

भारत सरकार  
GOVERNMENT OF INDIA  
संचार और सूचना प्रौद्योगिकी मंत्रालय  
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY  
इलेक्ट्रॉनिकी और सूचना प्रौद्योगिकी विभाग  
DEPARTMENT OF ELECTRONICS AND INFORMATION TECHNOLOGY  
Website: www.deity.gov.in

संख्या

No.....36 (19)/2015 – IPHW

दिनांक

Date.....  
15<sup>th</sup> September 2015

To

**Ms. K. Sarina Chouta Harish**  
Mysore ESDM Cluster  
360 KIADB, Industrial Area,  
Hebbal, Hootagalli, Mysore-570018  
Karnataka

**Subject: Electronics Manufacturing Cluster Scheme –Final approval for setting up of Common Facility Centre (CFC) in Brownfield EMC at Hebbal Hootagalli, Mysore district of Karnataka.**

Reference: a) Final Application dated 21<sup>st</sup> April 2014 and subsequent clarification/ documents submitted under EMC scheme.  
b) EMC Policy Gazette Notification no. 252 dated 22<sup>nd</sup> October, 2012.  
c) Guidelines for operationalization of EMC Scheme issued vide F.No 8(50)/2011- IPHW dated 15<sup>th</sup> April, 2013.  
d) Guidelines for constitution of Special Purpose Vehicle (SPV) for implementation of Electronics Manufacturing Clusters (EMCs) dated 30<sup>th</sup> January, 2014 [F. No 8(131)/2012-IPHW]

Madam,

Reference is invited to final application dated 21<sup>st</sup> April 2015 and subsequent communications seeking grant assistance under Electronics Manufacturing Cluster (EMC) scheme from this Department for setting up of Common Facility Centre (CFC) at Plot No. 360, KIADB, Industrial Area, Hebbal Hootagalli, Mysore, Karnataka. The said application and documents submitted by you have been considered by the Department of Electronics and Information Technology (DeitY) and on the basis of the assurances and commitments made therein, I am directed to convey the approval of the competent authority for setting up of Common Facility Centre (CFC) at Plot No. 360, KIADB, Industrial Area, Hebbal Hootagalli, Mysore, Karnataka with a project cost of Rs. 29.53 Crores (Rupees Twenty Nine Crore and Fifty Three Lakhs only), [excluding land cost] providing Grant-in-Aid assistance of Rs. 21.31 Crores (Rupees Twenty One Crore and Thirty One Lakhs only).



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2. The parameters of the project are mentioned hereunder. The area mentioned below is being notified as a Brownfield Electronics Manufacturing Cluster under the EMC Scheme of DeitY:

S. No	Project Parameters	Details
1.	Name of the Applicant	M/s Mysore ESDM Cluster (SPV)
2.	Location of the CFC	Plot No. 360, KIADB, Industrial Area, Hebbal Hootagalli, Mysore, Karnataka
3.	Type of Cluster	Brownfield EMC
4.	Area for CFC	1.11 Acres
5.	Timelines for formation of SPV	SPV Should be restructured in line with the Guidelines for the constitution of SPV dated 30.01.2014 issued by DeitY within 45 days from the date of issue of final approval.
6.	Project timelines	12 Months from the date of issue of final approval

### **TERMS AND CONDITIONS**

3. This approval and Grant-in-Aid is subject to compliance by the SPV to the EMC Scheme and Guidelines and other instructions, orders etc. issued by the Government of India from time to time, and the terms and conditions stipulated hereinafter. The terms used in this letter shall have the meaning ascribed to such terms in **Annexure-A** of this letter.
4. The Grant-in-Aid has been approved on basis of the eligible activities, break-up of project cost and funding pattern approved by the Competent Authority under the Electronics Manufacturing Clusters Scheme which is mentioned in the table hereunder. The SPV undertakes to comply with the eligible activities, break-up of project cost and funding pattern as provided herein.

