

**Production Linked Incentive (PLI) Scheme for Automobile
and Auto Component Industry in India (PLI-AUTO)**

**Standard Operating Procedure
(SOP) for Certification of
Domestic Value Addition (DVA)**

26th April 2023

Amendment Record

Sr. No.	Version No.	Section / Clause / Para / line (as applicable)	Date of Amendment	Amendment made	Reasons of Amendment
1.	1.0	-	26.04.2023	-	Initial Version
2.					
3.					
4.					
5.					

Contents

Abbreviations.....	V
Introduction	VII
1.0 Purpose.....	1
2.0 References	2
3.0 Definitions	3
4.0 Application for DVA Certification	4
5.0 Desk Appraisal of Application for Certification of DVA	8
5.1 Initiation of Certification by Testing Agencies	8
5.2 Preliminary Verification of Application	9
5.3 Verification of Ex-Factory Price of the product (net of GST)	9
5.4 Verification of Imports and Revenue to PPE Ratio of Suppliers	9
5.5 Verification of Applicant’s SOP for DVA.....	10
5.6 DVA Verification by TA.....	11
5.7 DVA Verification Methodology.....	12
6.0 Field Visit	14
6.1 Visit of TA to Applicant’s Factory / Plant (PIV-1)	14
6.2 Visit to Supplier’s Factory / Plant (PIV-2).....	15
6.3 Conclusion from PIV	16
7.0 Issue of AAT Certificate	16
8.0 Techno-Commercial Audit (TCA).....	17
8.1 Purpose	17
8.2 Methodology	17
8.3 Visit of TA to Factory/ Plant of Applicant & Suppliers.....	17
8.4 Conclusion from TCA	18
9.0 Revalidation or Periodic Surveillance Assessment (PSA).....	19
9.1 Purpose of Revalidation or PSA of AAT Product.....	19
9.2 Application for Re-Validation or PSA by Applicant.....	19
9.3 Conclusion from PSA.....	19
10.0 Consequences of Misrepresentation, Non-compliance and Fraud	20

11.0	Data Security	21
12.0	Provision for Verification of AAT Application through Government Portals – GSTN, ICEGATE, etc.....	22
13.0	Removal of Difficulties	22
	Annexure-I : Committee Composition for Framing SOP.....	23
	Annexure-II : Roadmap for Indigenization (Indicative Format).....	24
	Annexure-III : Details of Suppliers.....	26
	Table III-1: Details of imports in respect of Suppliers (Tier-I/II#/III#) to the applied AAT product	26
	Table III-2: Details of documents submitted in respect of Suppliers.....	27
	Annexure-IV : Format of Undertaking from Suppliers of the Applicant.....	28
	Annexure-V : Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant.....	30
	Table V-1. Details at Tier-I Level (local sourcing from Tier-I) (Mandatory)	30
	Table V-2. Details of Parts corresponding to Exempted Items (Mandatory)	32
	Table V-3. Details of Direct import by Applicant (Mandatory)	33
	Table V-4. DVA Calculation of AAT Product (Mandatory)	34
	Table V-5. Details at Tier-II & III Level (For those components, as required by TA):	35
	Annexure-VI : Details of GST Invoice pertaining to AAT Product for direct procurement by Applicant.....	36
	Annexure-VII : Details of sample* Bill of Entry(ies) for all items/ parts pertaining to AAT Product (for Applicant and other Tiers as per requirement of TA#).....	37
	Annexure-VIII : Checklists for submission of documents by Applicant.....	38
	Annexure-IX : Format of Affidavit cum Undertaking to be Submitted by the Applicant.....	43
	Annexure-X: Range of Discounts	45
	Annexure-XI: Flowchart for DVA certification process	46

Abbreviations

AAT	Advanced Automotive Technology
ACC	Advanced Chemistry Cell
AFS	Audited Financial Statements
API	Application Programming Interface
BoM	Bill of Material
CMVR	Central Motor Vehicles Rules
CIF	Cost, Insurance and Freight
CoP	Conformity of Production
CWIP	Capital Work in Progress
DCCO	Date of Commencement of Commercial Operations
DoR	Department of Revenue
DVA	Domestic Value Addition
ERP	Enterprise Resource Planning
FADA	Federation of Automobile Dealers
FIFO	First in First out
FOB	Free on Board
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GST	Goods and Services Tax
GSTIN	Goods and Services Tax Identification Number
GSTN	Goods and Services Tax Network
ICEGATE	Indian Customs Electronic Gateway
IEC	Import Export Code
IRN	Unique Invoice Reference Number
LIFO	Last in First out
MCA	Ministry of Corporate Affairs
MoHUA	Ministry of Housing and Urban Affairs
MPFD	Manufacturing Process Flow Diagram
PIV	Plant Inspection Visit
PLI	Production Linked Incentive

PPA	Purchase/ Price Agreements
PPE	Property, Plant and Equipment
PSA	Periodic Surveillance Assessment
QMS	Quality Management System
QRR	Quarterly Review Reports
REM	Rare Earth Magnet
RM	Raw Materials
SEM	Semiconductor parts
SIAM	Society of Indian Automobile Manufacturers
SOP	Standard Operating Procedure
TA	Testing Agency
TCA	Techno-Commercial Audit
UDIN	Unique Document Identification Number
UT	Union Territories

Introduction

Government has approved the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-AUTO) on 15th Sep 2021 with budgetary outlay of INR 25,938 Crore for a period of five years.

Ministry of Heavy Industries (MHI) has notified the PLI-AUTO Scheme and its Guidelines on 23rd Sep 2021 vide S.O. 3946 (E) and S.O. 3947 (E) respectively.

The Scheme proposes financial incentives to boost domestic capability of manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain. Its prime objectives include overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of Advanced Automotive Technology products. It will also generate employment. This scheme will facilitate the Automobile Industry to move up the value chain into higher value-added products.

As per para 3.3.2.2/ 3.3.3.2 of the Scheme Notification S.O.3946(E) dated 23/09/2021, *'Pre-approved eligible product with minimum 50% domestic value addition will be eligible for incentive under this scheme. Testing Agency of MHI will certify domestic value addition in the eligible product.'*

This Standard Operating Procedure (SOP) document is framed, as a mandate received from MHI, vide O.M. dt. 1st Feb 2023 and 10th Feb 2023, for Testing Agencies (TA) under MHI, for Certification of Domestic Value Addition (DVA) of Advanced Automotive Technology (AAT) Product(s) under the PLI-AUTO Scheme. Composition of the Committee of Testing Agencies is given in Annexure-I.

While framing the SOP, the Committee has conducted wide stakeholders consultation with approved applicants, Auto Industry Associations, representatives of DoR (Customs and GST), Ministry of Labor and Employment and considered the inputs received from them while framing this SOP. It was concluded that a comprehensive procedure consisting of **Desk Appraisal** and **Field Visits** to the applicants and their suppliers' manufacturing facilities, **Techno-Commercial Audit** of applicants and **Revalidation** or **Periodic Surveillance Assessment** would provide greater level of assurance to all the stakeholders. This SOP specifies such procedures in sufficient detail.

Standard Operating Procedure (SOP) for Certification of Domestic Value Addition (DVA) of Advanced Automotive Technology (AAT) Product under Production Linked Incentive Scheme for Automobile and Auto Component Industry in India (PLI-AUTO)

1.0 Purpose

- 1.1 This Standard Operating Procedure (SOP) specifies the procedure for Certification of Domestic Value Addition (DVA) of Advanced Automotive Technology Products under the Production Linked Incentive Scheme for Automobile and Auto Component Industry in India.
- 1.2 This document specifies the following:
- i) Application procedure for DVA Certification by the Applicant
 - ii) Initiation of Certification by Testing Agencies
 - iii) Procedure for Desk Appraisal
 - iv) Procedure for Field Visit of TA to Applicant's and Supplier's factory/ plant
 - v) Procedure for Techno-Commercial Audit
 - vi) Procedure for Revalidation or Periodic Surveillance Assessment
 - vii) Consequences of misrepresentation or non-compliance or fraud
 - viii) Data Security requirements
 - ix) Provision for Verification of Invoices through Government Portals like GSTN and ICEGATE, etc.

