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**PLI-**  
**TEXTILES**  
**USER GUIDE CUM STANDARD OPERATING**  
**PROCEDURE (SOP) FOR VERIFICATION OF**  
**SALES, INVESTMENT AND INCENTIVE CLAIM**

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**Disclaimer:**

**The Information provided in this document is for Information purpose only and does not constitute legal advice.**

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## **Background**

Production Linked Incentive (PLI) Scheme for Textiles has been Notified vide Notification dated 24.09.2021 in the Gazette of India. Guidelines for the implementation of Scheme is also uploaded in the public domain& updated from time to time. This scheme envisages incentive for production of MMF Apparel, MMF Fabrics and Technical Textiles Products manufactured in India. IFCI Ltd was appointed as Project Management Agency (PMA) for the Scheme on 24.12.2021.

As per Scheme Guidelines, PMA is inter-alia responsible for verification of thresholds investments and threshold/incremental sales for determining eligibility for disbursement of incentive along with verification of the reconciliation of disbursement claims with prescribed documents.

## **Scope &Objective**

A Standard Operating Procedure (SOP) is being formulated to define the scope and methodology of verification for PMA to give appropriate recommendation on the matters listed above. This SOP will act as a reference only and in case of any discrepancy, Scheme Notification and Guidelines will prevail. Ministry of Textiles (MOT) will have the discretion to make changes / modifications in the SOP from time to time as per the requirement. This SOP prescribes a comprehensive and standardized procedure to determine Threshold investment, Threshold/incremental sales& Minimum Value Addition required to claim the incentive. The verification process and underlying documentation proposed under this SOP is an evolving process and may be further reviewed/updated/improved from time to time.

### **1. Verification Methodology**

The verification methodology under this SOP is being formulated to balance the 'ease of doing business' with 'scope of verification' and timely claim processing by PMA.

During verification, supporting data, documents and clarification may be provided to PMA by any officer so notified for this purpose by the Participant Company. The

documents submitted or any clarification provided through email shall be equally acceptable.

The applicant shall be eligible for submission of claim only after achieving the Threshold investment, Threshold/incremental sales & Minimum Value Addition for the entire relevant financial year through online portal.

This Standard Operating Procedure has been prepared in coordination/ consultation with MOT, stakeholder feedbacks and the same has been divided into three parts to represent the three major processes involved:

- Part 1: Verification of Threshold Investments.
- Part 2: Verification of Threshold/incremental Sales.
- Part 3: Verification of achievement of minimum value addition.

PMA will compile a Claim Verification Report by evaluating the documents and undertakings submitted by the applicants as well as satisfactory response to the observations received from the applicants. Following this assessment, the PMA will then make a recommendation for disbursement of incentive to the company to MOT.

**(i) Compliance under Other Acts (Statutory Compliances)**

This SOP proposes to corroborate the information and documentation as per financial statements (Audited) with regulatory filings under GST Act, Income Tax Act and Companies Act to ascertain the consistency of sales data. The consistency of data across the compliance chain under different statutes provides reasonable assurance as to completeness and accuracy of the data.

**(ii) Consistency of Data**

It is expected that data provided by the participant at aggregate level should be consistent with financial statements, underlying ledgers and statutory returns filed under GST and Income Tax Act. At transaction level, data being verified by Statutory Auditor should be supported with underlying vouchers and appropriate internal documents (like invoice, approvals, inventory records, Goods Receipt Note etc.) and external documents (like purchase order by the buyers, balance

confirmation, business agreement etc.) as may be required for a particular transaction.