S. No.	Project Components	Technical Specification	Quantity	Appraised Cost (Rs. in Crore)
1	Land			-
2	Building		21,500 sq. ft.	3.22
3	Physical and Utility Infrastructure			

3.1	Electrical – Main Supply with infra, transformers, cables & panels (100 KVA)	Capacity of Transformer 100 KVA	Electrical wiring taken on lump sum	0.32
3.2	Electrical – UPS	20 KVA		0.11
3.3	Electrical – Backup DG	75 KVA		0.16
3.4	HVAC with clean room & AHU and Ducting	Lump sum		0.22
3.5	Water – supply and discharge	Lump sum		0.11
3.6	IT – Infrastructure (Passive cabling, OFC, copper cables, VOIP setup, VC setup)	Lump sum		0.03
	<b>Total Physical &amp; Utility Cost</b>			<b>0.95</b>
4	<b>Plant &amp; Machinery Cost</b>			
4.1	<b>Reliability and Environment Test Lab</b>			
i.	60 CFT Temperature & Humidity test	SE-2000 series specifications Single Stage Chamber Humidity range 10% to 98% RH	1	0.43
ii.	30 CFT Temperature & Humidity test	Standard temperature range -73* C to 177*C Humidity 20% to 95% RH Altitude rate range from ambient to 100000 ft.	1	0.57



iii.	660 CFT Temperature & Humidity test	Standard temperature range -73* C to 180*C (Cold zone) (Hot zone) +25*C to 215*C	1	2.88
iv.	Shock & Vibration	Sine & Random	1	1.76
v.	Corrosion Testing system	Design in consideration of safety requirements for electrical equipment for measurement, control and laboratory use in accordance with DIN EN 61010 & EN 61010-1	1	0.43
vi.	HALT /HASS	HALT- for life test Cold or Hot step 10*C Power cycling performed at minimum +10*C Thermal Shock 5 thermal cycles with thermal change rate of 50*C per minute Vibration Step Stress vibration in 5g RMS increment HASS- for stress test	1	1.98
vii.	Oven	Temperature up to 10*C above ambient temperature upto 250*C (or upto 300*C)	1	0.02
viii.	Altitude Chamber		1	1.52
ix.	Thermal shock		1	1.60
x.	Dust chamber	For IP tests	1	0.10
xi.	Scanning electron Microscope	Failure analysis	1	0.32
xii.	Thermal Imagers		1	0.13
xiii.	Reliability software		1	0.03
xiv.	Drop test, Tumble, Loose cargo		1	0.06
xv.	Lab tables, etc		1	0.16
xvi.	Certification	ISO 17025	1	0.03

	<b>Total cost for Reliability and Environment Test Lab</b>			<b>12.02</b>
4.2	<b>EMC &amp; Safety Test Facility</b>			
I.	EMC Test Facility and Safety	1. SAC3+L Dome design, QZ 2m-2m H Performance: 2m NSA +/- 3, 5Db and SVSWR 5Db at 3m test distance. FU and SE Standard 2. Control Room Performance: SE Standard from 10KHZ to 18GHz (EN 50147-1) 3. Amplifier Room: SE Standard from 10KHz to 18GHz (EN 50147-1) 4. Monitoring System with Full HD Camera 5. Test System- EMI 40 and EMS 6. Final Test	1	9.38
	<b>Total Cost for EMC &amp; Safety Test Facility</b>			<b>9.38</b>
4.3	<b>Component Testing</b>			
II.	SEM & EDS	<b>Magnification</b> - 15x ~ 30,000x with digital zoom at 2x and 4x; <b>Accelerating Voltage</b> - 5kV, 15kV, EDX; <b>Sample Size</b> - up to 70mm in diameter and 50mm thickness	1	0.44
III.	X ray	<b>Operating Voltage</b> - 12v/220v/50-60 hz; <b>Anode Voltage</b> - 80 kV (adjustable); <b>Anode Current</b> - 100 microamps (adjustable); <b>Magnification</b> - variable from 7x to 2000x, <b>Focal</b>	1	0.59