2.0 References

The following are the relevant notifications/ guidelines and enactments that are referred to in this SOP

- 2.1 MHI Notification S.O 3946(E) dated 23rd Sep 2021
- 2.2 MHI Notification S.O 3947(E) dated 23rd Sep 2021
- 2.3 MHI Notification S.O 4632(E) dated 9th Nov 2021
- 2.4 Frequently asked questions (FAQ-I) for PLI Scheme for Automobile and Auto Component Industry (PLI-AUTO or 'the Scheme') dated 8th October 2021 published by MHI
- 2.5 FAQ-II dated 22nd Dec 2021
- 2.6 FAQ-III dated 11th May 2022
- 2.7 FAQ-IV dated 2nd Nov 2022
- 2.8 MHI Office Memorandum F.No.12(11)/2020-AEI(21370) dated 30th Nov 2022, "Format of Certificate for PLI Scheme for Automobile and Auto components"
- 2.9 The Companies Act, 2013
- 2.10 The Central Goods and Services Tax Act, 2017 and related legislation
- 2.11 The Income Tax Act, 1961 and related legislation
- 2.12 The Customs Act, 1962

3.0 Definitions

For this document, following definitions shall apply.

- 3.1 **Authorized Signatory** means Managing Director/ Director on the Board/ person authorized by the Board of Directors
- 3.2 **Guidelines** means MHI Notification S.O 3947(E) dated 23rd Sep 2021, as amended from time to time, along with FAQs issued from time to time
- 3.3 **Scheme Portal** means the website <https://pliauto.in>
- 3.4 **Scheme** means MHI Notification S.O 3946(E) dt. 23rd Sep 2021 as amended from time to time
- 3.5 **Statutory Auditor** means an auditor as defined under Section 139 and Section 141 of the Companies Act, 2013
- 3.6 **Testing Agency** means the testing agency of MHI listed in PLI-AUTO Scheme Portal

4.0 Application for DVA Certification

4.1 The application for approval of AAT and DVA certification shall be submitted by the applicant in the Scheme Portal along with the information specified below. The flowchart of the DVA certification process is included at Annexure-XI.

- a) **Application Form:** The Application form for AAT/ DVA Certification along with all enclosures/ attachments.
- b) **Fees:** Fees for Testing Agency.
- c) **Specification:** Manufacturer's Declared Specifications Document.
- d) **CMVR:** Applicable CMVR compliance.
- e) **Photos:** Photos of the applied AAT Product (front, side, rear and top view).
- f) **Exploded/ Blow-up view:** Exploded/ Blow-up view of AAT Product, along with the same information in tabular form indicating roadmap for indigenization during the Scheme period. The suggested coloring for major parts (as prescribed by TA) in blow-up diagram is as follows:
 - Imported parts in Red colour,
 - 100% local content: Green colour.

The Blow-up diagram/ same information in tabular form along with DVA should be provided as on:

- i) Prior to scheme implementation (i.e. prior to 01/04/2022, without exemption for ACC/ SEM/ REM)
 - ii) On the date of application for AAT and DVA Certification
 - iii) By the end of this scheme (i.e. 31/03/2027) – Expected DVA and year-wise roadmap for the same in phased manner and tabular format (as per Annexure-II).
- g) **MPFD of Applicant:** Brief description of manufacturing process of Applicant along with Manufacturing Process Flow Diagram (MPFD) showing raw material/ sub-part entry, inspection, assembly and final checkpoints.
 - h) **MPFD of Suppliers:** MPFD of major suppliers in terms of price of local content/ technological complexity/ manufacturer of AAT components/

recently localized components. A list of submitted MPFD of suppliers to be provided in format as per Annexure-III (Table III-2).

- i) **Undertaking from Tier-I Suppliers:** Undertakings/ Certificates from Tier-I suppliers for import contents, as per Annexure-IV. The onus is on the Applicant to verify accuracy of the Invoiced BoMs/ Certificates/ Undertakings furnished by its suppliers. In these Undertakings, the Tier-I Suppliers shall undertake that they have examined the entire bill of material of the part/ product supplied by them, including ascertaining import content by their Tier-I and Tier-II suppliers (i.e. Tier-II and Tier-III suppliers of Applicant) and accordingly, certify the import content at their level as well as at their suppliers' level. These undertakings are to be signed by Authorized Signatory of the Tier-I Supplier. These Undertakings are also to be certified by Statutory Auditor of the Supplier. However, in case of delays, the Applicant may submit the data duly certified by Independent Accounting Firm with UDIN number and self-certified by Authorized Signatory of the Supplier(s). The certificate from Statutory Auditor of the Supplier should be furnished within 6 months of submission of AAT application.
- j) **Invoiced BoM and DVA Calculation:** Invoiced Bill of Material (BoM) for calculation of DVA in the format as per Annexure-V (as per the details given below). It is clarified that Tier-I level means direct supplier to the applicant (whether automobile or auto component manufacturer). Tier-II is supplier to Tier-I, Tier-III is supplier to Tier-II and so on. In case, Applicant has arrangement with multiple suppliers for sourcing the same child parts, then details of all such suppliers are to be provided along with weighted average of import content and DVA% for such parts.

Annexure-V (Formats of Invoiced Bill of Material (BoM) to be furnished by the Applicant for one complete AAT Product)

Table V-1. Details at Tier-I Level

Table V-2. Details of Parts corresponding to Exempted Items

Table V-3. Details of Direct import by Applicant

Table V-4. DVA calculation of AAT Product

Table V-5. Details at Tier-II & III Level (For those components, as required by TA):

- k) **Royalty:** Details regarding policy on royalty/ license/ technical know-how expenses, if any. Applicant to explain the mechanism for calculating/ charging royalty and provide details of royalty/ license/ technology

agreements to TA. The Applicant must clearly indicate the amount of royalty being paid per applied AAT product under this Scheme (in format as Annexure-V, Table V-3) and frequency of payment.

- l) **Import of services:** Details regarding imported/ non-originating services being availed in the manufacturing of the applied AAT product. Import of all services including royalty/ license/ technical know-how expenses/ as per provisions of GST and Customs legislation, to be taken into account for calculation of DVA in the format as per Annexure-V.
- m) **Policy on Discounts and Dealer Margins:** Applicant's policy for providing discounts to dealers/ customers, including details of discounts provided on the applied AAT product in the last 12 months. A schedule of dealer margins and dealer discounts/ schemes offered in last 12 months for the applied product including in the following cities needs to be necessarily provided (in format as per Annexure-X):
- a. Million plus cities as per 2011 census;
 - b. Smart cities as notified by MoHUA;
 - c. Satellite towns connected to 7 metros (Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore and Ahmedabad);
 - d. Major Cities of Special Categories State/ UTs;
 - e. The capital city of all states/ UTs not covered in the above categories.
- n) **Certification by Statutory Auditor:** Invoiced BoM and DVA (as per the formats at Annexure-V) to be jointly certified by Statutory Auditor and Authorized Signatory of Applicant. However, in case of delays, the applicant may submit DVA certificate and Invoiced BoM duly certified by Independent Accounting Firm with Unique Document Identification Number (UDIN number) and self-certified by Authorized Signatory of the Applicant. The certificate from Statutory Auditor should be necessarily furnished within 6 months from the date of submission of application for AAT/ DVA Certification. The imports disclosed in Annexure-V, Table V-4 will be based on Applicants' own imports and imports up to Tier-III. Imports beyond Tier-III will be based on their estimates.
- o) **GST Invoice(s):** Applicants are required to submit details of GST invoices pertaining to AAT product for direct local procurement (in the format as per Annexure-VI).