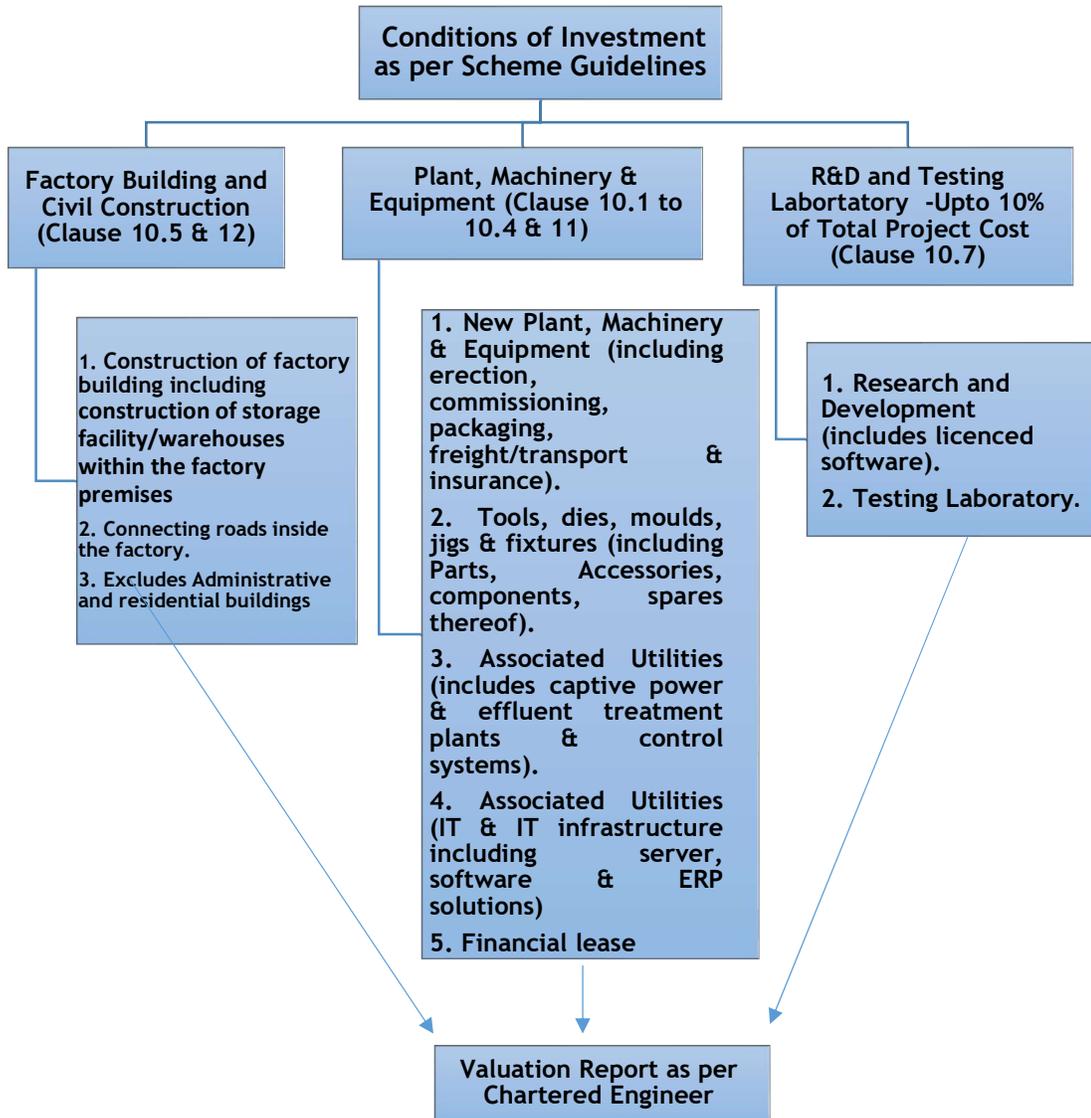
## **2. Business Diversity**

The Business operations of each Participant Company may be different, due to varying product profile, customer base, geographical diversification, management structure, internal controls & documents maintenance system etc. This SOP provides general guidance for claim verification methodology and documentation procedures.

## **3. Responsibility/ Liability of Participant Company**

The verification procedures outlined in this SOP depend on the accuracy and completeness of data provided by the Participant Company. It's important to note that these procedures may not be sufficient to uncover any potential concealment or fraudulent activities by the Participant Company. The PMA will accept all data, documents, representations, and responses to observations raised (if any) from the Participant Company in good faith, assuming them to be accurate and complete. During the claim process, PMA will rely on, inter alia, various certificate submitted by the participant company from Statutory Auditor, Chartered Engineer, Cost Accountant, etc. The Participant Company holds full responsibility for the accuracy of the information submitted and is liable for appropriate actions in accordance with the Scheme Guidelines if any information or documentation is found to be incorrect or inaccurate.

#### 4. Threshold Investment



As per Scheme guidelines, the participant company is required to meet the criteria of threshold investment in the relevant approved segment as follows:

Particulars	Part 1	Part 2
Minimum Investment	Rs.300 crore	Rs.100 crore
Minimum Investment (for companies registered under the Scheme w.e.f. 01.08.2025)	Rs. 150 crore	Rs.50 crore

#### 4.1 Part 1 - Verification of Threshold Investment

As per clause 16.1 of the Scheme Guidelines for the Participant Company meeting the criteria of threshold investment and threshold/ incremental turnover, as prescribed, shall be eligible to claim incentive. Also the incremental turnover of Notified Product(s) should be commensurate with created production capacity under the Scheme. (Clause 16.3)

### Documents Checklist For Verification of Eligible Investment

1. Chartered engineer certificate for Investment (Including Factory building) as per prescribed format.
2. Detailed Capital Expenditure (Capex) Register/Fixed Asset Register, in the prescribed format, duly certified by the statutory auditor.
3. Soft copy of invoices including all supporting documents justifying the capitalised cost in line with detailed capex register. In the case of import, required Bill of Entry.
4. Head wise Investment duly certified by statutory auditor as per prescribed format.
5. Audited/ provisional Financial Statement.
6. Copies of Insurance coverage documents.
7. Fixed assets register along with additions & deletions annexure.
8. Financial lease agreements for plant, machinery, and equipment (if applicable).