		<b>spot size - 10 micron;</b> <b>Image Processing - GTI-</b> 5000 image processing workstation pre-loaded on PC		
IV.	ED- XRF	With semiconductor detector, this expands the possibilities in element analyses and for measuring thin coatings – due to better signal/noise ratios. (X- RAY TUBES)	1	0.54
V.	De capsulation	Integrated Circuit Etcher - 1 - 1800 seconds (adjustable in one-second increments); Wide Temperature Range: 20°C - 250°C; Heat-up Time Range: 25 - 280 seconds	1	0.26
VI.	Higher power microscopy	Digital Microscope; Image Capture Device - 1/1.8 type 2.11 million pixel CCD image sensor Total pixels 1688 (H) x 1248 (V) Effective pixels 1628 (H) x 1236 (V) Executable pixels 1600 (H) x 1200 (V); Frame Rate 15F/s 28 F/s selectable; Resolution - 2 million pixels	1	0.43
VII.	Others	Low power microscopy- 1 Passive checker- 1 Vernier- 1 Memory- 1 Multimeter- 1 Solderability- 1 Barcode Scanner 1	7	0.32
VIII.	Electrical Test	Up to 384 dynamic Universal test channels; Up to 256 Digital test channels; 5MHz, 10MHz, 15MHz or 25MHz digital test rate options	1	0.94



	Total Cost for Component Testing			3.53
	Total Plant & Machinery Cost			24.92
5	Pre - Operative & Project Development Expenses			0.44
6	Working Capital Margin			-
7	Total Project Cost (1+2+3+4+5+6)			29.53

5. The details of the project cost and Grant-in-Aid for the Project approved by the Competent Authority under the Electronics Manufacturing Clusters Scheme are as provided in table hereunder. The SPV undertakes to comply with the project cost as provided herein:

<i>(In Rs. Crore)</i>			
Sr. No	Parameter	Project Cost	Grant-in-Aid (from GoI)
1	Processing area	29.09	21.20
2	Administrative expenses	0.44	0.11
	<b>Total</b>	<b>29.53</b>	<b>21.31</b>

6. The details of funding for the Project approved by the Competent Authority under the Electronics Manufacturing Clusters Scheme are as provided in the table hereunder. The SPV undertakes to ensure the contribution from cluster enterprises/ units to the tune of Rs. 4.73 Crore:

S. No.	Funding Sources	Amount (In Rs. Crore)
1	Central Government Grant –In-aid	21.31
2	Contribution from cluster enterprises/ constituent units	4.73
3	Grant from Government of Karnataka	3.49
	<b>Total</b>	<b>29.53</b>

7. **Implementation Schedule:** The project component wise implementation schedule for the project as approved by the competent authority under EMC scheme is provided hereunder. The SPV undertakes to implement the project within the approved timelines. In the event of considerable and persistent delay of the project, Government of India has the right to

foreclose the project, appoint a new implementation agency for execution of the project and recover the entire Grant-in-Aid released along with interest and penalties as stipulated in this approval letter.

a) Total Duration of the project – 12 months

b) Project Component-wise timeline:

Project Components	Timeline
Civil Works : Infrastructure and Building Work, Engineering Survey and Studies, Design of Infrastructure Facilities, Design of CFC, Estimate Rate & BOQ	2 months
Construction and Machinery : Site Clearing, Grading and Set out, Road Storm water drainage, Water supply, Sewerage & STP, CFC Building, Electrical Work, Validation of Machinery requirement, Procurement of Machinery,	8 Months
Installation of Machinery, Trial Runs and Commissioning of Project	2 Months
<b>Project Completion and Handover</b>	<b>12 Months</b>

8. The SPV shall ensure that it is restructured in full compliance of terms and conditions laid out in the '*Guidelines for constitution of Special Purpose Vehicle (SPV) for implementation of Electronics Manufacturing Clusters (EMCs)*' dated 30th January 2014, EMC Scheme, the Guidelines and any other instructions issued by DeitY from time to time. In the event of failing to comply with the conditions laid out in EMC Scheme or Guidelines including the utilization of land or committing breach of the bond at any time, the chief promoter/ SPV shall be liable to refund to the President of India the entire amount of the Grant-in-Aid with interest @ Prime Lending Rate (PLR) per annum prevailing at that time and as notified by Reserve Bank of India. The SPV will also be liable to such other penalties as provided under this approval and any other law. DeitY may also take legal action for recovery of the dues as may be considered appropriate.
9. The SPV shall execute a bond for proper utilization of grant wherein it shall undertake that it shall abide by the terms and conditions specified in the approval letter, the terms of the Scheme and Guidelines and any other instruction issued by the Department of Electronics and Information Technology from time to time. *The SPV shall also be required to provide a Self-certified undertaking that they have not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government.* In the event of failing to comply with the conditions laid out in EMC



