



Production Linked Incentive (PLI) Scheme for Pharmaceuticals

Who we are?



- ✓ We are the consulting firm founded by the seasoned professionals having experience of working with various Big 4 and other top consulting practices.
- ✓ Our object is to provide end-to-end services using our practical insights for the real life problems.
- ✓ Our experts have experience providing services to clients as small as a start-up to Fortune 1000 companies.
- ✓ We are popular amongst our clients in providing specialised services in a comprehensive manner with little involvement of the client's team.
- ✓ Our end to end solutions ensures that we are taking care of the complete assignment and we believe to provide services considering overall business requirements.
- ✓ Our dedicated staff and single point of contact ensures satisfied clients.

Why choose us?

We are ideally placed to provide services that not just meet your expectations but create a new standards of quality.

Ability to scale as your business needs evolve.

Strong track record of delivering value and exceptional service.

We have experience in relevant industry.

Commitment to investment in our professional relationship.

Our team will deliver a quality service and provide the experience to address your needs.

50+ Satisfied clients

4+ Locations & growing

20K+ Hours consulted

OUR ADVANTAGE



People



Approach



Technology



Production Linked Incentive (PLI) Scheme – A Background

- In order to boost domestic manufacturing and cut down on import bills, the central government in March 2020 introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units. Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.
- The Production Linked Incentive (PLI) Scheme intends to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector.
- The PLI schemes will have a huge role to play in achieving size and scale in manufacturing, as these schemes incentivize incremental production. The total budgetary outlay for these schemes is Rs. 1.96 lakh crores or \$26 billion. On average 5% of the production value is provided as an incentive. This implies that the minimum production in the country as a result of the PLI schemes stands to be around \$520 billion in five years.
- Indian pharmaceutical industry is the 3rd largest in the world by volume and is USD 40 billion in terms of value. The country contributes 3.5% of total drugs and medicines exported globally. India exports pharmaceuticals to more than 200 countries and territories including highly regulated markets such as the USA, The UK, European Union, Canada etc. India has complete ecosystem for development and manufacturing of pharmaceuticals with companies having state of the art facilities, highly skilled/technical manpower.
- One of the further objectives of the scheme is to create global champions out of India who have the potential to grow in size and scale using cutting edge technology and thereby penetrate the global value chains. These initiatives have the potential to contribute significantly to achieving higher objective of affordable healthcare in the country and globally on a sustained basis.

Key Sectors - Implementation of PLI Scheme

The Union Cabinet chaired by the Prime Minister, has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in the following key sectors for Enhancing India's Manufacturing Capabilities and Enhancing Exports – 'Atmanirbhar Bharat'.

Sectors	Implementing Ministry / Department	Approved financial outlay over 5 Yr Period (In Cr.)
Automobiles & Auto Components	Department of Heavy Industries	57,042
Pharmaceuticals and Pharmaceuticals drugs	Department of Pharmaceuticals	15,000
Advance Chemistry Cell Battery	NITI Aayog and Department of Heavy Industries	18,100
Telecom & Networking Products	Department of Telecom	12,195
Food Products	Ministry of Food Processing Industries	10,900
Textile Products: MMF segment and technical textiles	Ministry of Textiles	10,683
Speciality Steel	Ministry of Steel	6,322
White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	6,238
Electronic/Technology Products	Ministry of Electronics and Information Technology	5,000
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4,500

Pharma PLI Scheme – Target Groups / Category of Goods

The manufacturers of pharmaceutical goods registered in India will be grouped based on their Global Manufacturing Revenue (GMR) to ensure wider applicability of the scheme across the pharmaceutical industry and at the same time meet the objectives of the scheme. The qualifying criteria (*Base Year: Financial Year 2019-20 shall be treated as the base year for computation of incremental sales of manufactured goods*) for the three groups of applicants will be as follows-

- I. **Group A** - Global Manufacturing Revenue of pharmaceutical goods more than or equal to Rs 5,000 crore. ($\geq 5000Cr$)
- II. **Group B** - Global Manufacturing Revenue of pharmaceutical goods of Rs 500 crore up to Rs 5,000 crore. ($\geq 500Cr$ to $4999Cr$)
- III. **Group C** - Global Manufacturing Revenue of pharmaceutical goods less than Rs 500 crore. ($< 500Cr$)

The scheme shall cover pharmaceutical goods under three categories per the above stated target groups as mentioned below:-

Category 1	Category 2	Category 3
<ol style="list-style-type: none"> 1. Bio-pharmaceuticals 2. Complex generic drugs 3. Patented drugs or drugs nearing patent expiry 4. Cell based or gene therapy drugs 5. Orphan drugs 6. Special empty capsules like HPMC, Pullulan, enteric etc. 7. Complex excipients 8. Phyto-pharmaceuticals 9. Other drugs as approved 	<ol style="list-style-type: none"> 1. Active Pharmaceutical Ingredients / Key Starting materials / Drug Intermediates 	<ol style="list-style-type: none"> 1. Repurposed drugs 2. Auto immune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs 3. In-vitro diagnostic devices 4. Other drugs as approved 5. Other drugs not manufactured in India.