9. Ownership/ valuation of factory building certified by Chartered Engineer.

10. Research & Development agreement, if any.

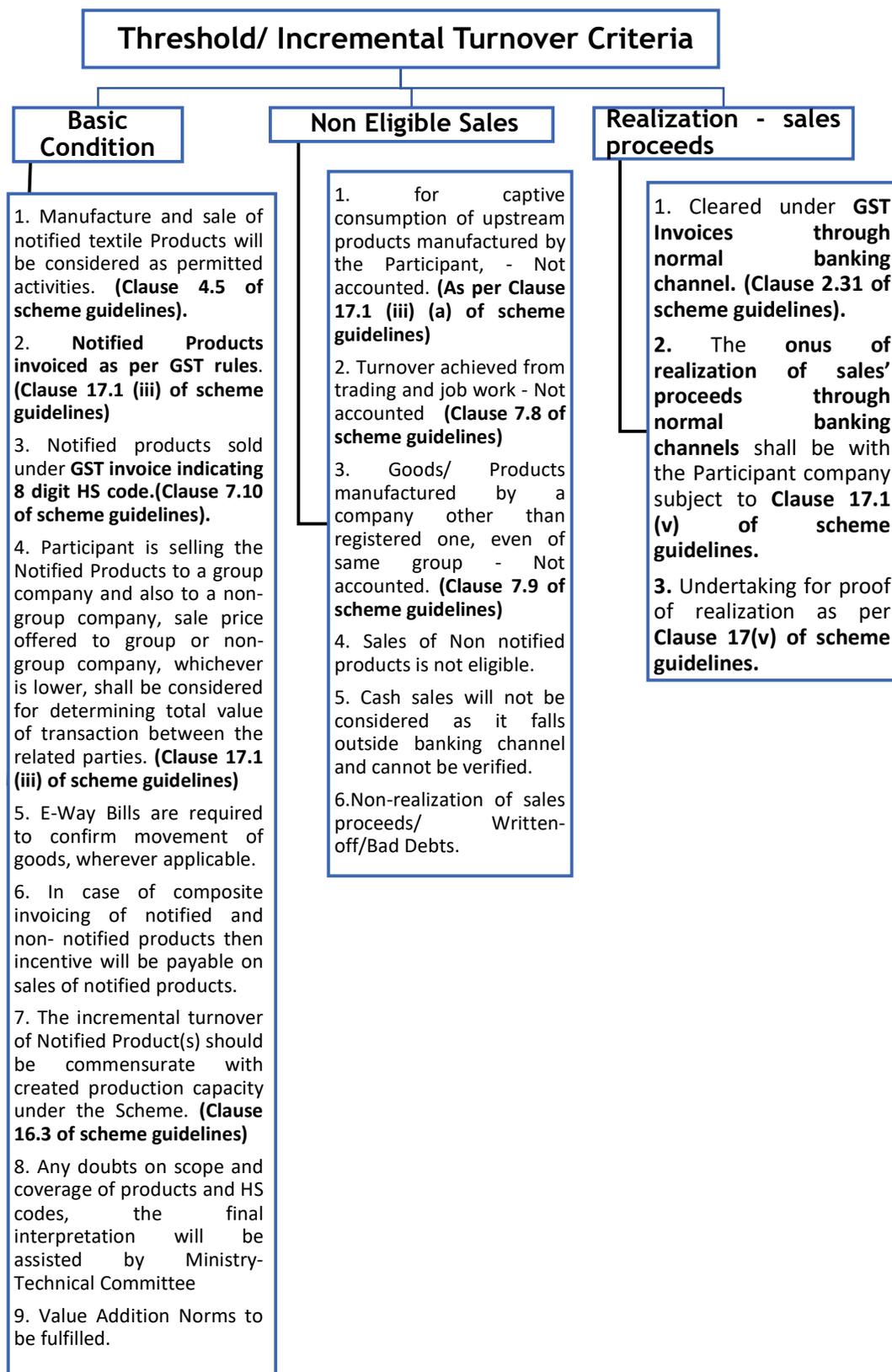
The above list is indicative.

