

Government of India
Ministry of Communications and Information Technology
Department of Electronics and Information Technology (DeitY)

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Guidelines for the Operation of the Modified Special Incentive Package Scheme for Electronics System Design and Manufacturing Sector

1. Background

- 1.1. The Modified Special Incentive Package Scheme (M-SIPS) hereinafter called ‘Scheme’ to encourage investments in the Electronics System Design and Manufacturing sector in India was notified vide Notification No.175 dated 27.07.2012 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No.24(10) –IPHW]. As per Para 5.2 of Scheme, M-SIPS will be open for receiving applications for three years from date of notification. Since, the notification was published on 27-07-2012, the initial application in the scheme will be received upto 26-07-2015.
- 1.2. In pursuance of paragraph 6.2 of the said notification and for the effective functioning of the M-SIPS Appraisal Committee (AC), the following guidelines are being laid down.

2. Definitions

- 2.1. **Applicant:** Applicant for the purpose of the Scheme is an legal entity or consortium of legal entities registered in India, proposing to invest in a project under one of the verticals of Electronics System Design and Manufacturing listed under Annexure 2 of the Scheme and Annexure 5 of these Guidelines, as amended from time to time, and making an Initial Application, seeking approval of the project.
- 2.2. **Approved Project:** Approved Project means a project approved by the Department of Electronics and Information Technology, Government of India under the Scheme based on an Initial Application.
- 2.3. **Capital expenditure:** “Capital expenditure” in paragraph 3.4 of the Scheme includes:
- a. Expenditure incurred on land and building required for the project: The total cost of land and building exceeding 2% of the total capital expenditure on the project shall not be eligible for reckoning of incentives in this regard;

- b. Expenditure incurred on plant , machinery and equipment: The expenditure incurred on plant, machinery and equipment shall include the expenditure on plant, machinery and equipments, including erection and commissioning of the same, tools, dies, moulds, jigs, fixtures and parts, accessories, components, spares of the plant and machinery or equipment used in the manufacture or processing of any of the products eligible under the M-SIPS;
- c. Expenditure on leasing or hire and purchase of plant, machinery and equipment shall be treated as capital expenditure, subject to certificate from the auditor to the effect that the transaction is in the nature of a financial lease within the meaning of AS 19 issued by the Institute of Chartered Accountants of India;
- d. Expenditure on plant, machinery and equipment, tools, dies, moulds, jigs, fixtures and parts, accessories, components, spares required for in-house and captive Research and Development including associated software costs and software license fees; purchase of technology, IPRs, patents, copyrights shall be treated as part of the capital expenditure. The cost of technology, IPRs, patents, copyrights shall be based on auditors' certificate, purchase agreements and assessment by the technical experts;
- e. Utility machines such as compressors for compressed air;
- f. Expenditure for set-up of captive power plants if set-up exclusively for manufacture of items constituting project under M-SIPS.

2.4. Initial application: Initial Application means an application submitted by an applicant in the Initial Application Form prescribed under the Scheme containing requisite information, along with supporting documents along with application fee, and documents showing Financial Closure of an amount not less than the threshold value as applicable for the project and also not less than 20% of the complete project.

2.5. Electronic Manufacturing Clusters: Electronic Manufacturing Cluster (EMC) means a geographical area or a region, so notified by the Department of Electronics and Information Technology under the 'Scheme'. This may include a Greenfield EMC or a Brownfield EMC.

2.6. Expansion of existing unit: Expansion of an existing unit for the purpose of the Scheme means an increase in the value of fixed capital investment in plant and machinery of an existing unit by not less than 25%, for the purposes of either expansion of capacity, or modernization or diversification.