Pharma PLI Scheme – Incentive Eligibility

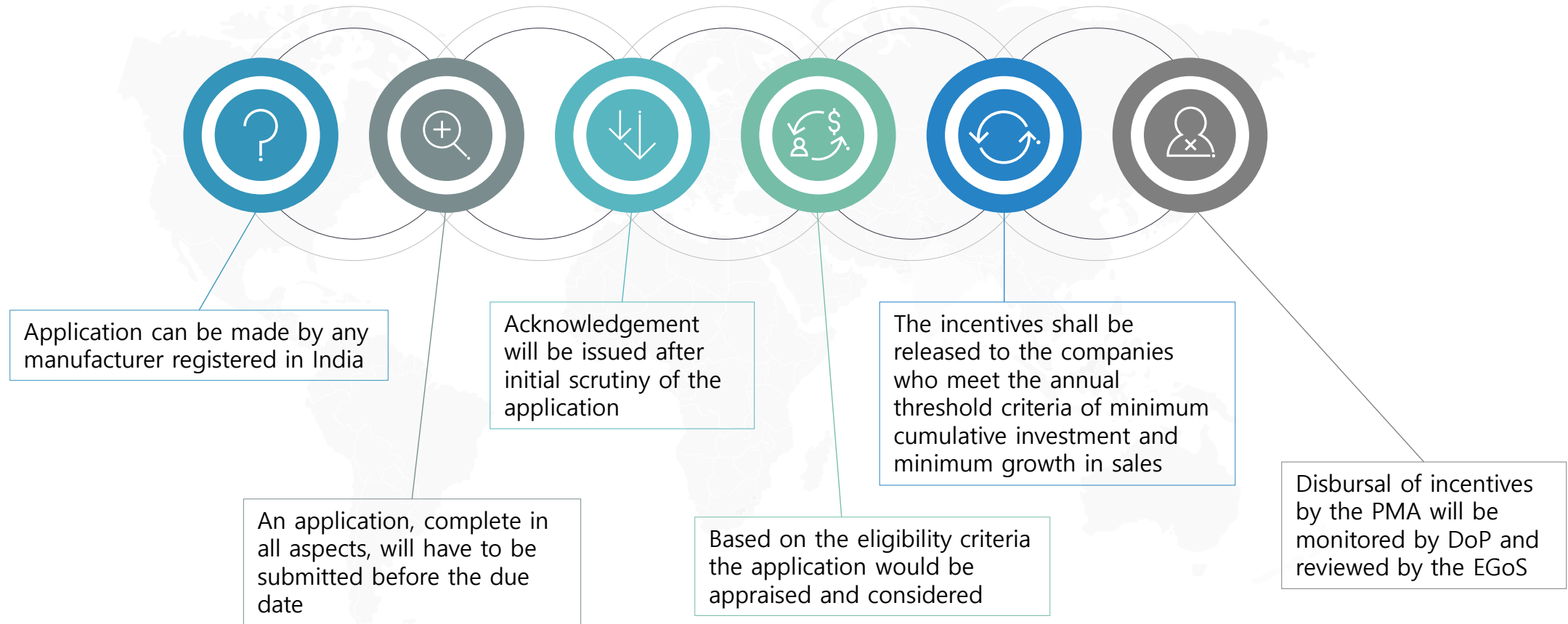
Rates of Incentive -

- The rate of incentive on incremental sales of pharmaceutical goods covered under **Category 1 & 2** will be:
 - 10% for FY 2022-23 to FY 2025-26,
 - 8% for 2026-27 and
 - 6% for 2027-28.
- The rate of incentive on incremental sales of for pharmaceutical goods covered under **Category-3** will be:
 - 5% for FY 2022-23 to FY 2025-26,
 - 4% for 2026-27 and
 - 3% for 2027-28.

The incentives are based on incremental sales based on yearly threshold criteria of minimum cumulative investment and minimum percentage growth in sales as below:

