

**File No. W-38/23/2021-IPHW**  
**Government of India**  
**Ministry of Electronics and Information Technology (MeitY)**  
**(IPHW Division)**

**Dated: 10<sup>th</sup> October, 2022**

**Subject: Guidelines for effective functioning of the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India**

**1. Background**

- 1.1 The Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India (hereinafter referred to as 'Scheme') has been notified vide notification No. CG-DL-E-06102022-239341 dated 04.10.2022
- 1.2 The scheme is a modified version of the "Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab / and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities in India" notified vide notification No CG-DL-E-21122021-232047 dated 21.12.2021.
- 1.3 The scheme shall extend a fiscal support of 50% of the Capital Expenditure for setting up of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) Fab/ Discrete Semiconductor Fab and Semiconductor ATMP / OSAT facilities in India. The fiscal support of 50% against the capital expenditure will be released on pari-passu basis after the approval of the application, subject to

terms and conditions stipulated in the Scheme / Guidelines / Approval Letter and meeting the threshold value for capital expenditure.

- 1.4 As per Para 8 of the Scheme, it will be open for receiving applications till 31.12.2024. All applicants who had applied in pursuance of the Gazette Notification dated 21st December, 2021 (earlier scheme) shall be allowed to submit revised proposal according to the Modified Scheme Notification.
- 1.5 In pursuance of Para 13 of said Scheme and for the effective operation and smooth implementation of the Scheme, the following guidelines are being laid down that are to be read along with the Scheme. In case of any inconsistency between the Scheme and the guidelines, the provisions of the Scheme shall prevail.
- 1.6 The Scheme guidelines inter-alia cover the following:
  - a) Definitions
  - b) Eligibility for Fiscal Support
  - c) Eligible Capital Expenditure / Investment
  - d) Nodal Agency
  - e) Application
  - f) Approval
  - g) Claim for Fiscal Support
  - h) Disbursement of Fiscal Support
  - i) Other Support
  - j) Related Party Transactions (RPT)
  - k) Review and Impact Assessment
  - l) Residual

## 2. Definitions

- 2.1 **Applicant:** Applicant for the purpose of the Scheme is a legal entity i.e., Private Limited Company or a Public Limited Company making an application for seeking fiscal support under the Scheme.
- 2.2 **Application:** Application means an application submitted by an applicant on the portal of Nodal Agency in the Application Form prescribed in **Annexure-1** of the guidelines containing requisite information, along with the supporting documents and application fee.
- 2.3 **Nodal Agency:** “India Semiconductor Mission (ISM)” within Digital India Corporation, MeitY to act as nodal agency and drive the long-term strategies for implementation of programme / modified programme for development of semiconductors and display manufacturing ecosystem.
- 2.4 **Competent authority:** Competent Authority for approving fiscal support for any selected applicant upto ₹100 crore will be Secretary, Ministry of Electronics and Information Technology (MeitY). Approval of fiscal support above ₹100 crore for a selected applicant will be done by Minister of Electronics and Information Technology (MEIT).
- 2.5 **Acknowledgement Date:** Acknowledgment date is the date on which, based on the initial scrutiny of the application, acknowledgment is issued by the Nodal Agency. Acknowledgement of an application shall not be construed as approval under the Scheme.
- 2.6 **Approval Date:** Approval date is the date on which approval letter for the project / unit is issued by the Nodal Agency to the applicant.
- 2.7 **Project / Unit:** A Project / Unit under the Scheme would be a new business unit or expansion of capacity / modernization and / or diversification of an existing unit in India which an applicant intends to implement as per an application submitted under the Scheme.

2.8 **Approved Project / Unit:** Approved Project / Unit means a project for which approval letter is issued by the Nodal Agency appointed for this purpose by the Ministry of Electronics and Information Technology (MeitY), based on the recommendations of the Competent Authority.

2.9 **Commercial Production:** “Commercial Production” implies that the production is undertaken for the sale of manufactured goods by the approved Project / Unit as defined in relevant accounting standards issued by ICAI.

2.10 **Capital Expenditure:** Capital Expenditure shall include Capital Investment for the following:

2.10.1 Capital Expenditure / Investment incurred on Building, Plant, Machinery, Clean rooms, Equipment and Associated Utilities: This shall include expenditure on building, clean rooms, plant, machinery, equipment and associated utilities (including used / second hand / refurbished), as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components, and spares thereof), etc. used in the manufacturing process eligible under the Scheme. It shall also include expenditure on packaging, freight / transport, insurance, and erection and commissioning of the plant, machinery, equipment and associated utilities. Associated utilities would include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water & power supply and control systems etc. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions.

