



## Production Linked Incentive Scheme for IT Hardware – PLI 2.0 ITHW

# About PLI 2.0 ITHW

The Government of India (“GoI”) through Ministry of Electronics and Information Technology (MEITY) has approved Production Linked Incentive Scheme 2.0 for IT Hardware (PLI 2.0 ITHW) on 17 May 2023 for USD 2.07 billion (INR 170 billion) to achieve broadening and deepening of the manufacturing ecosystem by encouraging the localisation of components and sub-assemblies and allowing for a longer duration to develop the supply chain within the country for which the notification is issued on 29 May 2023 and the application window is opened since 1 June 2023 for the next 45 days initially which may be extended.

The manufacturing units sanctioned under the programme would be eligible for getting PLI on annual basis on incremental sales of target segment product as Laptops, Tablets, All-in-one-PC, Servers, and Ultra Small Form Factor (USFF) for 6 years w.e.f. 1 July 2023 or may choose starting date of Financial Year (FY) 2023-24 or FY 2024-25 also. The total applicant to be selected will be as per budget availability on the basis of PLI quoted by the applicants for respective category (Global - 2, Hybrid - 5 and Domestic -9).

# PLI Scheme 2.0 for IT Hardware

**Outlay: INR 17,000 Crore**

## Projected Outcomes



**Production**  
~ INR 3.35 lakh crore



**Domestic Value Addition**  
40-45% (without SoC) or  
75-80% (with SoC)



**Investment**  
~ INR 2,430 crore



**Additional Employment**  
75,000 Direct Jobs

**Average Incentive : ~5%**

**No. of Players:** As per budget availability on the basis of PLI quoted by the applicants for respective category (Global , Hybrid (Global/Domestic) Companies and Domestic Companies Companies)

# Salient features of PLI 2.0

1. Scheme will be applicable for 6 years from that date.
2. Scheme to be implemented w.e.f. 1.07.2023. Applicant may choose starting date of Year 2024 OR Year 2025 also.
3. Base year 2022-23/2023-24/2024-25 will be considered for computation of incremental sales as per applicability.
4. Cap on maximum incentive: Rs 4,500 Cr. for Global Companies, ₹ 2,250 Cr. for Hybrid (Global/Domestic) companies and ₹ 500 Cr. for Domestic companies
5. PLI 1.0 applicants will be allowed to apply under PLI 2.0.
  - Applicants of Existing PLI can continue in existing PLI
  - Old Applicants – Migrate to PLI 2.0 – Start from 2nd year in PLI 2.0 , Investment will be counted
  - Old Applicant – Can participate as new applicant for 6 years , with new Investment
6. PLI 1.0 conditions will remain same for sales thresholds for Global/Domestic category for first 4 years.

# Modalities of PLI 2.0

- 1. Selection of beneficiary:** 45 Days window.
- 2. Annual PLI as Ceiling:** = Net incremental Sales x Incentive.
- 3. Number of beneficiary:** As per budget availability on the basis of PLI quoted by the applicants for respective category (Global - 2, Hybrid - 5 and Domestic -9).
- 4. Overachievers:** to get PLI above annual ceiling subject to under performance by others in that year. Overall savings of an individual year will be carried forward to the next year to give PLI to over achievers.
- 5. Disbursement of PLI :** Subject to applicants fulfilling eligibility criteria, such as thresholds of incremental investment, net incremental sales etc.