- p) **Bill(s) of Entry:** Commercial invoices and Bill(s) of Entry (BoE) for imports by Applicant. List of all BoE shall be furnished for direct imports, in format as per Annexure-VII.
- q) **Turnover, Import and Import attributable to the Applicant:** Following details to be submitted for suppliers (details for tier-I are mandatory, for other tiers – if required by TA): Revenue from Operations for last FY, Total Imports for last FY, Estimated Imports of suppliers attributable to Applicants in last FY, in the format as per Annexure-III (Table III-1).
- r) **Purchase/ Price Agreements (PPA) and Revenue to PPE ratio of suppliers:** PPA between the Applicant and its suppliers (details for tier-I are mandatory, for other tiers – if required by TA) which clearly shows import content in the covered items. List of PPAs, Average Gross Block of Property, Plant & Equipment (PPE) for the last financial year (FY), Revenue from Operations for last FY to be included as per Annexure-III (Table III-2). The Applicant is required to submit policy for assessing import content in the components procured, if PPA is not addressing the aspect of import content.
- s) **Applicant's SOP:** Applicant's SOP for calculation and maintaining DVA data as detailed in para 5.5.1.
- t) **ERP to be aligned with this SOP:** Enterprise Resource Planning (ERP) software system of the Applicant should be aligned to this SOP and programmed to calculate DVA accordingly. If required a suitable interface system may be developed. This ERP/ interface system shall communicate with the Scheme Portal through API for transfer of DVA% related data.
- u) **Address of manufacturing unit(s):** The Applicant has to provide the details where manufacturing of applied product is being carried out as well as date of commencement of commercial operations (DCCO) for the applied product.
- v) **Ex-Factory Price:** The Applicant has to provide GST Invoice for Ex-Factory Price of applied AAT Product.
- w) **Checklist:** The Applicant to ensure that its application is complete in all aspects and all the documents as specified in the detailed checklist as per Annexure-VIII are included.

- x) **Affidavit:** Applicant to submit an Affidavit in format as per Annexure-IX which provides for consequences of misrepresentation, non-compliance and fraud.

Verification through Government Portals: Information/ documentation submitted by an applicant can be verified by the Testing Agency on the basis of reports/ information as available on government portals like GSTN, ICEGATE, etc., to the extent necessary. The applicant would be required to facilitate for such information verification.

Online Submission of Application to TA: Scheme Portal is being upgraded to incorporate submission of aforesaid documents. However, if the application/ document(s) cannot be uploaded on the Scheme Portal, then it may be submitted to Testing Agency through electronic means/ hard copies.

- 4.2 **Selection of TA:** Applicant may select any one of the Testing Agencies from the drop-down list available in the Scheme Portal for the corresponding AAT vehicle or component.
- 4.3 **Internal Procedure of TA:** Applicants may refer to the internal procedure followed by Testing Agency(ies) for AAT product approval at the website of respective Testing Agency. All Testing Agencies will publish their internal procedure on their respective websites.

5.0 Desk Appraisal of Application for Certification of DVA

5.1 Initiation of Certification by Testing Agencies

- 5.1.1 Procedure for certification of DVA of AAT products shall be started by TA after commencement of commercial operations of AAT Product by Applicant. This shall be confirmed by TA from the Applicant before starting assessment against the submitted application.
- 5.1.2 Testing Agency (TA) shall constitute a team of appropriate size comprising of Engineer(s) (of relevant field) and Chartered Accountant(s) for carrying out DVA certification.
- 5.1.3 TA shall login to their account at <https://pliauto.in> (Scheme portal) and select the application submitted to them for processing.
- 5.1.4 As per 6.5.2 of Guidelines S.O.3947(E), dated 23/09/2021, TA has to decide on application for approval of AAT product within 90 days from the date of application.

5.2 Preliminary Verification of Application

- 5.2.1 TA shall perform a preliminary check of the AAT Application as per checklist included at Annexure-VIII, to see if all the required information is available to carry out the DVA certification.
- 5.2.2 This preliminary check should be completed by the TA within 7 working days. In case there are any gaps in information/ data submission by Applicant based on preliminary check then TA shall return the application to Applicant for updation / modification.
- i) The gaps/ reasons for returning application shall be recorded in the 'Comments for Return' textbox in Scheme portal.
 - ii) It is clarified that in case there are only minor deficiencies in the application and if the Applicant has agreed to address the same in a time-bound manner, then in the interest of time, TA may carry forward the certification process for DVA.

5.3 Verification of Ex-Factory Price of the product (net of GST)

- 5.3.1 TA shall verify GST invoices submitted by the Applicant for verification of Ex-factory price of the applied AAT product.
- 5.3.2 In case the Applicant is a Champion OEM as per this Scheme and has a practice of providing discounts (whether based on volume, turnover, target, etc.), and these discounts exceed the dealer/ channel margin then the discount in excess of the dealer/ channel margin shall be reduced from the Ex-factory price. Average discount of last 12 months to be referred. Information to be furnished in format as per Annexure-X.

The Testing Agency may seek assistance from industry bodies like FADA or SIAM to gauge the prevalent industry standards with respect to dealer/ customer margins.

5.4 Verification of Imports and Revenue to PPE Ratio of Suppliers

- 5.4.1 TA to verify Bill(s) of Entry (BoE) from ICEGATE portal as submitted by the Applicant as per Annexure-VII.

5.4.2 Applicant shall provide latest audited financial statements of major suppliers. The financial statements of suppliers are being obtained to check whether the entity predominantly carries out trading activities or whether it incurs reasonable costs towards manufacturing activities in India.

- i) TA to calculate ratio of 'Revenue from Operations' to 'Average Gross Block of Property, Plant and Equipment (PPE)' for the latest audited financial year. This ratio (Revenue/ PPE) shall be verified against major suppliers of Applicant in terms of price of local content as per format at Annexure-III (Table III-2).
- ii) Average PPE shall be calculated as average of Opening PPE and Closing PPE for the last financial year.
- iii) Land should be excluded in PPE.
- iv) Leased assets shall be included in PPE, however, capital work in progress (CWIP) should not be included in such PPE.
- v) In case this ratio is abnormally high then, TA to shortlist such supplier for PIV.

5.5 Verification of Applicant's SOP for DVA

5.5.1 The Applicant is required to submit their SOP for calculation and maintaining DVA data along with process for maintaining audit trail as per time period under Statutory provisions under Income Tax Act/ CGST Act/ General Financial Rules/ GoI instructions, whichever is higher. Applicant's SOP should be duly signed by its Authorized Signatory. Applicant is expected to review and update its DVA at least on a quarterly basis.

The Applicant's SOP should include mandatorily the following points, *inter-alia*:

- a) **Verification of supplier's DVA:** The Applicant should explain the detailed mechanism followed for verifying the DVA% of the procurements made from the suppliers. The SOP should entail the checks and balances applied, confirmations, data collation processes, revalidation periodicity, treatment for change in supply chain, etc.
- b) **Royalty agreements:** Royalty, license, technical know-how expenses paid to entities outside India, if any, should be treated as

import content for DVA computation. The royalty payment evidence should be aligned with the computation determined in the royalty agreements. Applicant to explain the mechanism for calculating/charging royalty.

- c) **Service imports:** The Applicant should provide details of all the imported services being availed for the manufacturing of AAT product and its corresponding treatment in the DVA computation.
- d) **Stock consumption reports:** Applicant's SOP should incorporate the treatment of opening and closing stock of raw materials in the overall DVA computation.
- e) **Foreign exchange fluctuations:** The SOP of the Applicant should entail a process to capture the impact of foreign exchange fluctuations on the import procurements' values, if any, and its related treatment in the DVA%.
- f) **Review of Discounts:** The SOP of the Applicant (Champion OEM) should have review mechanism to assess discounts (whether based on volume, turnover, target, etc.) and dealer margins to review information furnished as per format at Annexure-X.
- g) **ERP:** Enterprise Resource Planning (ERP) software system of the Applicant should be aligned to this SOP and programmed to calculate DVA accordingly. Alternately, an interface system may be developed for this purpose. This ERP/ interface system shall communicate with the Scheme Portal through API for transfer of DVA% related data.

5.5.2 TA to check the SOP of Applicant for calculation and maintaining DVA data along with process for maintaining audit trail which has been approved by Authorized Signatory of the Applicant.

5.6 DVA Verification by TA

5.6.1 As per para 2.26 of the Scheme Guidelines S.O.3947(E) dated 23/09/2021, *domestic value addition = [(Ex-factory price of the product (net of GST) – (minus) Import content i.e. sum of FOB value of all imported components or materials in the final product including import duties) / Ex-factory price of the product (net of GST)] x 100.*

5.6.2 For exemptions, please refer Exempted value of Advanced Chemistry Cell (ACC), Semiconductor parts (SEM) and Rare Earth Magnet (REM) as per

FAQs-IV dated 02/11/2022 for PLI-AUTO Scheme and information furnished by the Applicant as per Annexure-V (Table V-2 and Table V-4).