- 2.7. Financial Closure:** Financial Closure for the purposes of the Scheme means:
- a. Firm loan agreement for debt portion of the investment proposed and
 - b. Legally binding commitment from equity providers to provide or mobilize funds towards equity or
 - c. Legally binding commitment of funding from internal accruals, in case of an existing unit
- 2.8. Follow up Application:** Follow up Application for the purpose of the Scheme means an application submitted by an applicant seeking approval of a second or subsequent phase of an approved project. The Follow up application would be made in the Follow up Application Form prescribed under the Scheme, along with application fee and supporting documents with required Financial Closure of the amount required to implement the phase of the project proposed in the Follow up Application. The Follow up Application can be made only in those projects where the Financial Closure furnished at the time of Initial Application is for an amount less than the Approved Project cost.
- 2.9. Financial Year:** Financial year begins on the 1st April of a year, and ends on 31st March of the following year.
- 2.10. Non-SEZ location:** Non-SEZ location means an area which is not suitable within designated SEZ area.
- 2.11. Project:** A Project under the Scheme would be a new business enterprise or expansion of an existing enterprise which an applicant intends to implement as per an application submitted under the Scheme. The business enterprise could be carried out at one or more locations.
- 2.12. Project Approval Date:** Project approval date is the date on which, based on an Initial Application, approval of the project under the Scheme is issued by the Department of Electronics and Information Technology.
- 2.13. SEZ location:** SEZ location' means an area which is designated as Special Economic Zone under the provisions of the Special Economic Zones Act, 2005 (28 of 2005) and rules made there under.
- 2.14. State-of-the-art technology:** State-of-the-art technology for the purpose of the Scheme is a technology currently in vogue or has market potential currently and in near future and assessed as such by the Technical Evaluation Committee (TEC) constituted under Clause 8 of these Guidelines.
- 2.15. Unit:** A Unit under the Scheme would mean same as a Project under the Scheme.

3. Initial Application

- 3.1.** An Initial Application, complete in all respects, will be made by an applicant, for an approval of a project under the Scheme.
- 3.2.** A project proposed in an Initial Application shall be for investment in manufacture of products included in the verticals of Electronics System Design and Manufacturing listed under Annexure 2 of the Scheme and Annexure 5 of these Guidelines, as amended from time to time. All stages of value addition for the development of said products are covered under the Scheme.
- 3.3.** A project proposed in an Initial Application may be implemented in one or more phases. If the project is proposed to be implemented in one single phase, Financial Closure for the investment required for the complete project shall be furnished along with the Initial Application. If the project is proposed to be implemented in more than one phase, Financial Closure for at least the first phase of the project shall be furnished along with the Initial Application. Financial Closure for subsequent phases shall be furnished along with Follow up Applications. For projects proposed to be implemented in multiple phases, necessary justification for the same will be provided. In such cases, separate Follow up Applications will be made for each phase of the project subsequent to the first phase.
- 3.4.** If the Initial Application is made by a consortium, each member of the consortium should sign the application. Investments by entities other than applicants will not be considered for the purpose of assessing the eligible incentives under the Scheme.
- 3.5.** Any change in a promoter of an approved project shall be allowed only with the prior approval of the Department of Electronics and Information Technology.
- 3.6.** For new units, an Initial Application will be made in an application form provided in Annexure 1 of these Guidelines. For expansion of existing units, Initial Application will be made in an application form provided in Annexure 2 of these Guidelines.
- 3.7.** If a project is proposed to be implemented in phases, the complete project would be considered for approval and only that phase of the project for which Financial Closure is furnished will be considered for implementation and incentives. The incentives under the Scheme, at any point of time, will be limited to the phase of the project which is approved for implementation. An approval of a project will entitle the applicant (s) to submit Follow up Application (s) for seeking implementation of subsequent phase (s) of the project.

- 3.8.** The incentives under the Scheme are only available to units within notified Electronic Manufacturing Clusters.
- 3.9.** Department of Electronics and Information Technology will notify Greenfield and Brownfield clusters and guidelines thereof will be issued separately
- 3.10.** A non-refundable Initial Application Fee would be payable for each Initial Application. The Initial Application Fee would be payable in the form of a crossed Demand Draft made in favor of “*Pay and Accounts Officer, Department of Electronics and Information Technology, New Delhi*” payable at New Delhi from a commercial bank. The amount of Initial Application Fee payable would be notified by the Department of Electronics and Information Technology separately. In addition to application fee an applicant will also be liable to pay an Appraisal Fee in case the Department of Electronics and Information Technology chooses to get the project appraised through a third party. The said Appraisal Fee would be payable in the form of a Non-refundable crossed Demand Draft made in favour of “*Pay and Accounts Officer, Department of Electronics & Information Technology*” payable at New Delhi from a commercial bank. The amount of Appraisal Fee would be notified by the Department of Electronics and Information Technology separately.
- 3.11.** The date on which Initial Application complete in all respects as per paragraph 2.4 and the Appraisal Fee, if applicable, is received by the Nodal Officer, Department of Electronics and Information Technology, will be considered as the date of application and not any other date.
- 3.12.** All expenditure incurred towards the project would be reckoned for the purpose of achieving threshold value. However, financial incentives under the Scheme shall be eligible only for capital expenditure under items specified under these Guidelines.
- 3.13.** No Initial Application received after three years from the date of notification of the Scheme, i.e. after 26.07.2015 will be considered.