2.10.2 Capital Expenditure / Investment incurred on Research and Development (R&D): This shall include expenditure on in-house and captive R&D. Such expenditure shall include test and measuring instruments, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D.

2.10.3 Capital Expenditure / Investment related to Transfer of Technology (ToT) Agreements: This shall include cost of technology purchase related to manufacturing of goods for which application is made under the Scheme.

2.10.4 Capital Expenditure / Investment incurred on Land: The expenditure incurred on land required for the project / unit shall **not** be considered towards eligible capital expenditure / investment computation under the Scheme.

2.11 **Eligible Capital Expenditure / Investment**: The capital expenditure / investment which is considered eligible for fiscal support under the Scheme as per the approval letter issued to the applicant.

2.12 **Pari-Passu Payment**: The pro rata payment by Nodal Agency to be released after the corresponding share to be mobilized by applicant / Project Company along with other sources in the No-Lien Account (NLA). The deposits in the No-Lien Account (NLA) shall be utilized only for authorized expenditure for the approved project.

2.13 **Fiscal Support**: Financial support to enhance the viability of the project.

2.14 **Additional Fiscal Support**: Fiscal Support offered by the State Government or any of its agencies or local bodies.

2.15 **Related Party(ies)**: The term related party(ies) would be as defined as per provisions of relevant statutes and Accounting Standard, as may be applicable to the applicant / Project Company, as notified by Ministry of Corporate Affairs (MCA) or any other appropriate authority from time to time.

2.16 **Force Majeure**: Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable / seasonal rain and any other events specifically excluded).

2.17 **Group Company(ies)**: Group Company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:

a) Exercise twenty-six percent or more of voting rights in other enterprise; or

b) Appoint more than fifty percent of members of board of directors in the other enterprise.

### **3. Eligibility for Fiscal Support**

3.1 Support under the Scheme shall be provided only to Project Company meeting eligibility criteria as defined under Paras 3.1 and 3.2 of the Scheme.

3.2 In case of a consortium / joint venture, the criterion may be satisfied by one or more group companies.

3.3 The Scheme shall be applicable for investments in new units as well as expansion of capacity / modernization and / or diversification of existing units. The minimum investment thresholds are same for new units or expansion of capacity / modernization and / or diversification by existing units.

3.4 If an application is made for Fab as well as ATMP unit, then the minimum threshold of capital expenditure / investment applicable for such application shall be the higher of the individual threshold investment for each of the category covered under the application.

3.5 Eligibility under the Scheme shall not affect eligibility under any other Scheme of Government of India and State Governments and vice-versa. However, an applicant under the Scheme will not avail fiscal support under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) under the Micro / Nano-electronic components such as Micro Electro Mechanical Systems (MEMS) and Nano Electro Mechanical Systems (NEMS); Assembly, Testing, Marking and Packaging (ATMP) units and Compound Semiconductors such as GaN, SiC, GaAs, etc. and Silicon Photonics devices / Integrated Circuits, Optoelectronic components for the same project.

3.6 Integrated manufacturing of modules and devices along with Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities shall be eligible for fiscal support under the Scheme. The manufacturing of

Epi Wafers of GaN, SiC, etc. shall also be eligible for fiscal support under the Scheme.

#### **4. Eligible Capital Expenditure / Investment**

- 4.1 Capital expenditure / investment as defined in Para 2.10 of the Guidelines shall be considered for determining eligible capital expenditure / investment under the Scheme provided such expenditure is made on or after the date of acknowledgement of an application and within 5 years of date of acknowledgement of such application.
- 4.2 Capital expenditure / investment incurred before the date of acknowledgement of application under the Scheme shall not be considered for calculation of eligible capital expenditure / investment under the Scheme.
- 4.3 Capital expenditure / investment, based on which eligible capital expenditure / investment is being determined, shall be capitalized in the books of accounts of the applicants.
- 4.4 Building, clean rooms, plant, machinery and equipment (including for associated utilities and R&D) shall be purchased / leased in the name of the Project Company.
- 4.5 The value of building, clean rooms, plant, machinery, equipment and associated utilities may be verified by the Nodal Agency.
- 4.6 The used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D) allowed under the Scheme shall have a minimum residual life of at least 5 (five) years, at the time of transfer of assets, as per Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, amended vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018.