5.7 DVA Verification Methodology

5.7.1 **Formats directly used for verification of DVA:** The following formats submitted by the Applicant lead to direct calculation of DVA. This is summarized in the table below:

#	Annexure/ Table	Brief Description	Action by TA
1	V-1	Details of Import contents at all levels except Applicant	TA to verify the import content against Suppliers Undertakings (vide Annexure-IV), Bill(s) of Entry (vide Annexure-VII) and PPA (vide Annexure-III, Table III-2). If any approved AAT component is used, DVA to be verified from the records of approving TA.*
2	V-2	Details of Parts corresponding to Exempted Items	
3	V-3	Details of Direct import by Applicant	
4	V-4	DVA calculation of AAT Product	
5	V-5	Details at Tier-II & III Level	
6	Annexure-VI	Details of GST Invoices pertaining to AAT product for direct procurement by Applicant	TA to check from GSTR-2A and 2B report shared by the Applicant.
7	Annexure-X	Range of Discounts	TA to consult FADA and SIAM.

* TA may also refer ICEGATE portal for verification of Bills of Entry.

5.7.2 **Formats used for further verification of DVA:** The following formats submitted by the Applicant lead to direct calculation of DVA. This is summarized in the table below:

#	Annexure / Table	Brief Description	Action by TA
1	Annexure-II	Roadmap for Indigenization	a) TA to check for current level of maturity of technology in the country and feasibility of the roadmap. b) Identify suppliers/ processes that need detailed scrutiny.
2	Table III-1	Details of revenue from operations and imports, imports attributable to	a) Indirect check for domestic manufacturing capability of suppliers. b) Verify Undertaking given by the Tier-

		Applicant, in respect of Suppliers (Tier-I/II/III) to the applied AAT product	I Supplier. c) Identify suppliers/ processes that need detailed scrutiny.
3	Table III-2	Details of documents submitted in respect of Suppliers for MPFD	a) MPFD to be checked at the time of PIV/ TCA/ PSA.

- 5.7.3 In the case of imported parts, since the source of origin is not local, the same may not need further checking. For imported parts, only the value is to be checked to see that value is not being under-declared.
- 5.7.4 For any parts, where source of origin/ import content cannot be ascertained by the Applicant, the same should be treated as imported for DVA calculation.
- 5.7.5 The Applicant's BOM would comprise multiple parts and products of varying value and local content. The testing agency may categorize the entire BOM on the basis of value, import content, technological complexity, etc., and thereafter, prepare a Field Visit plan for execution. The sample size would be selected by the testing agencies as per their prudence and discretion.

6.0 Field Visit

6.1 Visit of TA to Applicant's Factory / Plant (PIV-1)

- 6.1.1 **Purpose:** The main purpose of field visit of AAT Applicant's and its suppliers' manufacturing plant(s) is for factual verification and ascertaining of manufacturing of AAT product by the Applicant vis-à-vis submitted application and desk appraisal. TA will check manufacturing process, manufacturing flow diagram, details of QMS certification, control plan, ERP system, Applicant's SOP for DVA, etc. TA will identify major/ critical suppliers (at all tiers) to AAT product manufactured by the Applicant for the purpose of field visit.
- 6.1.2 TA shall visit the manufacturing facility(ies) of the AAT Applicant to conduct Plant Inspection Visit (PIV), where the manufacturing of the submitted AAT product is done.
- 6.1.3 During Plant Inspection Visit (PIV), TA shall verify/ observe the following and correlate the same with the submitted BoM/ MPFD/ import declarations:
- i) Invoices and Invoiced BoM.
 - ii) Raw Materials (RM)/ Inputs in RM stores along with country of origin.
 - iii) Requisite plant, machinery, equipment and associated utilities required for manufacturing of the submitted AAT product have been installed/ put to use, in accordance with the BoM and Manufacturing Process submitted by the Applicant.
 - iv) Whether inputs being used at the manufacturing/ production line are same as that specified in BoM/ MPFD.
 - v) Manufacturing Process of submitted AAT product is in line with MPFD.
 - vi) Critical document verification like checking of PPA, imports, royalties, policy for discounts, Applicant's SOP for DVA, etc.
 - vii) Level of employment – direct and contractual.
 - viii) Check the Enterprise Resource Planning (ERP) software system being used by the Applicant for managing its procurement, manufacturing, inventory, sales, investment, etc. ERP shall communicate with the Scheme Portal through API for transfer of DVA% related data.

- 6.1.4 TA shall take requisite number of Geo-tagged photos (indicating coordinates of factory premises with date and time stamp) during plant visit site.
- 6.1.5 The report must give clear conclusions i.e. whether the product meets the requirement as specified in PLI-AUTO Scheme and Guidelines, including DVA.
- 6.1.6 If required, TA may visit Factory/ Plant of Applicant's suppliers also. In this case, the procedure given in clause 6.2 shall be followed.

6.2 Visit to Supplier's Factory / Plant (PIV-2)

- 6.2.1 TA to visit requisite number of suppliers plants, to verify the manufacturing activities being carried out at such units as a part of Plant Inspection Visit (PIV-2). It will be the onus of the Applicant to arrange/ facilitate the visit to suppliers plants by TA.
- 6.2.2 Applicant/ Supplier shall provide Manufacturing Process Flow Diagram (MPFD) for major suppliers.
- 6.2.3 TA shall verify/ observe the following during the plant visit and correlate the same with the submitted BoM/ MPFD/ import declaration:
 - i) Raw Materials (RM)/ Inputs in RM stores along with country of origin.
 - ii) Requisite plant, machinery, equipment and associated utilities required for manufacturing have been installed/ put to use.
 - iii) Whether inputs being used at the manufacturing/ production line are same as that specified in BoM/ MPFD.
 - iv) Manufacturing Process is in line with MPFD.
 - v) Critical document verification like checking of imports, royalties, etc.
 - vi) Technical parameters/ capacity utilization/ throughput (parts per hour) at critical equipment and at the overall production line.
 - vii) Operating hours per day and operating days per year.
 - viii) Level of employment – direct and contractual.
 - ix) Check the Enterprise Resource Planning (ERP) software system being used by the Supplier for managing its procurement, manufacturing, inventory, sales, investment, etc.

- 6.2.4 TA shall take requisite number of Geo-tagged photos (indicating co-ordinates of factory premises with date and time stamp) during plant visit site.
- 6.2.5 The report must give clear conclusions i.e. whether the product meets the requirement as specified in PLI-AUTO Scheme and Guidelines, including DVA.

6.3 Conclusion from PIV

Based on PIV and Desk Appraisal, TA is required to confirm the following:

“Based on the satisfactory field visit(s) to manufacturing plant(s) of AAT Applicant and its suppliers, it is certified that:

1. The AAT Applicant is carrying out manufacturing process as per the submitted MPFD,
2. The DVA is --- and is greater than or equal to 50%
3. The applied product qualifies as AAT product as per PLI-AUTO Scheme
4. This assessment is subject to satisfactory techno-commercial audit within 6 months from the date of application for AAT certificate.”

7.0 Issue of AAT Certificate

- 7.1 After successful verification of DVA and Plant Inspection Visit (PIV), AAT/ DVA certificate shall be issued to the applicant.
- 7.2 AAT Certificate shall have a validity of one year from the date of issue of the certificate subject to successful qualification in TCA and continued compliance of Scheme Notification/ Guidelines/ FAQs/ AAT certificate.
- 7.3 If DVA is ascertained to be less than 50% by a Testing Agency, an Applicant may reapply for AAT certificate for the same product/ model/ variant, only to the same Testing Agency.

8.0 Techno-Commercial Audit (TCA)

8.1 Purpose

The main purpose of TCA of AAT Applicant's and its suppliers' manufacturing plant(s) is to conduct detailed financial verification of Invoiced BoM and DVA, documents submitted by the Applicant in support of its AAT application, any changes in the manufacturing process and/or raw materials, any technical changes or variations in AAT product, change in DVA due to changes, if any, in supply chain, etc. viz-a-viz data submitted in the AAT application.