#### **4.2 Verification Process**

- Investments made on or after 24/09/2021 and capitalized in the books of accounts of the participant company will only be considered under the scheme.
- For the purpose of calculating threshold Investment, only expenditure on Investments which is eligible investment as defined in Para 10 of the scheme guidelines shall be considered.
- The heads of investment, based on which eligibility is determined, should be capitalized in the audited financial statement of the applicants as certified by the Statutory Auditor (SA).
- Reconciliations of total addition to fixed assets with balance sheet and capex register shall be accessible to PMA.
- PMA will select a sample of Investment on random basis to cover at least 25% of the assets value wise and conduct physical verification. The selection shall be made based on Fixed Assets IDs.
- Out of the sample selected above, PMA will also verify purchase invoice, Bill of Entry, e-way bill etc. for the sample of Investment to cover at least 25% value of the assets capitalised and claimed as eligible.
- Coverage of Insurance on fixed asset purchased is mandatory as per clause 20.2 of the Scheme Guidelines. Applicant shall submit a management certificate regarding Adequacy of Insurance for the Eligible Investment along with copies of the insurance policies.
- CE certificate from Chartered Engineer in the format prescribed under Annexure 2 of the SOP as per clause 21.3 of the scheme guidelines.
- For R&D, expenditure capitalised in the audited financial statement shall only be considered subject to 10% of the project cost as per Scheme Guidelines.

- Statutory Auditor certificate and purchase agreements in respect of the cost of technology, IPRs, patents, copyrights R&D expenses, expenditure related to Information Technology (IT) and Information Technology enabled Services (ITeS) infrastructure related to manufacturing including servers, software and ERP solutions shall be relied upon.
- In case of Financial Lease agreement(s) if any, the data provided by applicant in the capex register, claim application form and management representation letter shall be relied upon.
- Location of assets mentioned in the capex register of the applicant, must be certified by the SA provided for the year of claim.
- In case of Domestic/ imported plant, machinery & equipment cost as per invoice including freight, insurance, and erection & commissioning and other expenses shall be considered.
- Duties and Taxes: Include Non-Creditable Duties & Taxes like custom duty and Creditable Duties & Taxes if credit not availed under GST.
- Borrowing cost is not included in Investments.
- All Transactions from Related Party/Any Group Company shall be considered as per arm's length pricing certified by the Statutory Auditors.

## 5. Threshold/Incremental Turnover



## 5.1 Part 2: Verification of Threshold/Incremental Sales

- The incentive shall be available only for manufacturing and sales of notified products at approved manufacturing locations by MOT. The Participant Company will ensure that the products for which incentives are being claimed match the Notified Eight (8) Digit HSN codes as outlined in the Scheme Guidelines.
- Actual date of commercial production will be verified by PMA.

### Checklist of Documents Required For Verification of Eligible Sales

- a) Policy on Sales recognition, discounts & rebates, credit sales, pricing determination, if required.
- b) Copies of selected Sales Invoices/ E-Invoices.
- c) Copies of selected Credit notes in case of sales return wherever necessary.
- d) Sales Register.
- e) E-way Bills, if required.
- f) In case of Export sales - documents like Exports Tax Invoice, Commercial Invoice, Packaging list, Airway bill, Shipping Bill, Insurance and Bank Realisation Certificate (BRC), if necessary.
- g) Applicable GST Returns.
- h) Reconciliation of Sales as per Books of Accounts and GST Return for Notified Products manufactured.
- i) Contract agreement for manufacturing Eligible Notified Products. If applicable.
- j) Income Tax Return, Tax audit Reports (Form 3CD), Transfer pricing report (Form 3CEB) & Transfer pricing study report. If applicable.
- k) Audited/ Provisional Financial Statement.
- l) Details of Bad Debts/Written off pertaining to notified & non notified products separately.
- m) Date of commercial production (Documents for Verification).
  - GST Invoice,
  - E-way Bill,
  - GSTR-1
  - Stock Register

The above list is indicative.

## 5.2 Verification Process

- The revenue recognised by the participant company with respect to goods and services must comply with the accounting policy followed by them.
- PMA will refer the accounting policy disclosed by the participant company in the financial statements.
- An event of revenue recognition shall be identified like dispatch from the factory or delivery to the desired location of customer or delivery to custom Port (in case of export sales) or any other, whatever is being followed consistently by the participant company.
- **Sale of Manufactured notified product under Target Segment:** There could be a case where a participant company is engaged in the trading as well as manufacturing of the goods covered under Target Segment. The participant company is required to provide a statement showing sales from trading & manufacturing of target Segment separately duly certified by Statutory Auditor. The details of target segment sales of notified products eligible for incentive is to be certified by Statutory Auditors as per format attached.
- **Management Representation:** Management representation letter is to be provided on the correctness and completion of methodology for identification of notified products Target Segment Goods and Trading & Manufacturing Sales.
- **Movement of Goods**  
E-way bill (generated under GST), Shipping Bill (for exports) provides supporting evidence as to movement of goods. In case for any reason, the Participant Company is not required to prepare an e-way bill under the provisions of GST Act, such sales shall be considered eligible for incentive the transaction shall be supported by Good Receipt Note (GR).