# Modalities of PLI 2.0

Category	Incremental Investment after 31.03.2023	Incremental Sales of Manufactured Goods over Base Year
<p><b>Global IT Hardware Companies</b></p> <p>(i) Laptops (Invoice value of INR 30,000 and above),                      (ii) Tablets (Invoice value of INR 15,000 and above),                      (iii) All-in-One PCs                      (iv) Servers                      (v) Ultra Small Form Factor (USFF)</p>	<p>INR 500 Crore over 6 Years Cumulative Minimum (Crore):</p> <p>Year 1: INR 50 Crore                      Year 2: INR 150 Crore                      Year 3: INR 250 Crore                      Year 4: INR 350 Crore                      Year 5: INR 450 Crore                      Year 6: INR 500 Crore</p>	<p>Year 1: INR 1,000 Crore                      Year 2: INR 2,500 Crore                      Year 3: INR 5,000 Crore                      Year 4: INR 10,000 Crore                      Year 5: INR 12,000 Crore                      Year 6: INR 15,000 Crore</p>
<p><b>Hybrid (Global/Domestic) companies</b></p> <p>(i) Laptops(Invoice value of INR 30,000 and above)                      (ii) Tablets(Invoice value of INR 15,000 and above)                      (iii) All-in-One PCs                      (iv) Servers                      (v) Ultra Small Form Factor (USFF)</p>	<p>INR 250 Crore over 6 Years ;                      Cumulative Minimum (Crore):</p> <p>Year 1: INR 25 Crore                      Year 2: INR 75 Crore                      Year 3: INR 125 Crore                      Year 4: INR 175 Crore                      Year 5: INR 225 Crore                      Year 6: INR 250 Crore</p>	<p>Year 1: INR 500 Crore                      Year 2: INR 1,250 Crore                      Year 3: INR 2,500 Crore                      Year 4: INR 5,000 Crore                      Year 5: INR 6,000 Crore                      Year 6: INR 7,500 Crore</p>
<p><b>Domestic Companies</b></p> <p>(i) Laptops                      (ii) Tablets                      (iii) All-in-One PCs                      (iv) Servers                      (v) Ultra Small Form Factor (USFF)</p>	<p>Cumulative Minimum (Crore):</p> <p>Year 1: INR 4 Crore                      Year 2: INR 8 Crore                      Year 3: INR 12 Crore                      Year 4: INR 15 Crore                      Year 5: INR 18 Crore                      Year 6: INR 20 Crore</p>	<p>Year 1: INR 50 Crore                      Year 2: INR 100 Crore                      Year 3: INR 200 Crore                      Year 4: INR 300 Crore                      Year 5: INR 400 Crore                      Year 6: INR 500 Crore</p>

# Addressing Investment Issues: Flexibility provided



## Investment spread over 6 Years

Year	Existing PLI		PLI 2.0		
	Global	Domestic	Global	Hybrid	Domestic
Year 1	50	4	50	25	4
Year 2	150	8	150	75	8
Year 3	300	14	250	125	12
Year 4	500	20	350	175	15
Year 5			450	225	18
Year 6			500	250	20



Investment made in contract manufacturers eligible



Investment made in component manufacturers considered as eligible investment in PLI IT Hardware 2.0, provided it is an exclusive arrangement.



Addressed issue in case of shortfall in meeting annual Investment thresholds, keeping overall investment targets intact.

## Optional items and % incentive for localization

S.No.	Components / Sub-Assemblies	% in BoM	% Incentive
1.	Assembly of IT Hardware – Laptop / Tablets/ AIOs (Year-1/Year-2/Year-3/ Year 4/Year 5/Year 6))		3/2/1/1/1/0
2.	Assembly of IT Hardware – Server / USFF (Year-1/Year-2/Year-3/Year 4/Year 5/Year 6)		3/2/2/1/1/0
3.	PCBA of IT Hardware (Target Segment)	<b>8</b>	1.20
4.	Add on Controllers assembled in India – (For Servers)	<b>3</b>	0.41
5.	Bare PCB	<b>3</b>	0.57
6.	Memory Modules assembled in India	<b>7</b>	0.95
7.	Memory Modules assembled in India – (For Servers)	<b>14</b>	1.89
8.	Solid State Drive (SSD) assembled in India	<b>7</b>	0.95
9.	Display panel – Assembled in India (Not for Servers/USFF)	<b>11</b>	1.49
10.	Power Adapter / SMPS	<b>3</b>	0.41
11.	Power Adapter / SMPS – (For Servers/USFF)	<b>4</b>	0.54
12.	Battery	<b>3</b>	0.41
13.	Cabinets / Chassis / Enclosures	<b>11</b>	1.49
14.	Memory Modules additional incentive for ATMP in India (over and above incentive for item 6)		<b>+0.25</b>
15.	Memory Modules additional incentive for ICs manufactured in India (over and above incentive for item 6)		<b>+0.25</b>
16.	Memory Modules additional incentive for ATMP in India (over and above incentive for item 7) (For Servers)		<b>+0.50</b>
17.	Memory Modules additional incentive for ICs manufactured in India (over and above incentive for item 7)– (For Servers)		<b>+0.50</b>
18.	Solid State Drive (SSD) additional incentive for ATMP in India (over and above incentive for item 8)		<b>+0.25</b>