4. Follow up Application

- 4.1.** An applicant may submit a Follow up Application, seeking approval for implementation of a subsequent phase (s) of an approved project. Each Follow up Application will clearly indicate the phase of the project for which approval for implementation is sought. Financial Closure of an amount not less than that required for the identified phase shall be furnished along with the Follow up Application.
- 4.2.** No change in the approved project may normally be allowed while making a Follow up Application. However, changes as necessitated due to technology advancements may be allowed provided they

are within the Financial Outlays approved. These changes on account of technology would be referred to TEC for determination of technology advancements. Any other change may only be permitted with approval of Department of Electronics and Information Technology (DeitY).

- 4.3. The period of ten years for investment in the project shall be the first ten years from the date of approval of the project, and not with regard to any subsequent phase (s) of the project.
- 4.4. The applicant (s) for each Follow up Application should be same as those in Initial Application.
- 4.5. A Follow up Application will be made in application form provided in Annexure 3 of these Guidelines.
- 4.6. Financial Closure in Follow up Applications for phases of the project shall not be subject to threshold limits if the Initial application is for the same product. In case the Follow-up application is for a product, different from that proposed in any of the earlier project phases and as per approved project, the Financial Closure would be subject to relevant thresholds for the product proposed in Follow-up application.
- 4.7. A non-refundable Follow up Application Fee shall be payable for each Follow up Application. The Follow up Application Fee shall be payable in the form of a crossed Demand draft made in favor of “*Pay and Accounts Officer, Department of Electronics and Information Technology, New Delhi*” payable at New Delhi from a commercial bank. The amount of Follow up Application Fee would be notified by the Department of Electronics and Information Technology separately. In addition to application fee an applicant will also be liable to pay an Appraisal Fee in case the Department of Electronics and Information Technology chooses to get the project appraised through a third party. The said Appraisal Fee would be payable in the form of a Non-refundable crossed Demand Draft made in favour of “*Pay and Accounts Officer, Department of Electronics & Information Technology*” payable at New Delhi from a commercial bank. The amount of Appraisal Fee would be notified by the Department of Electronics and Information Technology separately.
- 4.8. The date on which Follow up Application, complete in all respects, is received by the Nodal Officer, Department of Electronics and Information Technology, will be considered as the date of Follow up Application and not any other date.
- 4.9. No Follow up application received after ten years of the date of the approval of the project will be considered.

4.10. An applicant may submit a maximum of 4 Follow-up applications in addition to the Initial application under the scheme.

5. Online Portal

5.1. The Department of Electronics and Information Technology would notify a Nodal officer (M-SIPS), for receiving applications under the 'Scheme'. All applications including Initial and Follow up will be submitted to the Nodal Officer (M-SIPS), Department of Electronics and Information Technology, New Delhi through the portal www.deity.gov.in. In case, the aforementioned portal is not available, the applications may be submitted in physical form to Nodal officer (M-SIPS), Department of Electronics & Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi – 110003.

5.2. Upon successful submission of the Initial Application or a Follow up Application, as the case may be, Nodal Officer, Department of Electronics and Information Technology will issue a unique Initial Application ID / Follow up Application ID and password, to the applicant for all future references. The status of the application may be tracked by using the above ID and password. All applicants may refer to this unique ID for any future correspondence on the subject.

5.3. The Department of Electronics and Information Technology would separately issue detailed instructions for the use of online portal for M-SIPS.

6. Project

6.1. A project proposed under the Scheme may include multiple manufacturing facilities at one or more locations.

6.2. The applicable threshold value for the project would be as per the limits prescribed under Annexure 1 of the Scheme and Annexure 4 of these Guidelines. The threshold values may be reviewed from time to time as per para 5.1.2 of the Scheme.

6.3. A project proposed under the Scheme may include one or more electronic products in a single Initial Application. If the project includes manufacture of more than one electronic product, the applicable threshold would be sum of the thresholds required to manufacture each of the products separately.