8.2 Methodology

- 8.2.1 TA shall carry out detailed Techno-Commercial audit within 6 months from date of application for AAT/ DVA certification. TA shall constitute a team of appropriate size comprising of Engineer(s) (of relevant field) and Chartered Accountant(s) for carrying out TCA.
- 8.2.2 Techno-commercial audits will involve Visit of TA to Factory/ Plant of Applicant and their suppliers.
- 8.2.3 Fees for these audits shall be charged by TA to the Applicant.

8.3 Visit of TA to Factory/ Plant of Applicant & Suppliers

- 8.3.1 The applicant will facilitate audit of its own premises/ manufacturing facilities/ plants/ documents by making available the required information/ documents/ site visit/ etc., to the audit team.
- 8.3.2 TA to also visit requisite number of suppliers plants, to verify the manufacturing activities being carried out at such units as a part of Techno-Commercial audit of the applicant. It will be the onus of the Applicant to arrange/ facilitate the visit to suppliers plants by TA.
- 8.3.3 During Techno-Commercial audit, TA shall among other things, verify/ observe the following in addition to the points covered in PIV-1 & PIV-2:
 - i) Verify if some new Plant & Machinery is installed and capitalized after the last PIV.
 - ii) Verify Statutory Auditor's certificates, if it was not submitted at the time of application and/ or during PIV.

- iii) Adherence to Applicant's SOP for DVA and clear identification of deviations, if any.
- iv) Variations in DVA in last 6 months and communicated to DVA.
- v) Consequences of change in supply chain or critical items – their impact on DVA and technical specifications.
- vi) Sample verification of discounts and dealer margins including visit to dealers.
- vii) Reconciliation of Quarterly Review Reports (QRRs) submitted on Scheme Portal with the Books of Accounts and statutory returns.
- viii) Sample verification of documents/ information submitted at the time of AAT application using the login credentials of the Applicant at the GSTN, ICEGATE, MCA, EPFO, Income Tax portals, etc.
- ix) Verification of royalty and imported service payments during last 6 months.

8.3.4 TA shall take requisite number of Geo-tagged photos (indicating co-ordinates of factory premises with date and time stamp) during plant visit site.

8.4 Conclusion from TCA

Based on TCA, TA is required to confirm the following:

“Based on the satisfactory completion of Techno-commercial Audit of manufacturing plant(s) of AAT Applicant and its suppliers, it is certified that –

- a) The DVA is ---- and is greater than or equal to 50% / (less than 50%) as against the initial certified DVA of ----.
- b) The Applicant's SoP for DVA is found to be in order.
- c) No adverse change(s) found in the AAT product, its manufacturing process and supply chain vis-a-vis initial certification.
- d) The applied AAT product continues to comply / (does not comply) with the requirements of PLI Auto Scheme Notification/ Guidelines/ FAQs till the validity of initial AAT certificate.
- e) Periodic Surveillance Audit / Revalidation shall be established within 1 year from the date of issue of initial AAT certificate. Applicant shall apply to the Testing Agency for Revalidation at least 4 months prior to the expiry of AAT certificate.”

9.0 Revalidation or Periodic Surveillance Assessment (PSA)

9.1 Purpose of Revalidation or PSA of AAT Product

The main purpose of PSA/ Revalidation is to verify continued compliance (Conformity of Production) of AAT product in compliance to the requirements of PLI-AUTO Scheme notification/ guidelines/ FAQs/ AAT certificates. This shall include technical evaluation of randomly selected AAT product sample and fresh certification of DVA. This will also involve plant inspection visits and techno-commercial audit of manufacturing plant(s) of Applicant and its major suppliers to verify any adverse change in localization, technology, supply chain, etc.

9.2 Application for Re-Validation or PSA by Applicant

- 9.2.1 Re-Validation/ PSA shall be carried out annually by the same TA who had issued the initial certificate. The procedure for Re-Validation/ PSA will be same as for initial AAT application and TCA.
- 9.2.2 TA shall select random samples from the Applicants' Production Line. At the time of Re-Validation, the TA to check whether the points raised during TCA have been complied with by the Applicant. TA may at its own discretion, not undertake Re-Validation, if TCA observations have not been complied with.
- 9.2.3 The applicant shall approach the concerned TA for undertaking Re-Validation/ PSA of the AAT Product at least four (04) months prior to expiry of the AAT certificate by submitting online application through the Scheme Portal.
- 9.2.4 Every TA has to maintain a calendar for this activity. TA shall ensure timely completion of Re-Validation/ PSA activity of the AAT Product.

9.3 Conclusion from PSA

Based on PSA, TA is required to confirm the following:

"Based on the satisfactory PSA / Revalidation of AAT product of the Applicant, it is certified that:

1. The DVA is --- and is greater than or equal to 50% / (less than 50%)
2. The AAT product continues to comply / (does not comply) with requirements of PLI-AUTO Scheme notification/ guidelines/ FAQs

3. This revalidation certificate is subject to satisfactory techno-commercial audit of the AAT Applicant within 6 months from the date of application for PSA.”

10.0 Consequences of Misrepresentation, Non-compliance and Fraud

- 10.1 Applicants would be required to furnish an Affidavit cum Undertaking on Rs.500/- non-judicial stamp paper certifying that all data/ information submitted by it are true and correct and have been signed by Authorized Signatory. Format of the Affidavit cum Undertaking is included as Annexure-IX.
- 10.2 It will be the responsibility of the Applicant to ensure that all data submitted to TA is true and correct. In case there is any adverse change in any of the data impacting DVA/ incentive eligibility of the applicant, post obtaining AAT certificate, it will be the responsibility of the applicant to bring the same to the notice of TA.
- 10.3 It will be the responsibility of the Applicant to apprise the Testing Agency about any change in AAT Product including changes in supply chain/ sourcing post obtaining AAT Certificate, that may lead to an adverse impact/ reduction in the DVA%.
- 10.4 In case TA finds that Applicant has resorted to misrepresentation/ suppression of material facts/ committed fraud of any kind, then TA reserves the right to revoke the AAT Compliance Certificate issued to the Applicant and make suitable recommendations to MHI for recovery of any incentive monies disbursed to the Applicant.

11.0 Data Security

- 11.1 TA to take care to maintain secured access to all invoices/ BoEs/ PPAs. All invoice/ BoE/ PPA to be preferably obtained in soft copy (PDF, JPEG, etc.), however, if required hard copies may also be accepted. The soft copies of invoice/ BoE/ PPA should be maintained on a secure file server with restricted access only to the concerned team.
- 11.2 The records should also be maintained in duplicate at a Disaster Recovery site. Likewise, hard copies of invoices/ BoE/ PPA (if obtained) should be kept at a secured location with restricted access only to the concerned team.
- 11.3 If the Applicant desires, TA (along with its specific team members) shall enter into a Non-Disclosure Agreement (NDA) with the respective Applicant.
- 11.4 In order to prevent data proliferation, the report from TA after verification of all relevant details, should be a summary along with definitive conclusions. The report should not contain commercial details such as invoice, BoE, PPA, suppliers' declarations, auditor's detailed reports, etc. It is clarified that TA shall make available all relevant details and documents, if specifically sought by MHI.
- 11.5 Applicant and TA should maintain the relevant records for a time period specified under Statutory provisions such as Income Tax Act/ CGST Act/ General Financial Rules/ GoI instructions, whichever is higher.

12.0 Provision for Verification of AAT Application through Government Portals – GSTN, ICEGATE, etc.

- 12.1 If TA needs information for DVA related data verification from ICEGATE and GSTN they will check for the publicly available information. In case of specific requirement, they should seek the same from the Applicant and its suppliers. In case the Applicant or its supplier fails to provide information they may refer the matter to MHI.
- 12.2 For Employment related data, TA may use EPFO portal. This will be used to verify the information given in the QRR submitted by the Applicants.

13.0 Removal of Difficulties

- 13.1 This scheme covers AAT vehicles like electric two wheeler, electric three wheeler, electric four wheeler, electric bus, electric commercial vehicles, electric tractor and 103 AAT components. The supply chain for these AAT products may be unique and different from each other, and common formats and one SOP may not be able to capture DVA for all these AAT products. Therefore, and if any applicant represents that they are unable to furnish required information/ ensure compliance to certain provisions of this SOP including but not limited to adherence to timelines, nature of documentation, interpretation of guidelines, Field Visits, etc., then the TA has been empowered to remove difficulties in implementation of this SOP, as and when required. The TA shall have the power to grant such exemptions within the ambit of the Scheme Guidelines.