**The Sub assembly/ component will be available once Semiconductor FAB in India is operational**

**Will be available once ATMP is operational in India**



# Optional items and % incentive for localization

19.	Solid State Drive (SSD) additional incentive for ICs manufactured in India (over and above incentive for item 8)		<b>+0.25</b>
20.	Display Panel- Additional incentive for ICs manufactured in India (over and above incentive for item 9)		<b>+0.60</b>
21.	System on Chip (SoC) Processors designed in India (IP ownership/Co-ownership in India) including but not limited to SHAKTI and VEGA (IC manufactured outside India) for Laptop, Tablet, AIO and Server/ USFF)	<b>24/28</b>	<b>3.24/3.78</b>
22.	System on Chip (SoC) Processors designed in India additional incentive for ATMP/ ICs manufactured in India (over and above incentive for item 18) for Laptop, Tablet, AIO and Server/ USFF)	<b>11/12</b>	<b>+1.49/1.62</b>

Note: 1. Item 2 to 13 shall taper down by 5%, 10%, 15%, 20% and 25% in Year 2, 3, 4, 5 and 6 respectively.

## 2. Localization of at least one subassembly/ component per year along with Assembly +PCBA



***The Sub assembly/ component will be available once Semiconductor FAB in India is operational***



***Will be available once ATMP is operational in India***

# Application Process for PLI 2.0

Budget will be bifurcated between Global + Hybrid and Domestic Category

Applications under PLI 2.0 will be submitted by existing applicants of PLI 1.0 and new players along with overall PLI projections

PMA will evaluate and shortlist complete application in all respect

## **Selection (Global Category) based on revenue in FY 2022-23**

- (i) Consolidated Global Manufacturing Revenue (including its Group Companies) > INR 5,000 crore for the target segment
- (ii) > INR 10,000 crore for electronics hardware products / sub-assemblies / components (ESDM revenue).

Ranking on the basis of Global Revenue of ESDM / Target Segment Revenue

**Final selection subject to availability of budget**

## **Selection (Domestic Category) based on revenue in FY 2022-23**

- (i) Consolidated Global Manufacturing Revenue (including its Group Companies) > INR 10 crore for the target segment
- (ii) > INR 20 crore for electronics hardware products / sub-assemblies / components (ESDM revenue)

Ranking on the basis of Global Revenue of ESDM / Target Segment Revenue

**Final selection subject to availability of budget**

**In Hybrid Category, participating Global and Domestic companies ranking will be done as per their respective rules explained above. Final ranking (combining all) will be done on the basis of higher ESDM revenue followed by Target segment revenue subject to availability of fund**

# Penalty for non-compliance

Under PLI 2.0 ITHW, following penal implications are provided:

**For shortfall of investment in a particular year:** In case there is a shortfall in investment by X% for a particular year, an applicant will get X/2 % less PLI, provided shortfall (X%) is not more than 40%. However, if an applicant is able to achieve cumulative investment target in subsequent year(s) then held back PLI amount will be released without interest.

**Gap in actual and projected PLI estimates:** To keep projection discipline in the scheme, there will be a provision for penalty of 5% from payable PLI amount if actual PLI amount for a year is less by 25%-50% and penalty of 10% if shortfall is more than 50% from the estimated PLI amount given by the applicant at the time of application.

# Who we are



At Darda Advisors LLP , we are dedicated to provide curated and client specific solutions through well-thought strategies in addition to helping them solve complex problems pertaining to tax and regulatory matters. Founded in 2019, by a crew of experts all of whom are former Big Four's professionals with extensive consulting experience in the field. We offer a wide range of services and cater clients spread across the Globe.