6.4. An applicant may submit one or more than one Initial Applications under the Scheme.

6.5. A list of 29 verticals of electronic products are eligible for receiving incentives under the Scheme as per Annexure 2 of the Scheme and Annexure 5 of these Guidelines. This list may be reviewed from time to time as per para 5.1.2 of the Scheme.

6.6. The Department of Electronics and Information Technology shall constitute an Industry Advisory Committee which may advise the Department whether specified components/products (as per Application form) may be considered under identified verticals as per Annexure 2 of the Scheme and Annexure 5 of these Guidelines.

6.7. Any facility created in an Electronics Manufacturing Cluster using assistance from Government of India will not be eligible for incentives under the 'Scheme'.

7. Appraisal

7.1. An Initial Application complete in all respects and received upto 26-07-2015 will be appraised in an ongoing basis and considered for approval.

7.2. The Department of Electronics and Information Technology may carry out project appraisal through an identified third party including the financial viability of the project. The cost of such appraisal will have to be borne by the applicant

8. Technical Evaluation Committee

8.1. The Department of Electronics and Information Technology will constitute one or more Technical Evaluation Committees (TECs), which will provide its recommendation regarding the technology proposed by an applicant and whether the said technology is "State-of-the-art" or not. A TEC will typically comprise of 6-8 members including 3-4 academicians, 2-3 Industry representatives and 1-2 representatives from DeitY.

8.2. The TEC may seek additional technical information related to the product or technology proposed. An applicant shall provide necessary information sought for the Initial Application or the Follow up Application to be considered.

9. Program Management Unit

9.1. A Program Management Unit (PMU) will be established by the Department of Electronics and Information Technology to assist in processing and appraising the Initial and Follow up Applications received under the 'Scheme'.

9.2. The PMU or the Department of Electronics and Information Technology may request for additional information from the applicant. Failure to provide information sought will make the application liable to be rejected.

9.3. The PMU will prepare a detailed appraisal note for consideration by the M-SIPS Appraisal Committee (AC).

10. Appraisal Committee

- 10.1.** The Department of Electronics and Information Technology shall constitute an Appraisal Committee in accordance with para 6.1 of the 'Scheme'.
- 10.2.** The Appraisal Committee shall meet as often as necessary to ensure timely consideration of the Initial applications and Follow up Applications.
- 10.3.** The Appraisal Committee shall consider the Initial Applications and Follow up Applications and make appropriate recommendations regarding approval of the applications made to the Department of Electronics and Information Technology for seeking approval of the Competent Authority. The Appraisal Committee may seek such additional information, as necessary for making its recommendation to the Department.
- 10.4.** The Appraisal Committee, in its recommendations, will clearly state
- i. The name of the applicant (s)
 - ii. Location (s) of the project
 - iii. Investment and production capacities of the approved project, product wise and location wise.
 - iv. Whether SEZ or non SEZ, location wise.
 - v. Technology proposed
 - vi. Items (i) to (v) for the phase of the project approved for implementation
 - vii. Any other parameters deemed necessary for successful implementation of the project

11. Approval

- 11.1.** The Department of Electronics and Information Technology shall process the recommendations of the Appraisal Committee for the approval of the Competent Authority.
- 11.2.** After receiving the approval of the Competent Authority, the Department of Electronics and Information Technology shall issue a letter communicating approval of the project. The approval of the project would inter-alia include the details relating to points referred to in para 10.4 of these Guidelines.
- 11.3.** The date of formal approval will be the effective date for the purposes of calculating ten years of eligible period available for investment under the Scheme.

12. Project Implementation

- 12.1. An applicant will be eligible for claiming incentives for that phase of the project which is approved for implementation.
- 12.2. Investments made before the date of approval of a project will not be considered for calculation of eligible incentives under the 'Scheme'. However, investments in land made up to 6 months before the date of approval of a project will be considered for calculation of eligible incentives under the 'Scheme'.
- 12.3. The applicant whose project has been approved will be required to submit through the online portal a quarterly progress report of the project to the PMU / Department of Electronics and Information Technology.

13. Disbursement of Incentives

- 13.1. Separate guidelines will be issued with regard to disbursement of incentives under the 'Scheme'.

14. Residual

- 14.1. Periodic reviews will be undertaken with respect to changes, if any, to the list of products and thresholds for which incentives are provided.
- 14.2. The Department of Electronics and Information Technology may issue supplementary guidelines from time to time for the smooth implementation of the 'Scheme'.