Annexure-I : Committee Composition for Framing SOP

Committee to finalize the SOP for eligibility as Advanced Automotive Technology (AAT) Product under Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry

Member	Designation
Shri Reji Mathai, (Coordinator)	Director, The Automotive Research Association of India, Pune
Shri Saurabh Dalela	Director, International Centre for Automotive Technology (ICAT), Manesar
Shri A S Ramadhas	Director, Global Automotive Research Centre (GARC), Chennai
Shri Manish Jaiswal	Director, National Automotive Test Tracks (NATRAX), Indore
Shri. Suneet Shukla	General Manager, IFCI

Annexure-II : Roadmap for Indigenization (Indicative Format)

Illustration 1: Major Part, as may be prescribed by TA: Traction Motor

Major Child Parts, as prescribed by TA (indicative)	2022-23	2023-24	2024-25	2025-26	2026-27
Sator	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Rotor	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Magnet	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Copper Winding	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Hall Sensor	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Others (please specify)	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
...	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Assembly	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
DVA%					

Illustration 2: Major Part, as may be prescribed by TA: Electronic Control Unit (ECU)

Major Child Parts, as prescribed by TA	2022-23	2023-24	2024-25	2025-26	2026-27
Controller Chip	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Memory Chip	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Sensors	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Printed Circuit Board (Bare Board)	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Resistors	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Capacitors	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Software and Engineering Services	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Others (please specify)	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
...	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
Assembly	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported	Indigenous/ Imported
DVA%					

Annexure-III : Details of Suppliers

Table III-1: Details of imports in respect of Suppliers (Tier-I/II#/III#) to the applied AAT product

#	Name of Suppliers	Tier-I / Tier-II/ Tier-III	GSTIN	IEC Code	Revenue from Operations in last FY	Total Import of Goods in last FY	Total Import of Services* in last FY	Total Imports in last FY	Estimated Import of Goods attributable to Applicant	Estimated Import of Services* attributable to Applicant	Estimated Imports attributable to Applicant
					(Rs. crore)	(Rs. crore)	(Rs. crore)	(Rs. crore)	(Rs. crore)	(Rs. crore)	(Rs. crore)
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[G+H]	[I]	[J]	[I+J]

Details of Tier-I are mandatory. Details for Tier-II & Tier-III may be provided if required by TA.

* Import of services including royalty, as disclosed in form 15CA & 15CB of Income Tax Act/ Rules.

Table III-2: Details of documents submitted in respect of Suppliers

#	Name of Suppliers	Tier-I / Tier-II/ Tier-III [#]	GSTIN	IEC Code	MPFD for major suppliers** submitted (Yes/ No)	PPA with Tier-I submitted to TA (Yes/ No/ Not available)	Date of PPA	Copies of AFS of major** suppliers in last FY submitted (Yes/ No)	PPE at the start of last FY (Rs. crore)	PPE at the close of last FY (Rs. crore)	Avg. PPE for last FY (Rs. crore)	Revenue from Operations in last FY (Rs. crore)	Revenue to PPE ratio
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L = (J+K)/2]	[M]	[M/L]

Details of Tier-I are mandatory. Details for Tier-II & Tier-III may be provided if required by TA.

* Imports include import of services (including royalty).

** Additional information may be sought by TA, if required.

AFS: Audited Financial Statements

Annexure-IV : Format of Undertaking from Suppliers of the Applicant

<On the Letterhead of the Supplier>

Date:.....

To,

<The Applicant>

<Applicant's Address>

Sub: Declaration of import in the parts / components / aggregates

1. This refers to the import content confirmation of self, our Tier-I and Tier-II suppliers requested by your company, which is required for the purpose of declaration to the Ministry of Heavy Industries (MHI), Government of India and its Agencies including Testing Agencies, in relation with requirement of localization under the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-AUTO).

2. The details of part-wise import content are as follows:

Part No.	Part Description	Selling Price in INR (excluding GST)	Value of Direct Import by us (in INR)*	Broad Description of parts imported by us	Value of parts imported by our suppliers (in INR)*	Broad Description of parts imported by our suppliers	Local Content	DVA%
		(A)	(B)		(C)		(D)	(D/A)

* Import Value = CIF + Import Duty (but excluding GST). Imports will include royalty, license technical know-how expenses and imported services, in line with the declarations made under GST.

3. Our IEC Code: _____.

4. The above declaration is based on following:

Reference Rate of Foreign Exchange (please enclose separate sheet if required):

- i. Currency Name _____
- ii. Reference Date _____
- iii. Foreign Exchange Rate _____

5. The above declaration is furnished after obtaining relevant information/ declaration from our Tier-I/ Tier-II suppliers. We certify that the aforesaid information is true and represents a fair picture.

6. In the event of any material change in the percentage of import/ local content declared above, we undertake to notify you at the earliest. The import content has also been verified by the Statutory Auditor.

<Signature of Supplier>

<Signature of Statutory Auditor>

Annexure-V : Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant

(For one complete AAT Product)

Table V-1. Details at Tier-I Level (local sourcing from Tier-I) (Mandatory)

Name of the AAT Product: _____

Product Code as per PLI Scheme: _____

Sr. No.	Name of Aggregates/ Child Parts/ Services (Tier-I)	HSN Code of Parts	Invoice Value per piece (net of GST) (INR)	BoM Quantity	Value per piece of AAT Product (INR)	Import Content (direct & indirect)/ Origin Unknown (INR) as per declaration under Annexure-IV #	Local Content (INR)	DVA% , as per declaration under Annexure-IV	Name of Tier-I Supplier	GSTIN of Tier-I Supplier	IEC of Tier-I Supplier	Plant Address for Tier-I	Part is Certified by Testing Agency under this Scheme	%DVA of Component as certified by TA	Remark if any
	(A1)	(B1)	(C1)	(D1)	(E1 = C1 * D1)	(F1)	(G1 = E1-F1)	(H1)	(I1)	(J1)	(K1)	(L1)	(M1)	(N1)	(O1)
													Yes/ No/ Not Applicable		
1															
2															
3															
	Total														

#: Import content includes exempted items as per this Scheme and services as per provisions of GST legislation.

Note: In case, Applicant has arrangement with multiple suppliers for sourcing the same child parts, then details of all suppliers along with weighted average of import content and DVA% shall be submitted for such parts.

<CA/Statutory Auditor>

<UDIN Number>

<Sign and Stamp>

<Date>

< Authorized Signatory of Applicant>

<Sign and Stamp>

<Date>

Table V-2. Details of Parts corresponding to Exempted Items (Mandatory)

Name of the AAT Product: _____

Product Code as per PLI Scheme: _____

Sr. No.	Name of Aggregates/ Child Parts	HSN Code of Parts	Is the component certified under PLI-AUTO	%DVA of Component as certified by TA	Name of Supplier	GSTIN of Supplier	IEC of Supplier	Plant Address for Supplier	Invoiced Value per piece (net of GST) (INR)	BoM Quantity	Value in AAT Product (INR)	Import Content/ Origin Unknown (INR)#	Value of Import for which exemption claimed (INR)
	(A2)	(B2)	(C2)	(D2)	(E2)	(F2)	(G2)	(H2)	(I2)	(J2)	(K2 = I2 * J2)	(L2)	(M2)
			Yes/ No										
1													
2													
3													

#: Import content includes exempted items as per this Scheme and services as per provisions of GST legislation.

Note: In case, Applicant has arrangement with multiple suppliers for sourcing the same child parts, then details of all suppliers along with weighted average of import content and DVA% shall be submitted for such parts.

<CA/Statutory Auditor>
 <UDIN Number>
 <Sign and Stamp>
 <Date>

< Authorized Signatory of Applicant>

 <Sign and Stamp>
 <Date>

Annexure-V (Continued)
Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant for AAT Certification
(For one complete AAT Product)

Table V-3. Details of Direct import by Applicant (Mandatory)

Sr. No.	Name of Aggregates/ Child Parts Imported by Self	HSN Code of Parts	CIF BoM Cost (INR)*1	Quantity	IEC of Self	Part is Certified by Testing Agency under this Scheme	Remark if any
	(A3)	(B3)	(C3)	(D3)	(E3)	(F3)	(G3)
				<wherever applicable>		Yes/ No/ Not Applicable	
1							
2							
3							
	Total						
	Royalty paid outside India						
	Imported services						
	Total Import						

*1: For imported items, provide CIF price including import duties (but excluding GST).