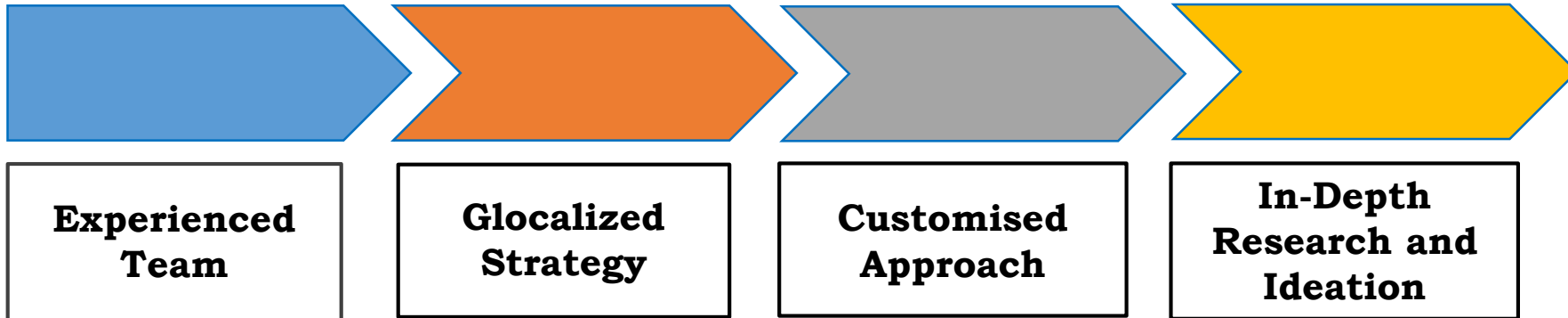
Our approach is to bring together global standards and practices, that are developed and customized to meet our client's needs by collaborating international business practices with India's market knowledge, laws, regulations and practices. Darda Advisors LLP in its endeavour towards Quality Management System (QMS) has been certified for ISO 9001: 2015.



The team at Darda Advisors LLP has deep industry experience across virtually all sectors including Automobile & Ancillary, Energy & Resources, Education, Financial Services, IT & ITES, Manufacturing & Real Estate, Pharma, Life Sciences & Healthcare, Transport, Hospitality, Trading, MSMEs and Start- ups.

Currently, Darda Advisors LLP operates from Hyderabad, Chennai, NCR (Gurugram) and Bhilwara (Rajasthan) in India.

# Why Darda Advisors



## **Experienced Team**

Darda Advisors is founded by group of former Big Four professional's having 15+ years of average individual experience and came together from across the practice areas

## **Glocalized Strategy**

Darda Advisors brings together global standards and practices, synergized for client's local requirement and expectation

## **Customised Approach**

Darda Advisors integrates experience of Indian and international business practices with know-how specific to client's requirement

## **In-Depth Research and Ideation**

Our team at Darda Advisors brings their industry experience and subject's detailed research with issue-based ideation solution

# What we do



## Invest India Services

Invest India Study

Inception and  
incorporation related

Incentives, subsidies  
and grants services

Start-up India and  
MSME Services



## Indirect Tax Services

GST & Advisory services

Tax Technology

Representation and  
Litigation Support &  
Corporate Training

SEZ & EOU/STP  
Services

Customs and  
International Trade

Foreign Trade Policy

GCC VAT



## Other Services

Corporate Secretarial  
Services

Certification and  
Attestation Services

Corporate and  
International Tax  
Services

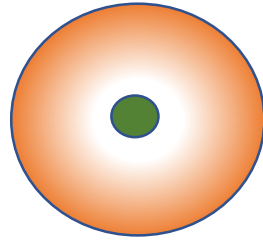
Financial Advisory  
Services

Accounting Advisory  
Services

RBI Services

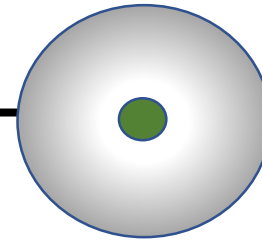
# **PLI SCHEME – Pre Approval Services**

