interest calculated at 3 years SBI MCLR compounded quarterly besides black-listing of the applicant and initiation of legal action of whatsoever nature at the discretion of Nodal Agency.

The contents of the above undertaking have been gone through and after understanding the same is being executed / given on.....day of(Month/Year).

Signature

(Name & designation with address)

CMD/MD/Director/CEO

**Proforma for Undertaking for compliance to be furnished by Project
Company before release of Incentive**

(To be signed by full time Director/CEO/CMD/MD of the company/firm duly depicting the designation and submitted on official stationery of the applicant along-with the authorization to do so)

Undertaking (Format-B)

1. Whereas, the project company namely (name of company with address) has submitted an application under Modified Scheme for setting up of Semiconductor Fabs in India, seeking incentive for the project pertaining to manufacturing or expansion of(name of items) at(location of plants/ factory) with the estimated capital expenditure of INR..... and fiscal support of INR.....
2. And whereas, the project company has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated..... given under the signatures/ authority of applicants (name and designation) to Nodal Agency in respect of aforesaid application.
3. And whereas, the project company 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 Nodal Agency's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by Nodal Agency 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 fiscal support.

4. And whereas, the application submitted by the applicant/ project company has been given the approval by Nodal Agency vide its communication no..... dated..... for capital expenditure of INR..... and fiscal support of INR..... after the appraisal process carried out by Nodal Agency through its agencies.
5. And whereas, the project company has submitted the disbursement application dated..... to Nodal Agency for claiming incentive of INR..... on the capital expenditure of INR.....
6. And whereas, Nodal Agency has considered the disbursement application and got verified from its agencies and is in the process of disbursement/release of incentive on the disbursement application dated.....
7. Now, therefore, I/We hereby confirm the compliance thereof with the Integrity Undertaking submitted to Nodal Agency duly certifying that there is no breach to the same and requests that eligible fiscal support be released to applicant and the amount of incentive be credited in the bank account of applicant.
8. 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)

CMD/MD/Director/CEO