Note: In case, Applicant has arrangement with multiple suppliers for sourcing the same child parts, then details of all such suppliers along with weighted average of import content and DVA% shall be submitted for such parts.

<CA/Statutory Auditor>
 <UDIN Number>
 <Sign and Stamp>
 <Date>

< Authorized Signatory of Applicant>

<Sign and Stamp>
 <Date>

Annexure-V (Continued)
Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant for AAT Certification
(For one complete AAT Product)

Table V-4. DVA Calculation of AAT Product (Mandatory)

Sr. No.	Details (A4)	INR (B4)
1	Ex-Factory Price of AAT Product as per GST Invoice (INR) (net of GST)	<T1>
2	Total Import content* per AAT product (including all exempted items)- INR	<Imp1>
3	Average Discount for last 12 months, in excess of the dealer/ channel margin	<D>
4	Total [Ex-Factory Price of AAT Product (INR) (net of GST)]	<T2=T1-D>
5	Exempted import Items (as per the Scheme)	
5.1	Value of ACC to be deducted (for Champion OEMs only) INR	Imp2
5.2	Value of Semiconductors to be deducted (for Component Champions only) INR	Imp3
5.3	Value of REM to be deducted (for Component Champions only) INR	Imp4
6	Total Exempted Import (INR)	<Imp5 = Imp2+Imp3+Imp4>
7	DVA (of AAT product) %	

$$DVA (\%) = \frac{[T2 - Imp5] - [Imp1 - Imp5]}{T2 - Imp5} \times 100$$

* This import content is based on our own imports, imports upto Tier-III and beyond Tier-III - it is based upon our assessment and it does not adversely affect our DVA% estimate.

<CA/Statutory Auditor>
 <UDIN Number>
 <Sign and Stamp>
 <Date>

< Authorized Signatory of Applicant>
 <Sign and Stamp>
 <Date>

Annexure-V (Continued)
Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant for AAT Certification
 (For one complete AAT Product)

Table V-5. Details at Tier-II & III Level (For those components, as required by TA):

Sr. No.	Name of Tier-I Parts	Name of Tier-II/III Parts	HSN Code of Parts	Invoice Value per piece (net of GST) (INR)	BoM Quantity	Value per piece of AAT Product (INR)	Import Content (direct & indirect)/ Origin Unknown (INR) #	Local Content (INR)	DVA%	Name of Tier-II/III Supplier	GSTIN of Tier-II/III Supplier	IEC of Tier-II/III Supplier	Plant Address for Tier-II/III	Part is Certified by Testing Agency under this Scheme	%DVA of Component as certified by TA	Remark if any
		<u>(A5)</u>	<u>(B5)</u>	<u>(C5)</u>	<u>(D5)</u>	<u>(E5 = C5 * D5)</u>	<u>(F5)</u>	<u>(G5 = E5-F5)</u>	<u>(H5)</u>	<u>(I5)</u>	<u>(J5)</u>	<u>(K5)</u>	<u>(L5)</u>	<u>(M5)</u>	<u>(N5)</u>	<u>(O5)</u>
														Yes/ No/ Not Applicable		
1.1																
1.2																
1.3																

* Tier-II parts for part no.1 should be numbered as 1.1, 1.2, 1.3 and so on. Likewise, Tier-II parts for part no.2 should be numbered as 2.1, 2.2, 2.3 and so on.

#: Import content includes exempted items as per this Scheme and services as per provisions of GST legislation.

Note: In case, Applicant has arrangement with multiple suppliers for sourcing the same child parts, then details of all such suppliers along with weighted average of import content and DVA% shall be submitted for such parts.

<CA/Statutory Auditor>
 <UDIN Number>
 <Sign and Stamp>

< Authorized Signatory of Applicant>

<Sign and Stamp>

<Date>

<Date>

Annexure-II (Continued)
Formats of Invoiced Bill of Materials (BoM) to be furnished by Applicant for AAT Certification
 (For one complete AAT Product)

Annexure-VI : Details of GST Invoice pertaining to AAT Product for direct procurement by Applicant

AAT Product Name:

Financial Year:

#	IRN#	Invoice#	Date	Name of Local Supplier	GSTIN of Local Supplier	Name of Part/Component	HSN Code of Part/Component	Value (net of GST) (Rs.)	Quantity	Value per piece (net of GST) (Rs.)
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]

Annexure-VII : Details of sample* Bill of Entry(ies) for all items/ parts pertaining to AAT Product (for Applicant and other Tiers as per requirement of TA#)

AAT Product Name:

Financial Year:

#	No. of Bill of Entry of the Applicant	Date	Name of Imported Part/ Component	HSN Code of Imported Part/ Component	CIF Value (Rs.)	Quantity
[A]	[B]	[C]	[D]	[E]	[F]	[G]

* The BoE which has been considered for arriving at total import content.

This is to certify that the above table covers all the items which covers import content (direct and indirect).

< Authorized Signatory of Applicant>

<Sign and Stamp>

<Date>

Annexure-VIII : Checklists for submission of documents by Applicant

Sr. No.	Item	Applicant's Remarks	Testing Agency's Remarks
1.	Fees for Testing Agency	Paid/ To be Paid	Received/ To be Received
2.	Manufacturer's Declared Specifications Document	Submitted/ Not submitted/ Not applicable	Received/ To be Received/ Not Applicable
3.	CMVR Type Approval Certificate (TAC) and Test Reports/ Corresponding certificate and reports of applicable countries (only for export purpose)	Submitted/ Not submitted/ Not applicable	Available/ Not available/ Not applicable
4.	At the discretion of TA, Test Reports by any other agency deemed appropriate by the TA, as per prevalent practices of CMVR (including drawings, photos, calibration records, etc.). Reports of partial tests shall not be accepted. [Not applicable for Vehicles]	Submitted/ Not submitted/ Not applicable	Available/ Not available/ Not applicable
5.	Reports by International Testing Agencies (including drawings, photos, calibration records, etc.). Reports of partial tests shall not be accepted.	Submitted/ Not submitted/ Not applicable	Available/ Not available/ Not applicable
6.	Physical Sample of AAT Product along with standard accessories and fixtures	Submitted/ Not submitted	Received/ To be Received
7.	Photos of the AAT Product (Front, Side, Rear and Top View)	Submitted/ Not submitted	Received/ To be Received
8.	Exploded/ blow-up view of AAT Product with suggested	Submitted/ Not submitted	Received/ To be Received

Sr. No.	Item	Applicant's Remarks	Testing Agency's Remarks
	coloring for major parts as follows: imported parts: Red colour, 100% local content: Green colour.		
9.	Roadmap for Indigenization (as per Annexure-II of SOP)	Submitted/ Not submitted	Received/ To be Received
10.	Brief description of manufacturing process of Applicant along with manufacturing process flow diagram (MPFD) showing raw material/ sub-part entry, inspection, assembly and final checkpoints.	Submitted/ Not submitted	Received/ To be Received
11.	MPFD of major suppliers in terms of price of local content/ manufacturer of AAT components/ recently localized components	Submitted/ Not submitted	Received/ To be Received
12.	Latest Audited Financial Statements (AFS) of major Suppliers, as desired by TA	Submitted/ Not submitted	Received/ To be Received
13.	Revenue to PPE ratio for major domestic suppliers as desired by TA	Submitted/ Not submitted	Received/ To be Received
14.	Information regarding Suppliers including list of MPFD, list of AFS submitted, Revenue to PPE ratio, Imports (format as per Annexure-III [Tables III-1 & III-2] of SOP)	Submitted/ Not submitted	Received/ To be Received
15.	Undertakings from Tier-I Suppliers for DVA (format as per Annexure-IV of SOP)	Submitted/ Not submitted	Received/ To be Received

