



Format for Expression of Interest

# Setting up Semiconductor Wafer Fabrication (Fab) Facility in India

**Release date: 09.10.2013**

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**Department of Electronics & Information Technology (DeitY)**

Ministry of Communications & Information Technology

Government of India

6, CGO Complex, New Delhi

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## Section 1: Invitation for Expression of Interest

1. You can apply either on your own or as a consortium. To be considered, you need to be:
  - (a) already operating/ running a semiconductor wafer fabrication/ manufacturing unit either as an owner of the technology or in case manufacturing under license from a technology provider then you need to have appropriate license from the technology provider to set up the facility in India

Or

- (b) In case you are applying as a consortium then the Principal Technology Provider needs to be a partner in the consortium with an equity participation of at least 10%.
2. In case of a consortium of partners, details need to be provided for each partner. An entity which owns the technology (process and product) being proposed can be termed as the Principal Technology Partner in such a consortium.
3. Applicants are advised to follow the format provided in this template for submitting their Expression of Interest. Applicants are requested to be brief (within page suggested limits) while providing the information and enclose all supporting documents as detailed in Annexure. The intent is to make sure the key aspects of the proposal are provided succinctly and clearly. However, supporting documents may be provided as Annexure to the Expression of Interest.
4. This request for an Expression of Interest does not constitute an offer by DeitY. The applicant's participation in this process may result in DeitY selecting the applicant(s) to engage in further discussions and acceptance of this or a modified proposal. The commencement of such negotiations does not, however, signify a commitment by DeitY to execute a contract or to continue discussions.
5. The applicant is responsible for all costs incurred in connection with participation in this process. DeitY will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the discussion process.
6. The deadline for the submission of your response is within four weeks from the date of issuance of this invitation. Please refer to the Fact Sheet enclosed in the Annexure for further details.

## Section 2: Expression of Interest Template

### Section 2.1: Project in Brief

**Suggested Page Length: 2 pages**

Provide a summary of the project, including capital outlay, operational details and proposed means of financing.

Also include the approach proposed for the development of the entire eco-system and demonstrated capabilities of the applicant for the same. Highlight any linkages with the upstream and downstream industries and markets.

The project must adhere to the following broad specifications (or more advanced) w.r.t. technical, strategic & financial parameters:

Parameter	Requirements
Manufacturing Technology	Advanced CMOS
Technology Nodes	90nm/65/45 nm(initially) 28/22/20 nm(subsequently; say within two years of the initial phase)
Capacity	At least 40,000 or more WSPM of at least 300 mm size (option to set up in maximum of 3 phases)
Other technologies	i. Design Capabilities ii. Assembly, Testing, Packaging Technologies (desirable)
Other Guidelines	
Project Financials	(i) Total estimated cost of project and size of overall investment (INR. Millions*) (Pl indicate the USD(\$) Exchange rate assumed)  (ii) Projected Financial Statements (Balance Sheet, Income Statement, P&L Statement and Cash Flow Statement)  While it is recommended that the financial details are in line with industry benchmarks; applicants may explore the option of OEM refurbished/warranted equipment only in respect of non-critical equipment.

*\*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 10yrs after break-even period.*



## Section 2.2: Applicant Information (Principal Promoter & Partners)

**Suggested Page Length: 3 pages per partner, where applicable**

Please provide the detailed applicant information including the same for consortium partners (if applicable). The information provided should support the following criteria:

Parameter	Requirements
Operations Capability	The applicant (or any partner in case of a consortium) should have a demonstrated experience in Semiconductor Wafer Fabrication (either as Foundry or IDM).
Technology Capability	The applicant (or any partner in case of a consortium) should have a demonstrated capability to transfer technology to the SPV related to the nodes proposed in the previous section.
Project Implementation capability	The applicant (or principal promoter in case of consortium) should have demonstrable experience in successfully implementing large scale projects similar to the one proposed in scale and complexity (but not limited to semiconductor wafer fab).
Financial Capability	The applicant (or principal promoter in case of consortium) should have demonstrable experience in successfully raising finances (equity as well as debt) for large scale projects similar to the one proposed in scale and complexity (but not limited to semiconductor wafer fab).