# PLI SCHEME – Pre Approval Services



## Advisory

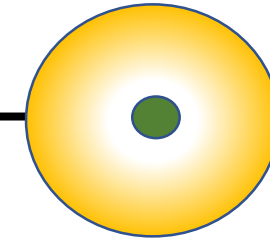
- Assistance in drafting responses to the queries raised by the authorities, if any
- Assisting the Company in submission of the additional documents/ clarifications required by the authorities
- Advise on the information / documentation that needs to be submitted for baseline determination
- Advise on any queries, clarification sought by the Company on eligible investment or other related process
- Assistance in computation of incentive including incremental sales and investment on quarterly basis



## Application assistance services

We will assist in the application preparation covering

- Detailed Project Report (DPR)
- Financial Projections (FP)
- Other aspects and preparation of application such as details required as per the scheme guidelines alongside any certificates as specified
- Uploading of data at the web portal and filing of application
- Obtaining acknowledgement of the application

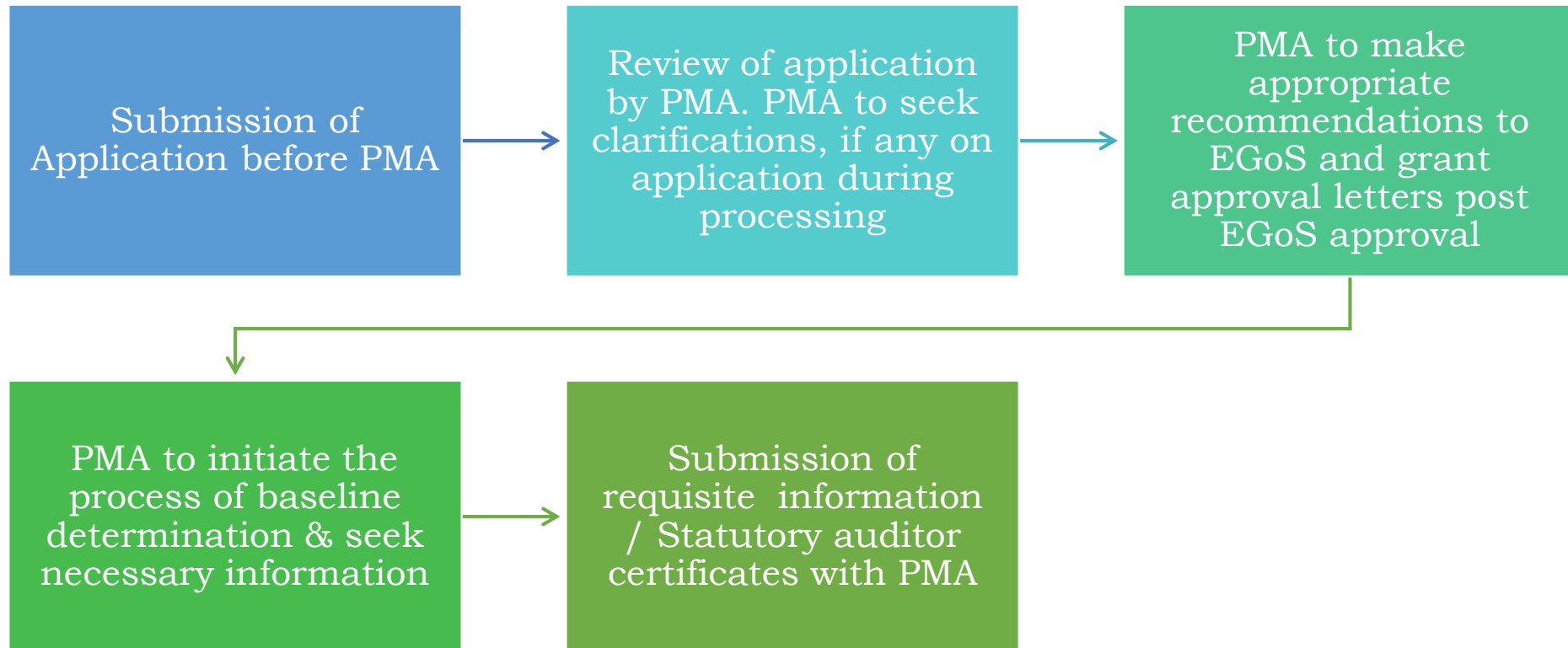


## Approval support services

- Coordination with PMA to clarify and provide detail and clarification,
- Attend the personal meeting or virtual meeting with PMA as required time to time,
- Discuss with PMA to process the application,
- Represent to Dept./Ministry for the file processed by PMA,
- Clarify further aspects including revised computations/detail/document preparation as required
- Discuss on evaluation criteria with PMA and Dept. as and when required
- Assistance in issuance of approval order, if selected and shortlisted by Dept. 'on reasonable effort basis'

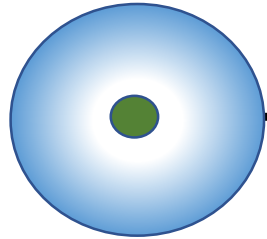


# Application Approval Process



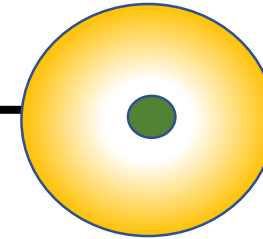
# **PLI SCHEME – PLI Disbursement of Incentives**

# PLI SCHEME – PLI Disbursement of Incentives



## PLI Approval Order Compliance Services

- Evaluate the PLI Approval Order to determine post order conditions compliances,
