

June 2021



## PLI Scheme – ACC Batteries

The Department of Heavy Industries under Ministry of Heavy Industry and Public Enterprises has notified Production Linked Incentives (“PLI”) scheme for manufacturing Advanced Chemistry Cell (“ACC”) batteries on 9 June 2021. The Government of India through the scheme intends to optimally incentivize potential investors over the period of 5 years to set-up Giga-scale ACC manufacturing facilities, as all the demand for the ACCs is currently being met through imports in India. Conventional battery pack segment has been excluded from the scheme. The total budget allocation of the scheme is INR 18100 crores

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## Details of the Scheme

- The applicant will have to commit to set up a minimum of five GWh (Gigawatt hours) of ACCs manufacturing facility.
- The beneficiary will have to ensure a domestic value addition of at least 25 per cent and incur the mandatory investment of Rs 225 crore /GWh within two years. The domestic value addition should be raised to 60 per cent within a period of 5 years. Value addition shall be construed as the percentage of manufacturing activity (manufacture ACC) being undertaken in India, by the beneficiary firm either on its own or through ancillary units or via domestic manufacturers
- The beneficiary firm shall not be eligible for availing any incentives on undertaking mere trading of finished ACCs from the Mother Unit
- The minimum value addition should be achieved as a result of change in a HSN at a 6 digit level
- Value addition to be calculated as follows

Sale value excluding indirect taxes **minus** cost of raw materials and/or packing materials **minus** cost of material whose source of origin cannot be ascertained **minus** cost of fuel consumed, if eligible for GST input credit **minus** expenses incurred in foreign currency for royalty or technical know-how as debited in the Income statement **add** actual value added by the ancillary units or domestic manufacturers” attributable to sale value (net of returns, price adjustments, discounts, etc.) of said goods

- The manufacturing facility will have to be commissioned within a period of 2 years. The subsidy will be disbursed thereafter over a period of 5 years.
- The amount of subsidy to be disbursed would be calculated as amount per kilowatt hour **multiplied by** percentage of value addition achieved during the period **multiplied by** actual sale of ACC Batteries.



- The total annual cash subsidy to be disbursed by the government will be capped at 20 GWh per beneficiary firm.
- The breakup of fund allocation year wise, for the scheme's duration is tabulated below:

Budgetary Provision	FY	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	Subsidy (INR Cr)	Setting up of manufacturing activities		2700	3800	4500	4300	2800	18100

- Incentive disbursement would commence once the committed domestic value addition and actual sale of the ACCs begins.

## How we can help

The team has extensive experience in liasoning with the Government, both Central and State, to successfully avail the package of incentives. Our assistance in this regard will more specifically include:

- Analyse whether the entity is eligible to avail the benefit of the Scheme
- Work out on an estimate basis the total incentive eligibility of the entity
- Preparation and filing of the application for approaching the Government to be considered for this Scheme
- Liasoning with the Government
- Review year on year performance and disbursal of the incentives

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