Sr. No.	Item	Applicant's Remarks	Testing Agency's Remarks
16.	Excel sheet of Invoiced/ Costed Bill of Material (BoM) for calculation of DVA [format as per Annexure-V of SOP including following tables: Table V-1. Details at Tier-I Level (for local sourcing) Table V-2. Details of Parts corresponding to Exempted Items Table V-3. Details of Direct imports by Applicant Table V-4. DVA calculation of AAT Product Table V-5. Details at Tier-II & III Level (For those components, as desired by TA)].	Submitted/ Not submitted	Received/ To be Received
17.	Details regarding policy on royalty/ license/ technical know-how expenses, if any. Applicant to explain the mechanism for calculating/ charging royalty and provide details of royalty/ license/ technology agreements to TA.	Submitted/ Not submitted/ Not Applicable	Received/ To be Received/ Not Applicable
18.	Details regarding imported/ non-originating services being availed in the manufacturing of the applied AAT product. Import of all services including royalty/ license/ technical know-how expenses/ payments to expats/ etc., to be taken into account for calculation of DVA	Submitted/ Not submitted/ Not Applicable	Received/ To be Received/ Not Applicable

Sr. No.	Item	Applicant's Remarks	Testing Agency's Remarks
	in the format as per Annexure-V of SOP.		
19.	Applicant's policy for providing discounts to dealers/ customers, including details of discounts provided on the applied AAT product in the last 12 months.	Submitted/ Not submitted	Received/ To be Received
20.	Schedule of dealer margins and dealer discounts/ schemes offered in last 12 months for the applied product (format as per Annexure-X)	Submitted/ Not submitted	Received/ To be Received
21.	Invoiced BoM & DVA to be certified by the Statutory Auditor and self-certified by Authorized Signatory of the Applicant.	Submitted/ Not submitted	Received/ To be Received
22.	GST Invoice for local procurement from Tier-I Suppliers. List of GST invoices to be provided in the format as per Annexure-VI of SOP.	Submitted/ Not submitted/Not Applicable	Received/ To be Received/ Not Applicable
23.	Commercial Invoice/ Bill of Entry for direct imports (for indirect imports – if required by TA). List of BoE to be furnished in format as per Annexure-VII of SOP.	Submitted/ Not submitted	Received/ To be Received
24.	Purchase/ Price Agreements (PPA) with suppliers	Submitted/ Not submitted/ Not applicable	Received/ To be Received/ Not applicable
25.	SOP of Applicant for calculation and maintaining DVA data	Submitted/ Not submitted	Received/ To be Received
26.	Name and version of Enterprise Resource Planning (ERP)	Submitted/ Not submitted	Received/ To be Received

Sr. No.	Item	Applicant's Remarks	Testing Agency's Remarks
	software system being used by the Applicant for managing its procurement, manufacturing, inventory, sales, investment, etc.		
27.	Address of unit(s) where manufacturing of applied product is being carried out.	Submitted/ Not submitted	Received/ To be Received
28.	Date of commencement of commercial operations (DCCO) for the applied product.	Submitted/ Not submitted	Received/ To be Received
29.	GST Invoice for Ex-Factory Price of applied AAT Product	Submitted/ Not submitted	Received/ To be Received
30.	Affidavit on Rs.500/- non-judicial stamp paper certifying that all data, information submitted by Applicant are true and correct	Submitted/ Not submitted	Received/ To be Received
31.	Meets the definition of AAT Product as per notification S.O.4632(E) dated 09/11/2021 or as amended from time to time.	Yes/ No	Yes/ No
32.	Meets Performance/ Test Parameters	Yes/ No	Yes/ No
33.	Exemption benefit for ACC/ Semiconductors/ REM utilized	Yes/ No	Yes/ No

Annexure-IX : Format of Affidavit cum Undertaking to be Submitted by the Applicant

<To be printed on INR 500/- Non-Judicial Stamp Paper and notarized>

AFFIDAVIT cum UNDERTAKING

I, -----, son of -----, resident of -----, having PAN Card Number -----, as the identity proof, do hereby solemnly affirm on oath that I am the Authorized Signatory of ----- (name of company) hereinafter referred to as 'Company', having its registered office at ----- and I have read and understood the provisions of the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry in India (PLI-AUTO) vide S.O. 3946(E) dated 23rd September 2021, S.O. 3947(E) dated 23rd September 2021 and S.O. 4632 (E) dated 9th November 2021 and other notifications/ guidelines/ FAQs/ office memorandums/ circulars/ etc. issued by the Ministry of Heavy Industries (MHI) from time to time.

2. I state that, Company has filed application for certification of Advanced Automotive Technology (AAT) Product on the PLI Portal of MHI (pliauto.in) for product ----- (name of product/s) and has submitted physical sample along with relevant technical specifications, drawings, etc., to the Test Agency of MHI viz. ----- (Name of Testing Agency and Address)

3. I state and confirm that all the AAT Product data and information submitted by Company to the Test Agency referred above are true, and correct and that no material fact / information that may have an adverse impact on the information provided by us for AAT certification has been concealed. I confirm that Company has not applied for AAT Certification of the <product> to any other Testing Agency of MHI in the past. I also confirm that, wherever there is procurement from or sale to any related parties, all invoices/ bills of entry furnished by us and prices reported by us are based on arms-length pricing and applicable norms for transfer pricing. I acknowledge and confirm that the foregoing averment is on an ongoing basis and further undertake to immediately apprise the Test Agency about any material change in the status of the information provided by us to avail the said AAT certification, including change in supply chain/ sourcing/ change in technical/ performance parameters of the product.

4. I understand that granting of approval of AAT Product by the Test Agency is based on the data, information submitted by Company to the Test Agency referred

above and submission of accurate and correct data and information to the Test Agency is the sole responsibility of Company.

5. I hereby confirm that, Company agrees to indemnify and keep indemnified and harmless the above Test Agency from time to time, at all times hereafter, against all losses, claims, demands, proceedings, expenses, costs and consequences of whatsoever nature on full Indemnity basis which the Test Agency may sustain, incur or suffer or be exposed to in connection with granting of AAT Product Approval to Company.

6. I further undertake that in the event of (i) any of the information provided by us for meeting the eligibility criteria to avail the said incentives being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmations stated above being found false, incorrect, incomplete or breached; Company will (a) refund the entire amount of incentives availed by it along with interest calculated at Marginal Cost of funds based Lending Rate (MCLR) of State Bank of India (SBI) applicable for 3 years tenure, prevailing on the date of disbursement, compounded annually, for the period between excess payment and date of refund by the Company.

7. I acknowledge that the remedies provided above are not the exclusive remedies available with the Test Agency/ MHI and are without prejudice to any legal remedies available with Test Agency/ MHI for events/ circumstances mentioned above.

Place:

Date:

Deponent
< Authorized Signatory of Applicant >

<Sign and Stamp >

VERIFICATION

I, -----, above named deponent do hereby verify that the contents of the aforesaid paragraphs 1 to 3 are true to the best of my knowledge and nothing has been concealed therefrom.

Verified at ----- (place) on this the ----- day of -----, 2023.

Place:

Date:

Deponent
(Seal of Company)

Annexure-X: Range of Discounts

The information is to be provided based on data including for the following cities:

- a. Million plus cities as per 2011 census;
- b. Smart cities as notified by MoHUA;
- c. Satellite towns connected to 7 metros (Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore and Ahmedabad);
- d. Major Cities of Special Categories State/ UTs;
- e. The capital city of all states/ UTs not covered in the above categories.

Month	Weighted Average Discount as % of Ex-Factory Price	Weighted Average Dealer Margin as % of Ex-Factory Price	Excess Discount%	Excess Discount in Rs.
[A]	[B]	[C]	[E = (B – C) or 0, whichever is higher]	[D = E * Ex-Factory Price]
Weighted Average for last 12 months				

The Applicant has to generate the data for this table for each dealer in the aforesaid cities and their weighted average is to be submitted in the above format only. This data has to be weighted by the number of vehicles sold by each dealer.

<CA/Statutory Auditor>
 <UDIN Number>
 <Sign and Stamp>
 <Date>

< Authorized Signatory of Applicant>
 <Sign and Stamp>
 <Date>

Annexure-XI: Flowchart for DVA certification process

Process Flow Chart for PLI-AUTO DVA Certification