- Discuss with the management on post order conditions compliances,
- Review the draft certificate shared by the management of the company
- Share relevant documents with PMA and coordinate to adhere to post compliances of PLI approval order



## Monthly Project Performance Review Services

### Investment related:

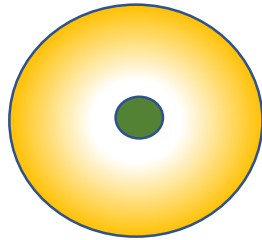
- Nature of investment made during the month
- Compare committed investment with actual investments
- Review following documents during the month:
  - Request for Quotation documents,
  - Purchase Orders,
  - Invoices,
  - Debit note or credit note,
  - Advance Payment Receipt,
  - E-Way bill,
  - Bank Statement,
  - Relevant vendors and bank statement ledger,
  - Any other relevant documents, if any

### Sales of eligible products related:

- Nature of revenue generated during the month such as manufacturing, trading, service revenue of eligible and other products,
- Review of installed vis a vis utilised capacity
- Review following documents during the month
  - Sales Invoices,
  - Debit note or credit note or any adjustment,
  - Advance Payment Receipt,
  - E-Way bill,
  - Bank Statement,

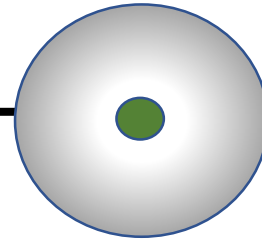
- Relevant customers and bank statement ledger,
- Remittance of GST under returns through credit or cash
- Any other relevant documents, if any
- Review of other aspects such as employment generation, shareholding pattern and other aspects
- Tracker and questionnaire with detail for management review

# PLI SCHEME – PLI Disbursement of Incentives



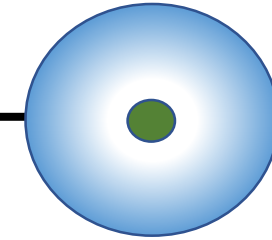
## Periodical Filings

- Quarterly progress reports to be submitted before the authorities
- Information to be accurately disclosed in reports as deviation in figures from actuals may impact refund applications
- Review of information & reconciliations required as deviations may delay refunds