Further for any transaction, where participant is mandatorily required to generate an E-way bill, but has not been generated, such sales shall not be considered for incentive under PLI Scheme.

- **Pricing & Adjustment**

Transaction pricing as recorded in the books of accounts shall be considered. For transaction with related parties', evaluation process is given separately. Incentive shall be calculated at lower of actual sales price (post adjustment of any discount, credit note etc.) and Quoted Sales Price at invoice level.

- **The Sales price, in case of export: -**

Exchange rate as per invoice issued under GST Act/ CBIC, to be considered uniformly to all participants.

In case of Export Sales Free on board (FOB) commercial term shall be considered for the purpose of incentive calculation.

- **Sales Reversal**

Variable considerations viz. Target bonus and penalty etc. to the purchaser same shall be deducted from sales of Notified product(s) to arrive at net sales.

- **Sales Return**

Gross Sales shall be reduced by the amount corresponding to such sales return.

Buy-Back of notified products by the company from the debtors instead of sales return shall also be considered as sales return during the year.

The rate of "return of sales" for the last year of PLI disbursement shall be taken as the average of annual rate of "return of sales" for the previous four years.

- **Related Party Transaction**

The Scheme Guidelines specifically defines the Related Party transaction and provides that all Related Party transaction shall be subject to compliance with relevant statute as per clause 2.23 of scheme guidelines. The verification process for Related Party Transaction will be as under:

- ✓ When the Company has made related party transaction with respect to Target Segment Goods and Investment claimed for eligibility under the Scheme, the company has to appropriately disclose the related party transaction in the financial statements of the year.

- ✓ Identification & Reporting of Related Party Transactions shall be carried out on the basis of Accounting Standard - 18/ Accounting Standard (Ind AS) 24 and Tax Audit form 3CD and Transfer Pricing form 3CEB (if applicable) duly certified by Statutory Auditor Certificate.
- ✓ Related party transactions should be approved by Board of Directors of Participant Company under section 188 of the Companies Act. The related party transaction with reference to sales of Target Segment Goods and Investment has to be approved by appropriate authorities, as per requirement of Companies Act and the pricing claimed under PLI Scheme is to be in alignment with such approvals.
- ✓ Reporting Under Income Tax Act, 1961: Under Income Tax Act, the transaction of expenses with related parties defined u/s 40A(2)(b) needs to be reported in Form 3CD. The Company is liable to file Form 3CEB under Income Tax Act, 1961 and the basis of pricing at transaction level considered for incentive claim is in alignment with the basis of pricing considered for justification of arm's length price in Form 3CEB.

- **Debtors Verification**

Debtors may be verified for checking realisation of sales. The outstanding balance of debtors as on the last day of claim period with ageing will give a suitable perspective for sales realisation.

Therefore, following procedure may be adopted for verification of debtors:

- ✓ **Ageing of Debtors:** Statutory Auditor's Certificate shall be obtained on the ageing of outstanding balance of debtors pertaining to eligible products as on the last day of the period of incentive claim. PMA may make enquiries into any debtor outstanding for more than 6 months, any abnormal changes in the balance of composition of debtors and assess whether the same would have any impact on sales of Target Segment Goods.
- ✓ **Onus of realization of sales' proceeds** - PMA on behalf of Ministry of Textiles reserves the right to verify the documents evidencing realization of sale proceeds which will be counted for computing Participant's

turnover and incentives and take suitable recovery and penal action in case of any default on realization of sale proceeds. Non-realisation of sales proceeds/Written-off/Bad Debts shall be deducted from sales amount. PMA shall update the report accordingly.

- ✓ **Balance Confirmation:** PMA may seek balance confirmation from the debtors directly selected in a random manner. The balance confirmation shall be sought in such a manner to cover at least 25% of the outstanding balance of debtors. The format of seeking balance confirmation from the debtors is attached.
- ✓ The balance confirmation letter may be emailed/sent through courier to the concerned debtor by PMA.
- ✓ The treatment of difference in balance confirmation will be as under:
  - In case there is any difference in the balance outstanding as per participant and confirmed by the debtor, participant will submit the reason of difference in the balance confirmation.
  - In case non receipt of balance confirmation from debtors of the participant company the same shall be reported in the claim verification report.

- **Sample verification for sales of Notified product(s) under Target Segment.**

The verification of sales invoices on sample basis may serve the purpose of arriving at the conclusion of completeness and correctness of the data.

A sales register shall be obtained from the Participant Company in the format prescribed under Annexure 1 of SA Certificate.

A sample of Sales Invoices may be selected in such a way to cover minimum 1% of the sales value and 100 number of invoices in a claim. The following parameters shall be considered for selection of sample:

- (i) Invoice issued to parties with highest sales,
- (ii) Invoice issued in the last 15 days of the claim period,
- (iii) Invoices having lowest sales value,
- (iv) Invoices having largest sales value.