15. Timelines

- 15.1. Indicative timelines for projects for which third-party appraisal is not taken up:

Event	Timeline in days
Submission of application	A
Brief assessment on completeness of application by Department of Electronics and Information Technology & communication to applicant for required information (if any)	A + 3
Receipt of completed application in Department of Electronics and Information Technology and issue of acknowledgment along-with Application Id	T
Reference to TEC	T + 2
Recommendation from TEC	T + 16
Preparation of appraisal report by PMU	T + 30

Event	Timeline in days
Internal appraisal by Department of Electronics and Information Technology	T + 45
Placing appraisal report for consideration of Appraisal Committee (AC)	T + 52
Circulation of Minutes of Meeting (MoM) of Appraisal Committee (AC)	Within 7 days of AC Meeting
Preparation and circulation of SFC / EFC note	Within 7 days of release of MoM of AC meeting

15.2. Indicative timelines for other projects for which third party appraisal is taken up

Event	Timeline in days
Submission of application	A
Brief assessment on completeness of application by Department of Electronics and Information Technology & communication to applicant for required information (if any)	A + 3
Receipt of completed application in Department of Electronics and Information Technology and issue of acknowledgment along-with Application Id	T
Reference to TEC	T + 2
Reference to selected Financial Institution for detailed appraisal	T + 2
Recommendation from TEC	T + 16
Detailed appraisal by selected Financial Institution	T ₁
Preparation of appraisal report by PMU	T ₁ + 07
Internal appraisal by Department of Electronics and Information Technology	T ₁ + 22
Placing appraisal report for consideration of Appraisal Committee (AC)	T ₁ + 29
Circulation of Minutes of Meeting (MoM) of Appraisal Committee (AC)	Within 7 days of AC Meeting
Preparation and circulation of SFC / EFC note	Within 7 days of release of MoM of AC meeting

15.3. Note:

- a. 'A' is date of submission of application

- b. 'T' is date of submission of complete application. For cases, where the complete application is submitted at the first instance and no further information or update is required from applicant, 'A' and 'T' will be same
- c. 'T₁' is date of submission of appraisal report from the selected financial institution

Modified Special Incentive Package Scheme (M-SIPS) Initial Application Form

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 & Information Technology” payable at New Delhi from a commercial bank as application fee.
- 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. Project Proposal
 - d. First Phase of the Project proposed for implementation (Same as 3 above if whole project is proposed for implementation in one phase)
 - e. Financial Closure Details
 - f. 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 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 consortium members including the nature of agreement 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 – Project Proposal

- 4.1.** Vertical / verticals under which applied as per Annexure 5 of these Guidelines
- 4.2.** The Project proposal should comprise of a Detailed Project Report (DPR) and an Executive Summary of the 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

4.3. 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)

4.4. 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)

4.5. 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

4.6. 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

- 4.7. 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.

5. Section IV – Details of proposed project implementation phase

- 5.1. Information (as mentioned in Section III) under this section needs to be accompanied with the financial closure documents (as mentioned in Section V) 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 III.

6. Section V – Financial Closure Details

- 6.1. Details of Financial Closure achieved: Debt, Equity, Promoters contribution, FIs providing debt and equity.
- 6.2. Contact details of the FIs providing debt/equity. Details should include name, official designation, address, email, telephone/ fax numbers.
- 6.3. 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

7. Initial Application Fee Details

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

Modified Special Incentive Package Scheme (M-SIPS) Initial Application Form for Expansion Projects

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.

Modified Special Incentive Package Scheme (M-SIPS) Follow up Application Form

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. M-SIPS Initial Application Details
 - b. Project proposal for Follow-up Application
 - c. Financial Closure Details
 - d. Follow-up 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 – M-SIPS Initial Application Details

- 2.1.** M-SIPS Initial Application ID (provided by DeitY at the time of submission of initial application)
- 2.2.** Phase for which follow-up application is being made (This should be a part of project plan submitted at the time of initial application)

3. Section II – Project Proposal for Follow up application

The information under this section needs to be accompanied with the financial closure documents (as mentioned in section III) 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.