## Annual Reconciliation Statement Services

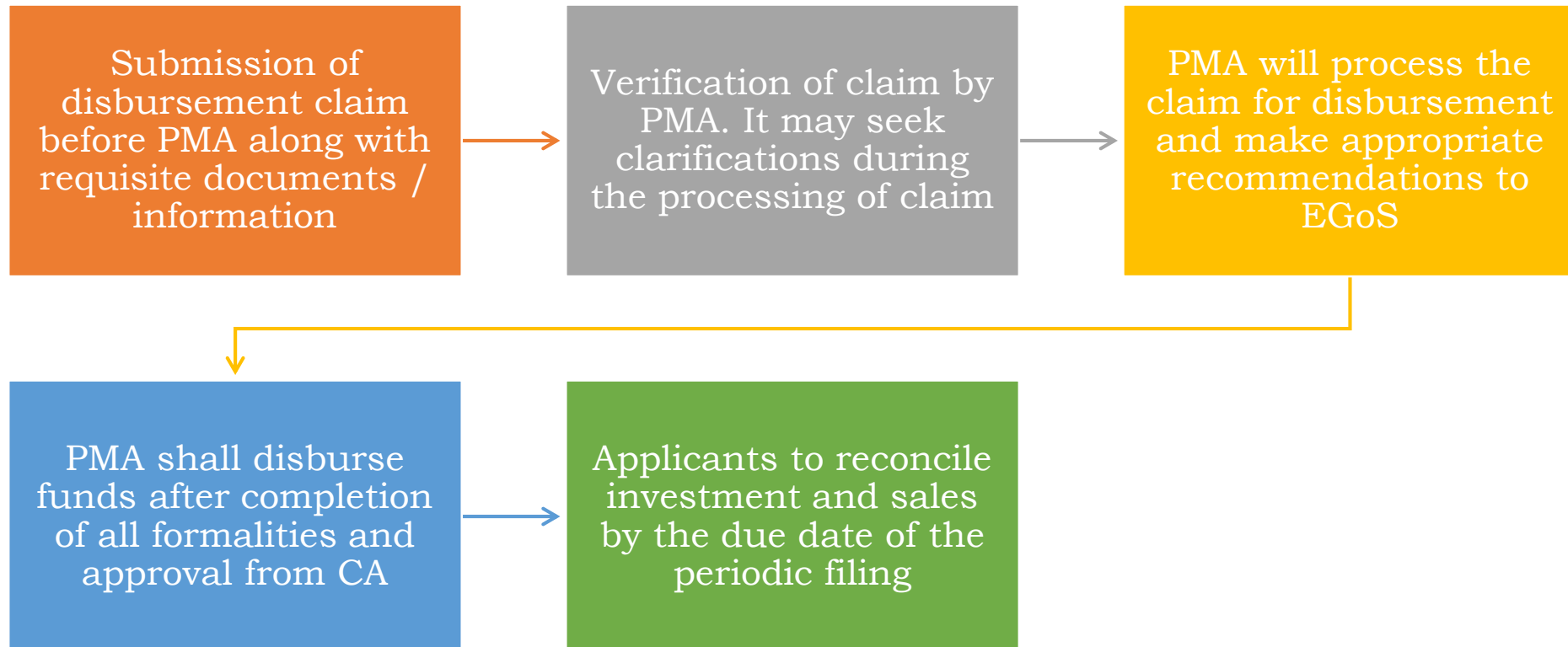
- Discuss the checklist for annual reconciliation statement
- Identify any adjustment transactions upto the due date of periodic filings with the management of the company
- Evaluate the said transactions to finalise the impact on transactions related to relevant financial year
- Prepare the annual reconciliation statement in the format provided by PMA
- Discuss the same with the management of the company to finalise the same
- Filing the annual reconciliation statement with PMA, if required



## PLI Disbursements

- Applications can be filed once all yearly conditions are fulfilled
- Reconciliation of turnover to be prepared with other statutory filings
- Determination of eligible investment pertaining to target segment
- Computation of rebates / discounts, other expenses
- Statutory auditor certificates for baselines sales & investment
- Coordinate with PMA/Competent authority/EGoS/relevant Ministry to clarify and provide detail and clarification
- Assistance in release of disbursement claim on 'reasonable effort basis'

# Disbursement Process



# Our Leadership



**Vineet Suman Darda**



**B.Com | FCA, ACS, CMA(I)**

**Strategic Management and Tax Advisor**

Vineet has over 18+ years of consulting experience in leadership role in Indirect tax including GST (around 13 years in Big 4)