## 6. Regulatory Filings & Reconciliation

Clause 18.2 of the Scheme Guidelines provides Participant Company shall be required to submit a claim for disbursement of incentive on annual basis for the sales made in a performing financial year along with its audited financial statements.

It is considered appropriate that the revenue booked by the Participant Company may be reconciled with the following regulatory filings:

- Income Tax Return
- Annual return filed under Companies Act
- Applicable GST Returns
- Participant Company shall also provide a statement of reconciliation of eligible sales with GST returns.

While the regulatory filings of 'Income tax return' under Income Tax Act, 1961 and 'Annual return' filed under Companies Act, 2013 provides reconciliation with Total revenue, GST returns provide reconciliation with total revenue, as well as product wise (Based on HSN Code).

Reconciliation with GST is one good indicator that sales on which incentive is being paid has been subject to tax levy as per prevailing rule and reported to the authorities.

Therefore, it is prescribed that:

- PMA will reconcile the annual income of financial statements with the ITR and GST Act.
- Reconciliation of sales claimed under PLI Scheme shall be taken as certified by the Statutory Auditor of the Participant Company (appended with Statutory Auditor's Certificate).
- PMA shall also review the reconciliation statement and cross-check the adjustments made with accounting data viz sales, sales return, other deduction, sales of other products/ services, trading sales etc.

## 7. Site Visit by PMA

- Format of the Site visit report



PLI Textiles Site Visit  
SOP.docx

- Visits to manufacturing locations of applicants are approved as per the internal process laid out at PMA (IFCI). Further the site visit reports are jointly signed by PMA as well as the applicant, to avoid any ambiguity in reporting.
- PMA shall co-ordinate with the applicant for site visit schedule and availability of the assets ID and invoices for such assets are to be physically verified.
- Asset ID, Unique model/sl. No. on the assets, assets working condition to be verified during the site visit besides the status of production activity/plant working condition.
- PMA shall physically verify capex items representing not less than 25% of the eligible capex.

## 8. Time schedule for Submission of Claim application.

### (i) Annually

As per the clause 18.1 of the scheme guidelines Application for claiming incentives complete in all respect shall be filed online by the applicant by 31st December of immediate subsequent financial year of the Performance Year. The Participant shall file its claim **along with account details audited by Statutory Auditor of the Company**. For example: For Performance Year 2024-2025, application for claim of incentive shall be made by 31.12.2025.

### (ii) Quarterly/ Half Yearly/ Annually (Provisional)

As per the clause 18.2.1 of amendment in operation guidelines dated 20/02/2025, A Participant Company(ies) may opt to submit a **provisional**

**claim** for disbursement of incentive on **quarterly, half yearly or annual basis** in which the eligibility criteria for the year under consideration has been met. For Investment/ Sales, the applicant should **submit Statutory Auditor certified fixed asset register & Audited/ Provisional Financial Statement.**

**In case of Provisional claim,** the Participant Company (ies) will provide Bank Guarantee (BG) equivalent to incentive amount as per scheme guidelines. Validity of the BG is for 1 year.

As per the clause 18.2.4 of amendment in operation guidelines dated 20/02/2025, the Bank Guarantee mentioned in 18.2.2 shall be invoked in following cases:

Participant Company has not submitted annual final claim by 31st December of next year for the relevant claim period.

OR

Participant Company is ineligible after final assessment by PMA within a period of 60 days.

The Bank Guarantee mentioned in 18.2.2 shall be released after the annual claim approval by MOT.

In case of Participant Company(ies) opting for provisional claim, they shall submit a regular annual claim as per clause 18.2 of the scheme guidelines for the sales made in a financial year along with its audited financial statement and other statutory annual compliances.

#### **9. Part 3: Verification of achievement of minimum value addition.**

The participant company is eligible for Incentive under the Scheme on fulfilling conditions of Threshold Investment, Threshold/ Incremental Turnover & Minimum Value Addition as per the clause 17 & clause 18 of the scheme guidelines.

Further, Value addition has to be done by the Participating Company in its own registered factory premises and must be in compliance with to para 7.6 of the Scheme Guidelines.

As per Clause 2.27 of the Scheme Guidelines, Define the Value Addition Formula

Value Addition (VA %) is defined as:

$$VA = (A - B) / B \times 100$$

Where:

- A = Sale value of notified products as per GST invoices (excluding GST)
- B = Purchase value of inputs/raw materials (excluding duties, taxes, cess)

### **Verification Process to assess Value Addition**

- Verify approved notified product HSN codes as per Letter of Approval.
- To check whether turnover is from manufacturing activity only.
- Verify Sample GST invoices as taken for verification for sale to check accuracy of 8-digit HSN codes & Sale value excluding GST as per guidelines.
- GST returns.
- Debtors & Creditors ageing reconciliation with audited financials as certified by Statutory Auditor.
- Input purchase register for notified products as certified by Statutory Auditor.
- Eligible Purchase value certified by Cost Accountant.
- Eligible Turnover, Eligible inputs, Eligible minimum value addition, GST reconciliation certified by statutory auditor.