## 5. Nodal Agency

5.1 The Scheme shall be implemented by a Nodal Agency as mentioned in Para 9.1 of the Scheme. For carrying out activities related to the implementation of the Scheme, Nodal Agency would *inter-alia*:

5.1.1 Receive the applications, issue acknowledgements, and verify eligibility of the applicants for support under the Scheme. Till such time that the Nodal Agency is fully established, Ministry of Electronics and Information Technology will support the Nodal Agency for implementation of the Scheme.

5.1.2 Empanel agency(ies) or consultants as deemed necessary to carry out technical and financial appraisal of the projects as well as evaluate expertise of the applicants in these niche areas of Compound Semiconductors / Silicon Photonics (SiPh) / Sensors (including MEMS) / Discrete Semiconductors and semiconductor packaging.

5.1.3 Examine claims eligible for disbursement of fiscal support under the Scheme and disburse the fiscal support as per eligibility.

5.1.4 Submit periodic reports to Ministry of Electronics and Information Technology (MeitY) regarding the progress and performance of the Scheme.

5.1.5 The Nodal Agency India Semiconductor Mission (ISM) will receive applications and all documents through online portal i.e., [www.ism.gov.in](http://www.ism.gov.in).

## 6. Application

6.1 The Scheme shall be open for receiving applications till 31.12.2024. All applicants who had applied in pursuance of the Gazette Notification dated 21st December, 2021 (earlier scheme) shall be allowed to submit revised proposal according to the Modified Scheme Notification by requesting the Nodal Agency.

6.2 An application shall be made in the format provided in **Annexure-1** of the Guidelines. On receipt of an application in the prescribed format, the nodal agency shall conduct



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

- 6.3 For an application which prima facie meets the criteria, the nodal agency shall issue an acknowledgement of receipt of the application. This acknowledgement shall not be construed as approval under the Scheme.
- 6.4 There is no restriction on any applicant from making multiple applications and / or for multiple locations.
- 6.5 Paras 3.1 and 3.2 of the Modified Scheme notification states the minimum investment threshold criteria and there is no upper limit of the investment.

## 7. Approval

- 7.1 **Evaluation of the Applications by Nodal Agency:** The applicants will be evaluated by the Nodal Agency through a process of technological and financial appraisal. This shall include technology parameters such as process technologies, project implementation capacity, operation capability, etc. as well as financial parameters such as structure of fiscal support sought from the government, funds raised for the project, etc. The evaluation criteria and weightage for technological and financial appraisal shall be decided by Minister of Electronics and Information Technology (MEIT).
- 7.2 **Recommendations by Nodal Agency:** The applicant(s) selected after evaluation shall be forwarded by the Nodal Agency to Ministry of Electronics and Information Technology (MeitY).
- 7.3 **Approval of Applicant(s) by Competent Authority in Ministry of Electronics and Information Technology:** The selected applicant(s) will be placed by the Ministry of Electronics and Information Technology (MeitY) for approval by the Competent Authority. After the approval is accorded by the Competent Authority, these will be forwarded by the MeitY to the Nodal Agency for communication to the applicant(s).

## **8. Claim for Fiscal Support**

- 8.1 The applicant / Project Company shall create a No-Lien Account (NLA) with a Scheduled Commercial Bank in India and provide the details thereof to the Nodal Agency. The Nodal Agency shall enter into a Tripartite Agreement with the applicant, and the Bank, where the NLA of the applicant is maintained, for proper utilization of the fiscal support.
- 8.2 Claim for fiscal support may be submitted by the Project Company as and when required. However, not more than 5 claims shall be submitted in a Financial Year.
- 8.3 The Nodal Agency may seek any documents, certificates, etc. from the applicant / Project Company during the process of verification.
- 8.4 The quantum of fiscal support payable for the project would be assessed based on eligible capital expenditure / investment as communicated in the approval given to the applicant / Project Company by the nodal agency.
- 8.5 The disbursement of fiscal support shall be made on pari-passu basis i.e., all pro rata payments to be released after the corresponding share to be mobilized by applicant along with other sources and is deposited in the No-Lien Account (NLA) and other necessary conditions for release of such payments as prescribed in the Scheme Guidelines / Approval Letter have been complied. The same is to be applicable on all the instalments with effect from the first instalment to be released to the applicant. The deposits in the No-Lien Account (NLA) shall be utilized only for authorized expenditure for the approved project.
- 8.6 Disbursement of fiscal support shall be within the amounts for each item under eligible capital expenditure / investment as per the approval given to the applicant / Project Company by the Nodal Agency. Any variation in expenditure pertaining to approved eligible capital expenditure / investment item due to exchange rate variations, technology upgradation, and change in specifications of Building, Plant, Machinery and Equipment shall be allowed, subject to verification of relevant documents submitted by the applicant, even if it leads to variation of expenditure

within individual eligible capital expenditure / investment items, as long as the total actual expenditure is within the overall approved eligible capital expenditure / investment.