He has assisted Companies in obtaining Central and State investment incentives, transaction incentives and providing advice, compliance assistance and litigation support on Central & State indirect tax laws including GST

He is assisting clients in managing GST (including VAT and CST) compliances, assessments and litigations in multiple States including VAT/GST Audits and also in litigation management, involving preventive, diagnostic and rectification studies on areas where disputes with Authorities either occurred or are likely to occur

He has conducted sessions on various indirect tax topics (including GST) at Client's place, Business Parks, and other forums (ASCI, FTAPCCI, JICA, KOTRA, EPC, ICAI, ICFAI, JITO, RGA and others)

He has worked with leading players in diverse industry sectors such as Logistic, Auto Component, Financial Services, Technology, infrastructure and hospitality, Mining, PSU, Government, Pharma, Manufacturing, Trading and other sectors for addressing their concerns under indirect taxes

# Our Leadership



**Mitu Surana**



**B.Com | FCA**

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**Litigation and Tax Advisor**

Mitu has over 19+ years of consulting experience in Indirect tax including GST (around 10 years in Big 4)

She has extensive experience in drafting replies to SCN & Appeals up to Tribunal level in GST, VAT/Sales tax, Service tax and Excise matters including representation before various adjudication authorities and first level appellate authorities, especially in VAT/Sales tax and Service tax matters

Structuring of business transactions / opportunities vis-à-vis various Indirect tax regulations like GST, VAT, Service tax, Excise, Customs, Foreign Trade Policy, SEZ and giving written opinions, VAT/GST impact assessment and Transition support, Bid related support with an aim to optimize taxes from indirect tax perspective, drafting tax representations, Conducting GST, VAT, Service Tax Workshops, System implementation support

She has spearheaded Indirect tax DDR & diagnostic reviews, Assisting Service tax Audits, VAT & CST compliance in various States, Service tax Refunds, DGFT related matters (EPCG)

She has worked with leading players in diverse industry sectors such as IT/ITES, Mining, Manufacturing, Real Estate, NBFC, Automotive and other sectors for addressing their concerns under indirect taxes

# DA's Select Marquee Credentials

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# DA Marquee Credentials - PLI Scheme

Leading manufacturing of API in India

**DA Role :**  
End to end support in application and approval

Darda

Manufacturer of empty capsules in India

**DA Role :**  
End to end support application and approval

Darda

India's premier EMS company

**DA Role :**  
Pre-approval support services

Darda

India's leading Telecom manufacturer

**DA Role :**  
End to end support in application and disbursement

Darda

One of the largest biscuit brands in India

**DA Role :**  
Pre-approval support Services

Darda

Largest manufacturer of piperidone & piperidine derivatives

**DA Role :**  
Pre-approval support And co-ordination services

Darda

# DA Marquee Credentials - PLI Scheme

Leading manufacturing of Drone Components in India

**DA Role :**  
End to end support in application and approval

[Darda](#)

Leading Manufacturer of FMCG in India

**DA Role :**  
End to end support in application and approval

[Darda](#)

India's premier ESDM listed Company

**DA Role :**  
End to end support in application and disbursement

[Darda](#)

India's renewable energy Company

**DA Role :**  
End to end support in application and disbursement

[Darda](#)

Leading API Pharmaceutical Company

**DA Role :**  
Pre-approval support services

[Darda](#)

Largest Pharmaceutical USFDA approved Company

**DA Role :**  
Pre-approval support and co-ordination services

[Darda](#)

DA Team has delivered the approval of the PLI Scheme (Total 5 for MSME and non MSME Clients)



**Darda**  
Driven by Quality, Powered by Ideation

## DA PRACTICE UPDATE

**TEAM DA**  
is excited to announce the successful delivery of  
“**PRODUCTION LINKED INCENTIVE SCHEME**”  
approval for a **MSME client**.

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**NCR:** N93, Ground floor, Mayfield garden, Sector 51, Gurugram - 122018, Haryana

**Bhilwara:** Moti Chambers, 62&63, Sancheti Colony, Lane besides KK Tower, Pur Road. Bhilwara - 311001, Rajasthan

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