

Initial Application Form for Expansion Projects

Modified Special Incentive Package Scheme (M-SIPS)

1. Introduction

- 1.1.** The application shall be duly signed by the applicant for individuals or authorized signatory of legal entity. For consortium of individuals/legal entities, the application shall be signed by authorized signatory each of the consortium members, duly authorized by the Board of Directors or equivalent body.
- 1.2.** Applicants are advised to follow the format provided in this template for submitting their applications. Applicants are requested to provide information and enclose all supporting documents as detailed
- 1.3.** The application should be submitted to Nodal officer (M-SIPS), Department of Electronics & Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi – 110003, India, in 2 copies along with a Non-refundable, crossed Demand Draft for INR <xxx>/- (INR <xxx>only) in favour of “*Pay and Accounts Officer, Department of Electronics & IT*” payable at New Delhi from a commercial bank.
- 1.4.** Applicants may go through the Guidelines carefully before filling up the details in the application.
- 1.5.** Application has been divided into the following sections and sub-sections:
 - a. Applicant details
 - b. Electronic Manufacturing Cluster Details
 - c. Existing Project details
 - d. Project Proposal
 - e. First Phase of the Project proposed for implementation (Same as 4 above if whole project is proposed for implementation in one phase)
 - f. Financial Closure Details
 - g. Initial Application Fee Details

- 1.6 If any document which is required to be submitted along with the application is available on a government website, the website link where this document can be viewed may be provided. The responsibility of the correctness/veracity of contents rest with the applicant(s).

2. Section I – Applicant Details

Please provide the following applicant details. In case of application by consortium, the details have to be furnished for each of the consortium members.

- 2.1.** Name of the applicant
- 2.2.** Status: Individual/ legal entity or consortium of individual/legal entities registered in India. If legal entity registered in India specify the constitution: Public limited / Private limited / Partnership / Proprietorship / Others.

Documents to be furnished:

- a. Certified copy of the memorandum and articles of association or equivalent registration document if applicant is a legal entity registered in India.

- 2.3.** Details of the applicant: Address, phone, email, PAN, nature of current business, turnover, net worth, experience, geographical reach, achievements etc. in activity proposed to be undertaken in the project. Include brief profile of Individual applicant or Chairman, Chief Executive Officer and other CXO level officers. Shareholding details for companies and other equivalent details disclosing nature of control/ownership of the applicant to be furnished.

Documents to be furnished:

- a. CA certified copies of PAN, Service Tax and Central Excise Certificate for applicant,
- b. Self certified copies of brief bio of Chairman, CEO and CXOs of applicant
- c. CA certified copies of Annual Reports including Annual Financial Reports along with schedules for three years. Most recent reports to be provided. For individual investors, details on audited net worth (incl. sources and uses of funds) need to be provided.
- d. For publicly listed companies, enclose 2 independent equity analyst reports (not older than 3 months from latest financial results)
- e. CA certificate showing shareholding pattern (indicating number of shares and investment) if applicant is a company registered under Companies Act. Equivalent document disclosing nature of control and ownership for other entities

- 2.4.** Promoters Details: In case the applicant is a legal entity registered in India-Include the following details for all promoters holding stake greater than or equal to 10% in applicant entity if the applicant entity is a company registered under the Companies Act. For other legal entities, equivalent details of main promoters to be furnished. Names, Address, Phone, Email, PAN. If promoter is a legal entity, the details of promoters of the said legal entity to be furnished as well. In case where the applicant is an individual- Net worth of the individual

Documents to be furnished:

- a. CA certificate showing shareholding pattern (indicating number of shares and investment) in applicant and its promoter companies.
 - b. Copies of PAN for promoters/promoter companies of the applicant.
 - c. Equivalent document disclosing nature of control and ownership for other entities.
 - d. CA certificate on net-worth for individual applicants.
- 2.5.** Reference Details: Please provide details of the following for reference checks: Principal Lead Banker and one more bank; Three Dealers and Three Suppliers. Details should include name, official designation, address, email, telephone, fax numbers.
- 2.6.** Pending legal cases: Please provide details of all pending legal cases and contingent liabilities.