- 8.7 Second instalment onwards shall be released on submission of a report mentioning the physical and financial status (% completion) of Buildings & Clean Room, Plant, Machinery & Equipment, Associated Utilities, Technology Transfer, Itemized list of capital goods/ equipment with details of suppliers, purchase orders, invoice, payment, capitalization etc. Copy of the Fixed Assets Register duly certified by the Statutory Auditors of the Project Company and utilization certificate for the utilised amount with proper justification for further requirement of funds also needs to be submitted with the claim.
- 8.8 The project company must ensure adequate insurance including transit insurance of its project assets.
- 8.9 The Nodal Agency or its empaneled agency(ies) shall have the right to carry physical inspection of an applicant's manufacturing units and offices with prior intimation for purpose of verification of claims.
- 8.10 In case of doubt with respect to the eligibility of any capital expenditure / investment that is mentioned in the claim for fiscal support, the Nodal Agency may refer the matter to the Ministry of Electronics and Information Technology (MeitY) for clarification. The decision of the MeitY shall be final in this regard.

## **9. Disbursement of Fiscal Support**

- 9.1 The disbursement of fiscal support shall be carried out by the Nodal Agency.
- 9.2 The fiscal support against the eligible capital expenditure / investment shall be released after the approval of the claim for fiscal support by the nodal agency, subject to compliance to other terms and conditions stipulated in the Scheme / Guidelines / Approval Letter.

- 9.3 Any excess fiscal support provided to project company, shall be refunded to the nodal agency post declaration of the commercial operation for the entire project.
- 9.4 The Nodal Agency shall furnish information to Ministry of Electronics and Information Technology (MeitY) with details of claims received for fiscal support, claims approved, amount disbursed, and reasons for rejection / delay in disbursement of the fiscal support on monthly basis.
- 9.5 The Nodal Agency shall submit budgetary requirements to the Ministry of Electronics and Information Technology (MeitY) as a consolidated amount on regular basis and not on project-by-project basis. MeitY shall make budgetary provisions for disbursement of fiscal support to approved projects under the Scheme. Any excess / shortfall of funds for release of fiscal support would be intimated by the nodal agency to MeitY well in advance for smooth implementation of the Scheme.
- 9.6 The nodal agency shall submit monthly reports to the competent authority about the progress and performance of the Scheme.
- 9.7 Fiscal support on pari-passu basis shall be released to the Project Company subject to safeguards like submission of bank guarantee / corporate guarantee / personal guarantee or creation of charge on assets in favour of the Nodal Agency or combination thereof or any other suitable mechanism as prescribed in the approval letter.

#### **10. Other Support:**

- 10.1 Support for Development of Infrastructure / Common Facility Centres:** Government of India may extend the benefits of Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme for development of infrastructure / Common Facility Centre subject to the proposal satisfying the EMC 2.0 framework requirements.
- 10.2 Demand Aggregation Support:** Compound Semiconductors / Silicon Photonics / Sensors Fabs / Discrete Semiconductors Fab and ATMP / OSAT units set up in India will be supported through purchase preference in procurement of electronic products

by the Government under the Public Procurement (Preference to Make in India) Order 2017.

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

## **11. Related Party Transactions (RPT)**

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

11.2 In case, any expenditure value is revised based on an assessment done subsequently as per provisions of the acts as cited above, the applicant shall notify and reimburse the Nodal Agency immediately for any incentive amount disbursed over and above the revised value as per subsequent assessment along with the interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually.

## **12. Review and Impact Assessment**

12.1 Periodic reviews of approved applicants will be undertaken by the Nodal Agency with respect to their investments, utilization of funds, production, employment generation and value addition under the Scheme.

12.2 All approved applicants shall be required to furnish self-certified Quarterly Review Reports (QRRs) within 30 days from the end of each quarter till five years or till the time the fiscal support is being drawn, whichever is later.