- 3.1.** The Project proposal should comprise of a Detailed Project Report (DPR) and an Executive Summary of the 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

3.2. 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)

- 3.3.** 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)

3.4. 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

3.5. 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

3.6. 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

4. Section III – Financial Closure Details

4.1. Details of Financial Closure achieved: Debt, Equity, Promoters contribution, FIs providing debt and equity.

4.2. Contact details of the FIs providing debt/equity. Details should include name, official designation, address, email, telephone/ fax numbers.

4.3. 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.

5. Section IV: Initial Application Fee Details

5.1. Details of Demand Draft: Number, date, bank name and branch.

Investment Thresholds and Financial Incentives for ESDM

S. No.	Type	Investment Threshold (in Rs. Crores)			Financial Incentives	
		Fab	Assembly, Testing, Marking & Packaging (ATMP)	Manu- facturing	SEZ	Non-SEZ
1.	Electronic Products including Nano-Electronic and Telecom Products as per Annexure 5	-	-	10	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.	Intermediates					
2.1	Nano Electronic Components	-	-	200	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.2	Semiconductor Wafering	-	-	1000	20% of Capex + Reimbursement of Central Taxes and Duties (See Note - 1)	25% of Capex + Reimbursement of Excise/CVD on capital equipment + Reimbursement of Central Taxes and Duties (See Note - 1)
2.3	Semiconductor Chips (See Note 2):					
a)	Logic – Microprocessors, Microcontrollers, Digital Signal Processors (DSP) & Application Specific Integrated Circuits (ASICS)	2000	500	N.A	20% of Capex + Reimbursement of Central Taxes and Duties (See Note - 1)	25% of Capex + Reimbursement of Excise/CVD on capital equipment + Reimbursement of Central Taxes and Duties (See Note - 1)

S. No.	Type	Investment Threshold (in Rs. Crores)			Financial Incentives	
b)	Memory	5000	400	N.A	20% of Capex + Reimbursement of Central Taxes and duties (See Note - 1)	25% of Capex + Reimbursement of Excise/CVD on capital equipment + Reimbursement of Central Taxes and Duties (See Note - 1)
2.3	Chip Components, Discrete Semiconductors and Power Semiconductors:					
a)	Chip Components	200	75	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
b)	Discrete Semiconductors like Transistors, Diodes etc	25	10	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
c)	Power Semiconductors (including Diffusion) like FETs, MOSFETs, SCRs, GTDs, IGBTs etc	100	50	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.4	Solar Photovoltaics (SPV) (See Note - 3):					
a)	Polysilicon Technology:					
i)	Polysilicon	650	N.A	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
ii)	Ingots and/ or wafers	400	N.A	N.A	20% of Capex	25% of Capex + Reimbursement of

S. No.	Type	Investment Threshold (in Rs. Crores)			Financial Incentives	
						Excise/CVD on capital equipment
iii)	Cells or Cells & Modules	100	N.A	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment (See Note – 3)
b)	Thin Film Technology					
i)	Cells or Cells & Modules	300	N.A	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.5	Light Emitting Diodes (LED)	250	50	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.6	Liquid Crystal Displays (LCD):					
a)	LCD Fabrication	4000	250	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment + Reimbursement of Central Taxes and Duties (See Note - 1)
b)	LCD Glass Substrate	250	100	N.A	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
2.7.	Passive Components, Electro - Mechanical Components, Mechanicals Parts and Consumables & Accessories:					
a)	Passive Components such as Resistors, Capacitors, Inductors, Thermistors etc.	N.A	N.A	5	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
b)	Electromechanical Components	N.A	N.A	5	20% of Capex	25% of Capex + Reimbursement of

S. No.	Type	Investment Threshold (in Rs. Crores)			Financial Incentives	
	and Mechanical Parts such as Multilayer PCBs, Transformers, Coils, Connectors, Switches, Ferrites, Micro Motors, Stepper Motors, Films etc.					Excise/CVD on capital equipment
c)	Consumables and Accessories such as Mobile Phones and IT accessories - Batteries, Chargers etc., PCBs, Foils, Tapes, Epoxy, Cabinets etc.	N.A	N.A	1	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment
3.	Electronic Manufacturing Services (EMS) – (See Note – 4)	N.A	N.A	100	20% of Capex	25% of Capex + Reimbursement of Excise/CVD on capital equipment