#### **10. Roll over effect of disallowance**

If a claim has been filed for a period and any disallowance is made, the same shall be considered for incentive in the subsequent period.

To enable incentive on all the eligible claims, it is clarified that any invoice issued during the incentive claim period, which is not recognized as revenue in the books or excluded from incentive calculation for not meeting revenue recognition criteria, may be claimed in subsequent claim period when the same meets the revenue recognition criteria.

For example, if revenue is to be booked at the time of dispatch but there are certain sales which have been recognised before dispatch from the factory (as ascertained

from date of e-way bill/ shipping bill/ Debtor Balance Confirmation etc.), such sales shall not be considered for the purpose of incentive during that period. However, these sales may be considered in the subsequent period when the goods have been dispatched.

#### **11. Specific situations**

- In case of change in auditor or specific certification given by an auditor other than statutory auditor (for e.g., Tax Audit or Transfer Pricing Certificate), current auditor may refer to the certificate provided by the predecessor auditor with their opinion which may be considered for processing the claim.
- In case statutory auditor / cost auditor/ chartered engineer has made any reservation of opinion in the audited financial statement, it must be brought in the opinion paragraph of the relevant certificate being submitted by the participant company to PMA bringing out clearly the impact of such reservation on sales of Target Segment Goods or investment made in that period.

#### **12. Verification of claim by PMA and Disbursement of Incentive**

- Recommendation of incentive will involve quantification of incentive payable after completion of verification procedure by PMA. There may be a case where claims filed by Participant Company may need some adjustment in the amount of sales or investment and consequentially in the incentive claim amount. In this regard, it is prescribed that PMA shall be authorised to propose adjustment in the incentive amount claimed by the applicant in their report with details and nature of such adjustment. The adjustment proposed by the PMA shall be subject to approval by the Competent Authority. While proposing any adjustment in the incentive claim or sales or investment amount submitted by applicant:
  - PMA, as far as, possible will be relying upon the documents submitted by the applicant and have a proper supporting of the adjustments proposed.
  - There may be some cases, where the clear quantification of the adjustment is not available, and the applicant is also either unable to provide or may not provide exact quantification of adjustment. To make

a recommendation to MoT on incentive payable, it is required to quantify the incentive payable to the applicant. PMA shall make adjustment as per the best assessment with the rational to arrive at the amount.

### **13. Disbursement Mechanism**

The Competent Authority will consider claims for disbursement on the basis of claim recommendation report submitted by PMA, duly authorised by General Manager, IFCI Ltd. (PMA). The PMA shall submit the claim recommendation report after thorough examination of documents submitted by participant company, inter-alia, scrutiny of relevant documents/certificates/invoices/bills/site verification reports etc.in line with scheme notifications & guidelines. The disbursement of incentives may be in the form of Direct Bank Transfer (to be used as may be allowed by the Ministry of Finance) through PFMS, or through any other mechanism of adjustment in the name of the Participant Company as per scheme guidelines.

### **14. Escalation Matrix**

- i. The PMA shall review the claim documents submitted by the participant company within 15 days of claim submission and intimate to the participant company for any query in data& deficiency in all the documents in a consolidated Manner. It is expected that participant company should respond to the queries within next 15 days.
- ii. In case of no response from the participant company within next 15 days or it is considered that the critical information/ documents required for submission to PMA report is not submitted, PMA will escalate the matter to MOT with a status of pending data/ information.
- iii. A joint meeting amongst MOT, PMA and Participant Company will be convened to discuss the status and Participant Company is required to provide concrete timelines for submission of complete information & documents.
- iv. The PMA shall process claim for disbursement of incentive within 45 days from the date of receipt of such claim along with all supporting documents and will make appropriate recommendations to MOT.

- v. PMA will submit the incentive claim report/status report (as the case may be) to MOT within 45 days from the end of such timelines committed by the participant company based on the data available by that time.
- vi. MOT shall be competent authority to extend the timelines or instruct PMA to consider data provided after the original committed timelines. In such case, timelines of 15 days for submission of report by PMA shall be considered from the date of last data submission by the participant company.

## **15. Claim Verification Report by PMA**

PMA will submit a report addressing the competent authority, i.e. MOT, on the incentive claim for each Participant Company, as per format given in Annexure 18. The verification report shall include the following:

- **Verification of Investments:**
  - a) Reconciliation of incremental investment with financial statement, Fixed asset record (FAR) code as per FAR addition register maintained by the company, for identification of approved manufacturing location of Investment based on chartered engineer's certificate
  - b) Sample Verification of Invoice of Investment
  - c) Associate utility certified by Statutory Auditor
  - d) Leasehold deed in case of assets on financial lease
  - e) Verification of copy of Insurance.
  