Documents to be furnished:

- a. Certificate from company secretary/Board Director for companies and Secretary for society regarding above
 - b. Self certificate that the applicant is not blacklisted by any Government department
- 2.7.** In case of a consortium, please furnish the details on the agreements between the consortium members (provide details of roles and responsibilities between the consortium members including the nature of agreement and stake)

Documents to be furnished:

- a. Self certified copy of the agreements

- 2.8.** Key personnel details: Contact details of three senior employees of applicant who are going to be associated with the project. Details would include Name, Designation, Address, phone, email.
- 2.9.** Contact details of authorized representative of the applicant including the case of consortium. Details would include Name, Designation, Address, phone, email.
- 2.10.** Financial Details: Please provide self-certified details on the following
- a. Revenues (in Rs Cr.) – by key product lines and key geographic area (last 4 yrs)
 - b. Profit before Tax (PBT) and Profit after Tax (PAT) (In Rs. Cr.) – by key product lines and key geographic area (last 4 yrs)
 - c. Details of funds received from government/owners or other financing agencies multi lateral agencies/other institutions (last 4 years) to fund expansion (equity and debt to be shown separately)
 - d. Key financial indicators – Return on Investment (ROI), Return on Capital employed (ROCE), Earnings before interest, tax, depreciation and amortization (EBIDTA) margin (last 4 yrs)
 - e. Details of funds raised for capital projects in the last 4 years
 - f. Major investment/fund raising/public listing plans in the next 3 yrs and the current status of those projects
 - g. Details on lines of credit (no. of banking relationships, banking facilities, debt and equity market position)
 - h. Capital market data with last 12 months stock price movement, if applicable
 - i. External credit ratings (year, agency, rating assigned) (if applicable)

3. Section II – Electronic Manufacturing Cluster Details

- 3.1.** Name and details of EMC within which the project is located: Please provide the Department of Electronics and Information Technology Notification Reference No. of the EMC within which the proposed project is located.

4. Section III – Existing Project Details

- 4.1. Please provide a description of the existing project: Location (SEZ/Non- SEZ), Items of manufacture, capacity already installed, date of commencement of commercial production etc.
- 4.2. Details of existing fixed capital investment in Plant and Machinery

Documents to be furnished:

- a. Self certification letter from authorized signatory on existing fixed capital investment in plant and machinery
- b. Latest status report from banks, Lenders Independent Engineer (LIE) on existing project (if available)

5. Section IV –Project Proposal

- 5.1. Vertical / verticals under which applied as per Annexure 5 of these Guidelines
- 5.2. The Project proposal should comprise of a Detailed Project Report (DPR) and an Executive Summary of DPR. The DPR shall have the detailed description on the following:
 - a. Description of the project (include nature, scope & objectives)
 - b. Company structure (entity) under which the project is to be undertaken (legal status, shareholding pattern and details of agreements which might have been signed with business partner(s), if any). The agreement and roles and responsibilities between the partners must be clearly mentioned and agreement details (MoU/Agreements) should be provided as Appendix.
 - c. Technology (ies) proposed for the project. Also provide a competitive differentiation or advantage with similar or competing technologies highlighting why the said technology (ies) has been proposed and a roadmap. Intellectual property status for the technologies being proposed. Details of collaborative arrangements or tie-ups or working arrangements with other firms for technology (ies). If the technology is being brought by partner (s), provide details of who owns the technology (ies) and the nature of agreement with the

applicant including copies of agreement of the same. Source of product design. Also indicate potential scope and plans for technology (ies) upgrade including back-up R&D. The following details for the technology (ies) provider, if applicable:

- i. Name, registered address and contact details
 - ii. Top management details
 - iii. Summary of experience in the products and markets being served.
 - iv. Status of existing patents, copyrights and trademarks.
- d. Summary of results of feasibility studies conducted for the project, if any (technology and market) and proposed product and market focus. The following details should be covered
- i. Target market segments and market sizes (include estimates of india and other targeted export markets).
 - ii. Proposed product features and characteristics
 - iii. Competitive differentiation
 - iv. Planned mix of export and sales in the domestic market
 - v. Distribution channels
 - vi. Potential customers to be targeted and expected revenues from major customers
 - vii. Market size and growth for the proposed technology (ies) in India and abroad
 - viii. Summary of internal and external market research reports supporting the marketing plan

Documents to be furnished:

- a. Please attach copies of reports referred to in this section

5.3. Operations and facilities analysis: The following need to be described in detail: Location proposed (State, District) (in case the location has not been confirmed, mention the options being considered and the level of readiness of the sites under consideration).

- a. Whether location is SEZ or Non-SEZ
- b. Planned building size and infrastructure requirements
- c. Details of proposed occupancy (self-owned or leased)
- d. Project plan with implementation schedule and key milestones including proposed date of commencement of commercial operations
- e. Proposed production capacity
- f. Raw material availability

- g. Quantum of water, electricity and gases required for source for procuring the same
- h. Labour requirements (provide analysis of specialized manpower and training needs)
- i. Opportunity to expand operations in future years.