Scheme or Guidelines including the utilization of land or committing breach of the bond at any time, the SPV shall be liable to refund to the President of India the entire amount of the Grant-in-Aid with interest @ Prime Lending Rate (PLR) per annum issued by RBI thereon and will be liable to such other penalties as provided under the approval and any other law. DeitY may also take legal action for recovery of the dues as may be considered appropriate.

10. The SPV shall create an Escrow account with a Nationalized Bank and provide the details thereof to the Government of India. The Government of India shall enter into a Tripartite Agreement (TPA) with the SPV and the Bank where the escrow account of the SPV is maintained for proper utilization of the central grant. The terms of the escrow account shall be as approved by the Government of India.
11. The disbursement of Grant-in-Aid will be made on pro-rata basis i.e. all proportionate payments to be released after the corresponding amount is mobilized and deposited in escrow account by the SPV and other necessary conditions for release of such payments as prescribed have been complied with.
12. In the event of any shortfall in project funds, the same will have be mobilized and brought in by the SPV.
13. The first installment of Grant-in-Aid (i.e. 20% of the Grant-in-Aid) will be released after the structure of SPV complies with the requirements of "*Guidelines for constitution of Special Purpose Vehicle (SPV) for implementation of Electronics Manufacturing Clusters (EMCs)*" dated 30th January 2014 and after submission & signing of the requisite administrative legal documents viz. Bank Guarantee, Agreement, Tripartite Agreement etc. and compliance of other terms and conditions as mentioned in the approval letter. The subsequent installments will be released as mentioned below:
  - a. The second installment of Grant-in-Aid (i.e. 30% of Grant-in-Aid) will be released after utilization of 80% of first installment and proportionate contribution from Industry/State Government/ Financial Institution.
  - b. The third installment of Grant-in-Aid (i.e. 30% of Grant-in-Aid) will be released after utilization of 80% of second installment and proportionate contribution from Industry/State Government/ Financial Institution.
  - c. The final installment of Grant-in-Aid (i.e. 20% of Grant-in-Aid) will be released after successful completion of the project.
14. The Government of India's disbursement will be effected to the Escrow account only when proportionate contribution from the SPV is deposited in the Escrow account. All the payment to the SPV will be released subject to and in accordance to clause 6.13 of the EMC Guidelines. The deposits in the escrow account shall be utilized only for authorized expenditure for the approved project. The Bank guarantee mentioned in clause 6.13 of the EMC Guidelines shall be in a form acceptable to DeitY.

15. The grant sanctioned by the Government of India would be utilized only for the project components mentioned in this approval letter.
16. Any escalation/enhancement in the cost of the individual project components shall be solely borne by the SPV. The SPV shall arrange additional funds, if any required, to meet time and cost overruns. The Central grant for the purposes shall be limited to amount approved for Grant-in-Aid as per this approval letter.
17. In the event of reduction of cost in a project component, the Central grant shall automatically get reduced on pro-rata basis for the said project components.
18. It will be the responsibility of the SPV to obtain necessary approvals and clearances as applicable as per law.
19. The SPV shall submit the "Utilization Certificate" on the basis of audit done by Chartered Accountant and after the acceptance of the same by its Board of Directors.
20. The SPV shall maintain subsidiary accounts of the Government of India grant and furnish to the Accounts Officer a set of audited statement of accounts. These audited statements of accounts should be furnished after utilization of Grant-in-aid or whenever called for.
21. The SPV shall undertake all procurement of goods, equipment and services or any other items through a transparent and competitive procurement process. Appropriate performance guarantees should be built in the agreement(s) to ensure timely and good quality delivery of goods and services procured.
22. In case the Department of Electronics and Information Technology (DeitY), Government of India is of the opinion that the implementation of the project or operation of the SPV is not satisfactory or in case of disputes amongst the Board members of the SPV, DeitY, Government of India will have the right to effect a change in the management of the SPV or issue such directions as may be necessary. The Articles of Association of the SPV shall be suitably formulated and if required modified to enable the Government of India to enforce, if required the above conditions stipulated while sanctioning the Grant-in-Aid.
23. Any other special terms and conditions or procedures for transaction of business, as Government may desire to be followed by the SPV, shall be incorporated in the Articles of Association of the SPV before release of Grant-in-Aid.
24. The SPV shall appoint a Managing Director or Chief Executive Officer with the approval of its Board of Directors. However, the appointment shall need ratification by the Department of Electronics and Information Technology thereafter. SPV or the Managing Director of the SPV, as the case be, would be the Drawing and Disbursing Officer for the amounts released under this approval letter.
25. The SPV shall submit performance-cum-achievement report before applying for the next installment as grant (within 6 months from end of every Financial Year).