- **Verification of net incremental sales:**
  - a) Review of sales from financial statements
  - b) Invoice checking from eligible sales register as per SA certificate.
  - c) Sales reconciliation from GSTR - 9, GSTR - 9C.
  - d) PMA further verifies the E-way bills from Sales register as per SA certificate.
  - e) Threshold sales verification from SA certificate in consideration with CE certificate and Cost accountant certificate form claim year.
  
- **Verification Process to assess Value Addition**
  - a) Verify approved notified product HSN codes as per Letter of Approval.
  - b) To check whether turnover is from manufacturing activity only.
  - c) Verify Sample GST invoices as taken for verification for sale to check accuracy of 8-digit HSN codes & Sale value excluding GST as per guidelines.
  - d) GST returns.
  - e) Debtors & Creditors ageing reconciliation with audited financials as certified by Statutory Auditor.
  - f) Input purchase register for notified products as certified by Statutory Auditor.
  - g) Eligible Purchase value certified by Cost Accountant.

- h) Eligible Turnover, Eligible inputs, Eligible minimum value addition, GST reconciliation certified by statutory auditor.
- **Verification of related party transactions:**
    - a) Verification of related party transaction duly certified by statutory auditor (SA) in its certificate the same may be further verified with audited financial statement.
    - b) SA will ensure the transaction entered between related parties are at arm's length price as per Indian Accounting Standard (Ind-AS) 24, Accounting Standard (AS) -18 & Income tax Act. 1961.
  - Further PMA also conducts Site visits for all approved manufacturing locations where investment is being made for notified products under the scheme to take stock of onsite progress before processing any incentive claim.
  - The claim verification report be prepared by the PMA team based on all relevant verifications & documents/certificates submitted by the Participant Company in accordance with the Scheme Guidelines and SOP.
  - All documents & certificates signed digitally are acceptable for claim processing, documents which are not digitally signed shall contain stamp & signed on every page.
  - The Participant Company's supplementary documents, which include digital signatures, will be accepted in electronic format.

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## 16. Certificates and Undertakings - Incentive claims processing

A list of the Certificate & Management undertakings to be obtained along with the reference to relevant format is given hereunder:

#	Documents containing information	Clause (Scheme Guidelines)	Signatories	Indicative Format, if any
1.	Management Representation Letter (MRL)	-	MD/ authorized signatory	 Annexure 3 Format for Management Re
2.	Board resolution	-	MD/ authorized signatory	 Annexure 7 Board Resolution.docx
3	Management undertaking that all the statements and documents submitted for claiming incentive are true and genuine (duly affirmed and Notarized)	7.19	MD/ authorized signatory	 Annexure 8 Management Under
4.	Format of seeking balance confirmation from the debtors	17 (v)	MD/ authorized signatory	 Format of seeking balance confirmatio
<b>For Investment &amp; Sales</b>				
3.	Chartered Engineer(CE) Certificate	21	Chartered Engineer	 Annexure 2 Format for Chartered Engin
4.	Statutory Auditor's Certificate	21	Statutory Auditor	 Annexure 1 Format for Statutory Audito
5.	Cost Accountant Certificate - purchase value of Inputs/raw materials in manufacturing of notified products.	21	Cost Auditor	 Annexure 10 – Certificate from Cos

<b>Clearances from Company Secretary</b>				
6.	Certificate from Company Secretary stating that all clearances like statutory, environmental, etc. have been obtained.	21	Company Secretary	 Annexure 4 - Format of Certificate
<b>Integrity compliance</b>				
7.	Integrity compliance as per Annexure 5 Part A, at the time of submission of claim.	-	MD/ authorized signatory	 Annexure 5A - Format for Integrity
8.	Integrity compliance as per Annexure 5 Part B, before release of incentive claim.	-	MD/ authorized signatory	 Annexure 5B - Format for Integrity
<b>An agreement / indemnity bond from the Participant Company</b>				
9	An agreement / indemnity bond	24.2	MD/ authorized signatory	 Annexure 6 - Format for Indemnit
<b>List of Documents Required - Incentive Processing</b>				
10	Annual Report should include independent audit report, CARO 2020 Audited Financials/Provisional Balance Sheets along with all annexures and Board Report.	-		
11	Tax Audit Report and Income tax return with computation of Income.	-		
12	Transfer Pricing Report and Form 3CEB, if applicable	-		
13	GSTR 1 & 3B along with GSTR 9 & 9C.			

***No deviations from the enclosed formats shall be allowed.***