12.3 Mid-term appraisal of the Scheme will be carried out after two years of its implementation or as per the recommendation from Ministry of Electronics and Information Technology (MeitY) to assess the impact of the Scheme, off take by the approved applicants and economy in terms of the stated objectives. Based on such impact assessment, a decision may be taken to increase the tenure of the Scheme and change its financial outlay with the approval of the Minister for Electronics and Information Technology.

### **13. Residual**

13.1 Any change / deviation in the location of a project / unit, after filing the application and before approval of the same, shall be allowed by the Nodal Agency after due verification of application of capital expenditure / investment at the changed location.

13.2 Any deviation with respect to approved eligible capital expenditure / investment, after approval of the project, shall be intimated by the Nodal Agency to the Ministry of Electronics and Information Technology (MeitY). In case of reduction of the eligible capital expenditure / investment, the Nodal Agency will give the revised approval to the applicant. In case of escalation of the eligible capital expenditure / investment, the Nodal Agency will seek approval of the competent authority in the MeitY. Based on the competent authority's recommendation, the Nodal Agency shall communicate the revised approval.

13.3 An applicant shall intimate the Nodal Agency of any change in the shareholding pattern of the Promoters' holding in the Applicant / Project, including any change in encumbrance, post application and during the period of 5 years from the date of acknowledgement or till the time the fiscal support is being drawn, whichever is later.

- 13.4 In case of a successor-in-interest, the capital expenditure / investment undertaken by the applicant and the successor-in-interest, would be considered for determining eligible capital expenditure / investment, subject to recommendation and compliance with any other condition stipulated by the Nodal Agency, as may be deemed appropriate. The earlier capital expenditure / investment and eligible capital expenditure / investment for the successor-in-interest shall be the same as determined for the applicant to whom approval was accorded under the Scheme.
- 13.5 Units receiving fiscal support under the Scheme shall have to remain in commercial production for a period of at least 3 (three) years from the date of commencement of commercial production of the entire project and provide an undertaking for the same.
- 13.6 The applicants shall also be eligible to take benefit under any other Scheme(s) of Government of India. However, investments committed by the applicants under MSIPS Scheme / SPECS Scheme for which fiscal support have been claimed shall not qualify as eligible capital expenditure / investment under the Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / OSAT facilities in India.
- 13.7 Fiscal Support, offered by the State Governments or any of its agencies or local bodies shall be over and above the fiscal support of the Scheme.
- 13.8 The Nodal Agency shall rely upon information submitted by applicant/ project company on self-certification basis. For this purpose, the applicant shall submit an undertaking as per format at **Annexure-2**. To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, the Nodal

Agency shall obtain undertaking(s) from applicants under the Scheme as per **Annexure-3**.

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



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

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**Application Form**

**1. Applicant Company**

- 1.1. Date & Country of Incorporation
- 1.2. Registered Address, Corporate Address, Phone, Email, Website
- 1.3. Shareholding Pattern
- 1.4. Profile and contact details of Shareholders
- 1.5. Profile and contact details of Board of Directors
- 1.6. Joint Venture (JV) Agreement/ Other Business Agreements, if applicable
- 1.7. Audited Financial Statements for last 3 years
- 1.8. Credit History – Details of presence in RBI/ CIBIL's Defaulter and Wilful Defaulter Lists, SEBI Debarred List. CIBIL Rating and External Credit Rating, if any. Certificate from Company Secretary/ Board of Directors
- 1.9. Letter of Authorization by Board of Directors or Managing Director or equivalent
- 1.10. Business Profile
- 1.11. Operational Experience of Applicant/ its Promoters/ Group in manufacturing the proposed products
- 1.12. Details of current manufacturing facilities in India and abroad
- 1.13. Integrity Undertaking (Format A)
- 1.14. Proof of submission of non-refundable application fee of INR 5,00,000

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

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

- 2.10. Audited Financial Statements for last 3 years
- 2.11. Credit History – Details of presence in RBI/ CIBIL's Defaulter and Wilful Defaulter Lists, SEBI Debarred List, Blacklisting by any Government Department/ Agency in India. CIBIL Rating and External Credit Rating, if any. Certificate from Company Secretary/ Board of Directors
- 2.12. Letter of Authorization by Board of Directors or Managing Director or equivalent
- 2.13. Business Profile