Documents to be furnished:

- a. Documentation showing ownership and possession of land
- b. Copy of Industrial Entrepreneurs' Memorandum (I.E.M) in DTA or Approval under SEZ scheme (if available)

5.4. Total estimated cost of project and size of overall investment (Rs Cr.): *Total estimated cost must include average operating expenses and maintenance capital expenditure expected to be incurred up to 10 yrs after break even period. Size of the overall investment must include the capital expenditure (growth CAPEX) expected to be incurred up to 10 yrs. The following details should be furnished:

- a. Size of overall investment with share of each applicant in case of joint application, clearly show the phases. Also mention the details on the overall outlay for technology (ies) alone.
- b. Details of investment in items of Capital Expenditure (Land, Building, Plant and Machinery, Technology Cost, R&D (in house or captive)
- c. Sources of funding (internal accruals, equity, government assistance, term debt and working capital loans etc.)
- d. Details of the principal bankers for the investment, if identified
- e. Investor details for each source of fund
- f. Financial assistance sought from Government of India (Rs crore)

Documents to be furnished:

- a. Expected time for project completion (start & completion date)
- b. Forecasted returns (till 10 years from date of project approval) – (provide ROI and breakeven estimates with and without government support)
- c. Projected financial statements (P&L, balance sheet and cash flows) till 10 years from project approval. This should include detailed income and expense break-up. The income should include product / segment wise sales and assumed selling price.

- d. Estimated running operating expenses to be incurred after the start of commercial production by product segments (provide details of maintenance capex and both fixed and variable operating expenses expected to be incurred up to 10 years of the project under all major heads under Cost of Goods (COGS) and Selling, R&D, General and Administrative Overheads.
- e. Estimated variable cost per unit (key products) produced upto 10 years from project approval
- f. Key financial indicators (NPV, IRR, ROI with and without Government support, break even period, with and without Government support) for the investment
- g. Detailed financial sensitivity analysis which includes stress tests for key success factors (Sensitivity analysis needs to be captured in detail. Parameters selected for sensitizing must be relevant to the industry or project such as time overruns, price reduction and market slowdown. Also show at least one scenario with stressing of multiple factors. Provide detailed justifications for any adverse scenarios)
- h. Key assumptions for financial projections target market growth rates, average selling price and projected market share/pricing; technology growth assumptions, business environment assumptions, EBITA, Capex, Sales growth, weighted average cost of capital), project execution assumptions related to timelines and cost; other assumptions
- i. Detailed supporting financial statements (excel based)

5.5. Risk Analysis and Sustainability Plan

Give detailed assessment of following risks and the mitigation plans:

- a. Business Risk
- b. Industry Risk
- c. Environment risk
- d. Technology risk
- e. Financial risk
- f. Legal and Regulatory risk
- g. Operational risk

5.6. Regulatory Treatment

- a. Provide information on Licenses, permits and third-party approvals necessary to execute the project
- b. Proposed process and time lines for obtaining clearances

Documents to be furnished:

- a. All licenses, permits and third-party approvals necessary to execute the project which have been obtained

- 5.7. Technology Details: A separate template may be provided in consultation with the Technical Evaluation committee.

Documents to be furnished:

- a. Copy of technology agreements with technology provider.

6. Section V –Details of proposed project implementation phase

- 6.1. Information (as mentioned in Section IV) under this section needs to be accompanied with the financial closure documents (as mentioned in Section VI) related with the proposed project implementation phase. In the absence of any supporting financial closure documents and details, the proposed project implementation phase will not be considered by DeitY. In case, if the entire project is proposed to be implemented in one phase, this need not be provided separately in this section since this will be automatically covered in section 4.

7. Section VI –Financial Closure Details

- 7.1. Details of Financial Closure achieved: Debt, Equity, Promoters contribution, FIs providing debt and equity.
- 7.2. Contact details of the FIs providing debt/equity. Details should include name, official designation, address, email, telephone/ fax numbers.
- 7.3. Contact Details of equity providers. Details should include name, official designation, address, email, telephone / fax numbers.

Documents to be furnished:

- a. Copy of the Bank / FI appraisal note
- b. Company Secretary certified copy of the Sanction letter and the Term Loan Agreement for Debt
- c. Company Secretary certified copy of Board Resolution for equity for companies or equivalent for other legal entities / Proof of equity having been brought in.
- d. Proof of equity brought in as per project schedule. In case of Term loans, as per the term loan agreement.

8. Section VII – Initial Application Fee Details

- 8.1.** Details of Demand Draft: No. date, Bank Name and Branch.