The applicant (or consortium partners, where applicable) should provide enough and sufficient evidence to demonstrate the fulfillment of the above criteria. The information provided should necessarily include the following (about all partners in case of consortium):

1. Corporate information, including promoter profiles, business profiles, geographies of operations, experience in India, experience in high technology industry
2. Financial information (for at least past three years), including Revenues, EBITDA, PAT, ROCE etc.
3. Senior management profiles
4. Any other relevant information, including annual reports for past three years (or equivalent information)

## Section 2.3: Incentives or Support to be made available by Govt. of India

### 1. Incentive Structure:

- i. The incentives under Modified Special Incentive Package Scheme (M-SIPS) Policy notified by the Government of India on 27<sup>th</sup> July 2012 may be provided to the extent of 25% of the capital expenditure of the project.
- ii. A 25% subsidy on growth capital expenditure as admissible under M-SIPS Policy may be provided.
- iii. Countervailing Duty (CVD) on purchase of capital goods may be reimbursed as admissible under M-SIPS Policy.
- iv. Excise duty paid on the products of the Fab may be reimbursed under the existing M-SIPS Policy, for a period of 10 years.
- v. The duties and levies in the form of Basic Customs Duty (BCD), as applicable may be exempted not only for all the items covered under ITA-1 (of WTO) but also for all other capital goods required for the project including items of civil (except basic materials like cement and steel), electrical and including growth capital as also consumables and raw material required for the production from Fab.
- vi. 200% deduction may be allowed for the expenditure on R&D as admissible under Section 35(2AB) of the Income-Tax Act.
- vii. Expenditure to be incurred for the training of the project personnel may be reimbursed in terms of National Skills Development Corporation (NSDC) Scheme.
- viii. Investment linked deduction under Section 35AD of the Income-tax Act may be considered.
- ix. Disbursement of MSIPS reimbursement may be made *pari passu* on a quarterly basis as against the annual basis as envisaged in the M-SIPS Policy.
- x. Viability Gap Funding (VGF) may be provided in the form of an interest-free loan with following terms:-
  - a. On commencement of commercial operations part of the VGF would be converted into 11% equity at face value. The balance of the VGF shall have a moratorium of 10 years from commissioning of respective phases **or** the year

of break even, whichever is earlier, **and** repayable in 5 equal annual installments thereafter.

- b. VGF may be provided up to ceiling amount of 20% of the CAPEX, including the Growth CAPEX of the project, or INR 5,200 Crores (INR 52 Billion) (in nominal value), whichever is less. The exact quantum of VGF will be decided by the GoI after the appraisal of the DPR submitted by the applicant consortium, duly taking into account the benefits available under Section 35AD of the Income Tax Act (as per sub-para (viii) above).
- c. The VGF which shall be provided as an interest free loan and shall be disbursed, on a *pari passu* basis with CAPEX by the SPV.
- d. VGF shall be used for replacing of project debt and shall not be used for reducing the promoters' equity.

## **2. Equity participation:**

- a. In consideration of the support provided by the Government, the promoters shall offer a golden share to the Government of India (GoI) or to the CPSU(s) to be nominated by the Government of India. Government of India shall have the right to nominate one Director on the Board of the SPV. The nominee Director of the GoI shall have the power to block any special resolution of the Board, in the public interest but this shall not apply to normal commercial decisions for running the fab. An appropriate Shareholders Agreement shall be put in place to give effect to the foregoing requirements.
- b. If applicant is applying as a consortium, the equity participation of the principal technology partner should be at least 10% in the SPV.
- c. The capital structure of the SPV shall not be changed without the approval of the Government of India.

## Section 3: Annexure

### Section 3.1: Supporting documents

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The following documents need to be submitted to support the main Expression of Interest.

1. Covering letter
2. A power of attorney by the CEO or BOD authorizing the applicant to submit the proposal
3. Documentation exhibiting formation/ intent of formation of the consortium (LoI/ MoU/ Any other documentation such as a letter from the authorized signatory of all the partners to form the consortium for purpose of this project, is also acceptable)
4. Organization chart of the group companies
5. Annual reports of the organization covering detailed financial statements and schedules, at the Corporate and Segment level for the last 4 years.
  - a. In case of a consortium of investors, annual reports need to be provided for every partner in the consortium
6. Information on main subsidiaries and other group concerns (name, registered office, top management details, business track record, key investors)
7. Project plan giving key milestones and high level implementation schedule



## Section 3.2 Fact Sheet

S. No	Information	Details
1	Release date (Issuance Date)	09.10.2013
2	Original Response Submission date	06.11.2013 (by 1700 Hours IST)
3	<b>Extended Response Submission date</b>	<b>25.11.2013 (by 1700 Hours IST)</b>
4	Submission documents	One original of the final Expression of Interest and each document listed under the “Supporting Documents”, as well as an electronic version (CD-R with “submission documents”), shall be submitted. The name of the applicant organization should be printed on the CD-R.
5	Addressee and address at which the Expression of Interest is to be submitted	Mr. S.K. Marwaha Scientist ‘F’ Department of Electronics & Information Technology Room No.: 2078-79 Electronics Niketan 6 CGO Complex New Delhi – 110003 Phone:+91 11 24365940 Email : <a href="mailto:fab.eoi-dit@nic.in">fab.eoi-dit@nic.in</a>