### **3. Project/ Detailed Project Report (DPR)**

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

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

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

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

**FORMAT OF UNDERTAKING FOR CORRECTNESS OF APPLICATION**

**(Undertaking from the Applicant on letterhead)**

1. We, ....., hereby, acknowledge that the incentives that would / may be provided to us under the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India, notified by Ministry of Electronics and Information Technology vide Notification X, will be provided to us based on, and after relying upon, the information provided by us to avail the said incentives.
2. We hereby confirm that the information provided by us for availing the said incentives is true, correct, and complete in all respects and that no material fact / information that may have an adverse impact on the information provided by us for availing the said incentives has been concealed. We acknowledge and confirm that the foregoing averment is on an on-going basis and further undertake to immediately apprise the Nodal Agency about any change in the status of the information provided by us to avail the said incentives.
3. We further undertake that in the event of (i) any of the information provided by us to avail the said incentives being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmations stated at para 2 above being found false, incorrect, incomplete or breached; we will (a) refund the entire amount of incentives availed by us along with interest calculated at 3

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

4. We acknowledge that the remedies provided in para 3(a) above are not the exclusive remedies available with the Ministry of Electronics and Information Technology and are without prejudice to any legal remedies available with Nodal Agency for events mentioned in Para 3(i) and 3(ii) above.

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

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

**Undertaking (Format-A)**

1. Whereas, the applicant namely (*name of company with address*) has submitted an application under Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India seeking incentive for the project pertaining to manufacturing or expansion of .....(name of items) at.....(location of plants/factory) with the estimated capital expenditure of INR.....and estimated fiscal support of INR.....
2. Now, therefore, the applicant/ project company including its officers/representatives commits and undertakes that he/she will take all measures necessary to prevent corruption. He/ She commits to observe the following principles during his/her association/engagement with Nodal Agency or its agencies or its consultants engaged with the process of appraisal and verification of application for the approval of application and disbursement of incentive under Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India.



- 2.1 The applicant/ project company will not directly or through any other person or firm, offer, promise or give to any of the Nodal Agency's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by Nodal Agency to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before, during or after the processing of the application for grant of approval or disbursement of fiscal support.
- 2.2 The applicant/ project company will not commit any offence under the relevant IPC/PC Act; Further, the applicant will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Nodal Agency.
- 2.3 The applicant/ project company shall disclose the name and address of the duly authorized Agents/Representatives who will be dealing with Nodal Agency or its agencies and the remuneration of these agents or representatives shall not include any hidden amount or component to get the work done in undue manner or causing inducement of whatsoever nature whether in cash or kind to influence the normal process or practice of work.
- 2.4 The applicant/ project company will disclose any and all payments he/she has made, is committed to or intends to make to agents, brokers or any other intermediaries, other than regular employees or officials of the applicant, in connection with the grant of approval or/and disbursement of incentive.

- 2.5 The applicant/ project company will not offer any illicit gratification to obtain unfair advantage.
  - 2.6 The applicant/ project company will not collude with other parties to impair transparency and fairness.
  - 2.7 The applicant/ project company will not give any advantage to anyone in exchange for unprofessional behavior.
3. The applicant/ project company declares that no previous transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises /Central or State Government or its any instrumentality in India.
  4. The applicant/ project company agrees that if it is found that the applicant has made any incorrect statement on this subject, the application will be closed or rejected and Nodal Agency reserve the right to initiate legal action of whatsoever nature. In case if Nodal Agency has disbursed the fiscal support under the Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India, the amount disbursed to applicant be recoverable along-with interest calculated at 3 years SBI MCLR compounded quarterly besides black-listing of the applicant and initiation of legal action of whatsoever nature at the discretion of Nodal Agency.

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

*Signature*

*(Name & designation with address)*

*CMD/MD/Director/CEO*

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

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

**Undertaking (Format-B)**

1. Whereas, the project company namely (name of company with address) has submitted an application under Modified scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab/ Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/ Outsourced Semiconductor Assembly and Test (OSAT) facilities in India seeking incentive for the project pertaining to manufacturing or expansion of..... (name of items) at.....(location of plants/factory) with the estimated capital expenditure of INR.....and fiscal support of INR.....
2. And Whereas, the project company has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated.....given under the signatures/authority of applicants ..... (name and designation) to Nodal Agency in respect of aforesaid application.
3. And whereas, the project company including its officers/representatives gives commitment and undertake that he/she will take all measures necessary to prevent corruption and that he/she will not directly or through any other person

or firm, offer, promise or give to any of the Nodal Agency's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by Nodal Agency to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of fiscal support.

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

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

*Signature*

*(Name & designation with address)*  
*CMD/MD/Director/CEO*