- **Note - 1:** Central Taxes and Duties mean Customs Duty, Service Tax, Excise Duty, on actual from the date of commencement of production.
- **Note – 2:** The types of fabs for which incentives are available for setting up of Semiconductor Wafer Fabrication facilities (Fabs) will be decided based on the outcome of investment being attracted by the Government to set up two Fabs in a separate exercise.
- **Note – 3:** Incentives for investments in additional Solar Photovoltaics shall be decided based on the outcome of proposals received under the Special Incentive package Scheme (SIPS) announced vide Notification No. 3 (1)/ 2007 – IPHW (SIPS) dated 21 March 2007.
- **Note – 4: Electronic Manufacturing Services (EMS)** would mean, units engaged in providing services related to manufacture of sub-assemblies and parts including integration services to the Original Equipment Manufacturers (OEMs). However, EMS shall not encompass production of final products under their own brand name.

List of verticals of ESDM for which incentives are available under M-SIPS

(A)	Electronics Products including Nano-Electronics Products and Telecom Products (Sl no. 1 of Annexure 4):
1.	Telecom products including Optical Fiber Equipment; Terrestrial Communication Equipment; Satellite Communication Equipment; IP based new generation soft-switches/routers including L2 and L3 switches, data networking equipment – copper / optical – consumer and carrier grades, for public and private networks; Transport systems – DWDM, SDH, PON, Cross-connects, RF over optical fibre, Carrier Ethernet, Packet Optical Transport Platform (P-OTP); Wireless technology – GSM (2G & 2.5G), CDMA, 3G, LTE & LTE Advance, Wi-Fi, WiMAX & WiMAX Advance; Microwave Radio systems 2-70 GHz, Software defined radio, Cognitive radio, Distributed antenna systems; Equipment related to security and surveillance, processing of speech, data, image, video; Customer Premises Equipment (CPE) – PBX systems, eadends, 3G Routers, VoIP gateways, Residential gateways, Access points, Routers, Broadband CPEs, Mobile phones / Mobile handsets / Smart Mobile phones, Set-top boxes, HModems, dongles, data card; Short Range Devices (SRD), Sensors; VSAT based systems – Broadband, Disaster management; Non-conventional energy sources, portable mechanical chargers for handsets, computers; NMS / OSS / BSS systems for all above – SNMP / Openview / CORBA; Customer care & Billing systems; Electronics products for energy management, Advanced storage batteries such as Li-Ion, Video Conferencing Equipment etc.
2.	IT Hardware products including computers, (tablets, desktops etc.) servers, peripherals like printers, faxes, storage devices monitors, etc.
3.	Consumer Electronics like Televisions, Digital Cameras, Camcorders etc.
4.	Health and Medical Electronics
5.	Strategic electronics
6.	Solar Photo Voltaic including thin film, polysilicon etc.
7.	Light Emitting Diodes (LEDs)
8.	Liquid Crystal Displays (LCDs)
9.	Avionics
10.	Industrial Electronic products including measuring and control equipment, energy meters etc.

11.	Nano electronic products
12.	e-waste processing/ recycling
13.	Automotive Electronics like Anti-lock braking system, Electronic Brake Distribution, Traction Control, etc.
14.	Agri-electronics
15	Energy conservation electronics
16.	Opto-electronics
17.	Bio-metric and identity devices/ RFID
18.	Power supplies for ESDM products
(B)	Intermediates: (Sl no. 2 of Annexure 4)
1.	Nano-electronic components
2.	Semiconductor wafering
3.	Semiconductor chips including logic, memory and analog
4.	All Assembly, Testing, Marking and Packaging of ESDM Units
5.	Chip components
6.	Discrete Semiconductors like Transistors, Diodes
7.	Power semiconductors (including diffusion) like FETs, MOSFETs, SCRs, GTDs, IGBT etc.
8.	Electromechanical Components and Mechanical Parts such as Multilayer PCBs, Transformers, Coils, Connectors, Switches, Ferrites, Micro Motors, Stepper Motors, Films etc
9.	Consumables and Accessories such as Mobile Phones and IT accessories – Batteries, Chargers etc., PCBs, Foils, Tapes, Epoxy, Cabinets etc.
10.	All Fabrication Manufacturing facilities (Fabs) for ESDM products
	Note: Any intermediates not covered above shall be decided and permitted under the scheme by the Competent Authority.
C.	Electronics Manufacturing Services (EMS) (Sl no. 3 of Annexure 4)