26. The accounts of SPV shall be open to inspection by the Department of Electronics and Information Technology and audit, both by the Comptroller and Auditor General of India under the provision of CAG (DPC) Act 1971 and internal audit by the Principal Accounts Office of the Ministry of Communication and Information Technology or Department of Electronics and Information Technology, whenever the SPV is called upon to do so.
27. The SPV shall complete process for transfer of the roads and Right of Way as per proposal to Government of India for the project.
28. The assets acquired wholly or substantially out of Government of India's Grant-in-Aid shall not, without the prior sanction of the Government of India, be disposed of, encumbered or utilized for the purpose other than for which the Grant-in-Aid has been released.
29. The SPV shall provide a certificate of actual utilization of the grants received for the purpose for which it was sanctioned in Form GFR 19-A as and when required by the DeitY, Government of India. The Utilization Certificate should be submitted within six months of the closure of the financial year by the SPV. Receipt of such certificate shall be scrutinized by DeitY. Where such certificate is not received from the SPV within the prescribed time, the Ministry or Department will be at liberty to blacklist such SPV from any future grant, subsidy or other type of financial support from the Government.
30. The SPV shall maintain a register of permanent and semi-permanent assets acquired wholly or mainly out of the funds of Grant-in-Aid on the basis of Form GFR-19.
31. The SPV shall furnish a return of such assets acquired during a financial year in Form GFR-19.
32. The SPV shall fix user charges for the various facilities and services by it under the project to fully recover the O&M cost and make the project sustainable.
33. In case of winding up, dissolution etc. of the applicant or the SPV, at any point in time, all assets and any unutilized grant shall vest with the Government of India.
34. The SPV shall report on the physical progress as well as the expenditure incurred in the project to the Government of India, through DeitY every quarter or as and when asked for.
35. The DeitY shall display on its website, the details of the project approved and the progress of its implementation.
36. Out of the Central grant, administrative expenses (incurred during the execution of the project) shall be limited to that approved as per this approval letter. Administrative expenses beyond this amount shall be met by the SPV, from its own resources. The administrative expenses will be incurred by SPV during execution of the project.



37. The approval is subject to condition to ensure 25% export growth in ESDM sector of the region, promoters will maintain separate record pertaining to revenue and export from ESDM units in region. The same shall be reported in the quarterly progress report.
38. In the event, if SPV fails to comply with the conditions laid out in the EMC scheme or Guidelines or this approval letter at any time, the SPV will be liable to refund to the President of India, the entire amount of the Grant-in-Aid with interest at Prime lending rate (PLR) per annum of Reserve Bank of India (RBI) thereon and will be liable to such other penalties as provided under the approval and any other law. DeitY shall also be entitled to take legal action for the recovery of the dues as may be considered appropriate.
39. The SPV will also undertake to abide by EMC Scheme, Guidelines and terms & conditions issued in the approval. Failure to abide by any of the above will make SPV liable for penalties as provided. The SPV should submit an undertaking in this regard.
40. In the event of persistent failure by the SPV to comply with project conditions, DeitY may without prejudice to the penalties mentioned above, takeover transfer the management of the facility created herein to another entity in public interest.
41. The SPV shall submit all relevant documents within the time lines as specified in the EMC scheme and guidelines, or as and when asked for demonstrating the fulfillment of all terms and conditions precedent at each stage.
42. The facility should be a common facility, open and accessible to all units and should not be restricted to only the members of the SPV.
43. The period of the lease of land in favor of the SPV in which the project is envisaged to be carved out, should be increased from 10 years to 30 years and should be irrevocable. Termination of lease agreement is not allowed without the prior permission of DeitY.
44. The SPV shall submit Non Encumbrance certificate for land intended for the project
45. The SPV shall submit Board Resolutions from constituent units for the balance amount of Rs. 2.05 Crores.
46. All procurement by Applicant / SPV under the project should be done in an open and transparent manner.
47. The Government of Karnataka shall nominate three official Directors on the Board of SPV to represent Government interest.
48. The terms and conditions of this approval letter are inclusive or in addition to the standard terms and conditions mentioned in Annexure – 8 of the EMC Guidelines. In case of any conflict between the terms and conditions mentioned in this approval letter and the terms and conditions mentioned in the EMC Scheme or EMC Guidelines or any other terms and conditions imposed on the SPV regarding the Project, DeitY, Government of India shall

have the sole authority and right to decide which terms and conditions shall prevail and the decision of the Secretary, DeitY, Government of India shall be final and binding on the SPV.

49. In case of any dispute, Secretary, Department of Electronics and Information Technology, Government of India, shall be the sole "Arbitrator" and his decision shall be final and binding for all the concerned.



(Dr. Ajay Kumar)  
Additional Secretary to Govt. of India  
Tel: 011-24360160

Copy to:

1. PS to Hon'ble MCIT, Govt. of India
2. Secretary DeitY
3. JS&FA, DeitY
4. IT Secretary, Govt. of Karnataka



(Dr. Ajay Kumar)  
Additional Secretary to Govt. of India  
Tel: 011-24360160

**Definitions:**

Terms used in the approval letter no. 36 (19)/2015 – IPHW dated 15<sup>th</sup> September, 2015 issued to M/s Mysore ESDM Cluster shall have the meaning ascribed to such terms in the EMC Scheme and EMC Guidelines and where such terms are not defined therein, the terms shall have the meaning, unless the context otherwise requires, as provided below:

1. **SPV:** The applicant – M/s Mysore ESDM Cluster is an SPV proposed to be restructured as per ‘Guidelines (dated 30<sup>th</sup> January, 2014) for constitution of SPV’, issued by DeitY.
2. **Grant-in-aid:** Financial assistance provided by DeitY towards implementation of the project (refer para 4.1 of the EMC Scheme dated 22<sup>nd</sup> October, 2012).
4. **DeitY:** Department of Electronics and Information Technology, Ministry of Communication and Information Technology, Government of India.
5. **PLR:** Prime Lending Rate as issued by RBI prevailing at the time occurrence of the event.
6. **GOI:** Ministry of Communication and Information Technology acting through Department of Electronics and Information Technology for and on behalf of the President of India
7. **Form GFR-19:** General Financial Rules (GFR) issued by Ministry of Finance, Government of India from time to time.
8. **EMC Scheme:** Electronic Manufacturing Scheme Notification No. 252 dated 22<sup>nd</sup> October, 2012 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No. 8(50)/2011-IPHW]
9. **EMC Guidelines:** Guidelines for Electronics Manufacturing Clusters (EMC) Scheme to provide world class infrastructure for attracting investments in the Electronics Systems Design and Manufacturing (ESDM) Sector dated 15<sup>th</sup> April, 2013 [F.No. 8(50)/2011-IPHW].
10. **SPV Guidelines:** Notification of Guidelines for constitution of Special Purpose Vehicle (SPV) for implementation of Electronics Manufacturing Clusters (EMCs). Dated 30<sup>th</sup> January, 2014 [F.No. 8(131)/2012-IPHW].
11. **Accounts Officer:** Accounts Officer appointed by Department of Electronics and Information Technology
12. **Utilization certificate:** Utilization Certificate stipulated as per Form GFR 19.