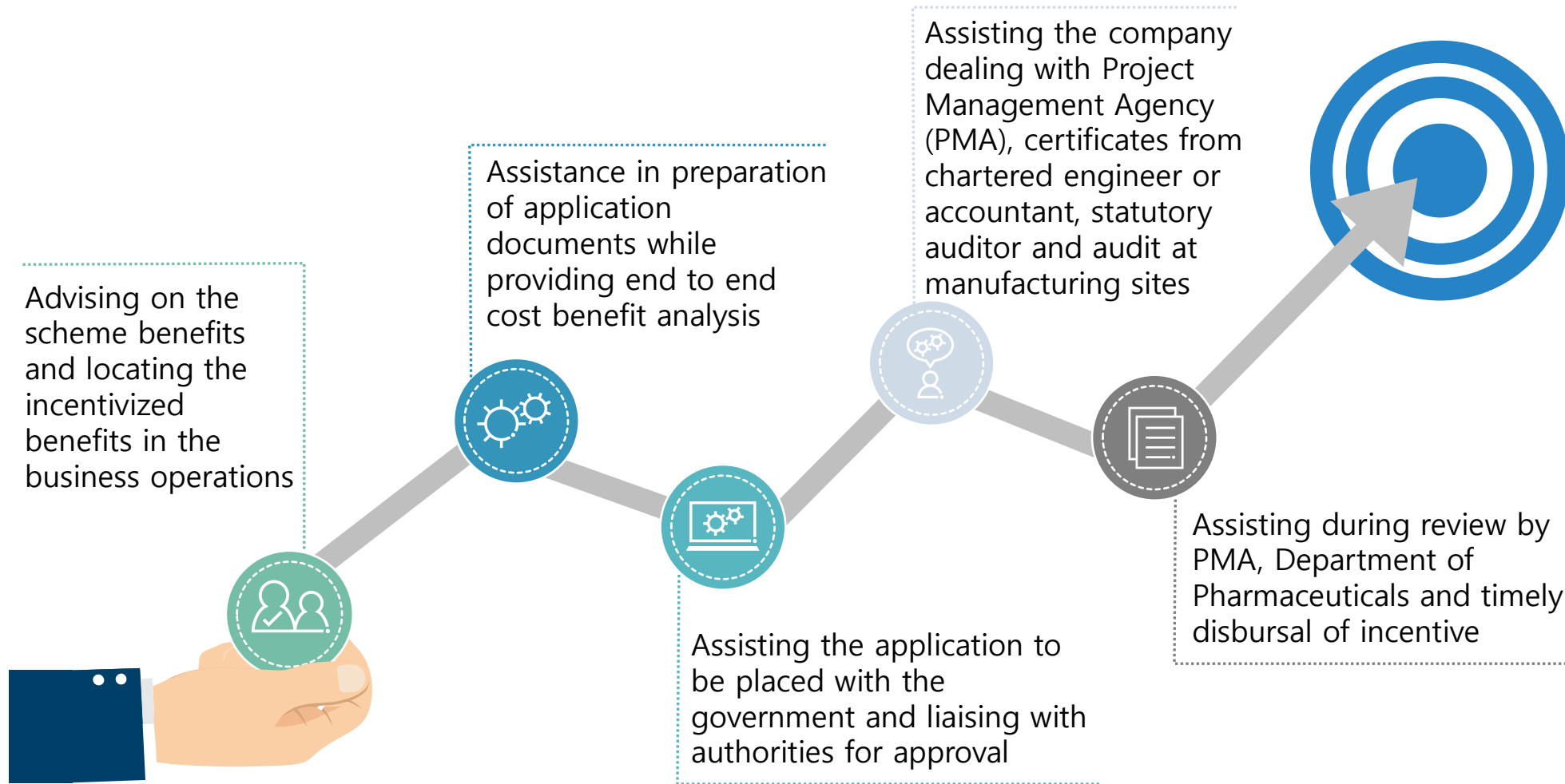
Group of Participants	Group A	Group B	Group C
Minimum Cumulative Investment (Rs. Crore)	Rs. 1,000 crore over 5 years. FY 2021-22: 200 FY 2022-23: 400 FY 2023-24: 600 FY 2024-25: 800 FY 2025-26: 1000	Rs. 250 crore over 5 years. FY 2021-22: 50 FY 2022-23: 100 FY 2023-24: 150 FY 2024-25: 200 FY 2025-26: 250	Rs. 50 crore over 5 years. FY 2021-22: 10 FY 2022-23: 20 FY 2023-24: 30 FY 2024-25: 40 FY 2025-26: 50
Minimum Percentage Growth in Sales (Year on Year)	For first year of production, Minimum threshold sales to be specified by value for each Group in the scheme guidelines. <i>(to be notified)</i>	For subsequent years, companies to achieve a minimum percentage growth of 7% Year on Year.	For MSME participants in Group C, the threshold minimum cumulative investment shall be as committed by the company.

Pharma PLI Scheme – Modus Operandi



Tenure of Scheme - The duration of the scheme will be from FY 2020-21 to FY 2028- 29. This will include the period for processing of applications (FY 2020-21), optional gestation period of one year (FY 2021-22), incentive for 6 years and FY 2028-29 for disbursal of incentive for sales of FY 2027-28.

Service Offerings - PLI



Meet your expert



Abhishek Goel

Professional Associations

- Institute of Chartered Accountants of India
- Institute of Company Secretaries of India
- ISACA
- ACFE

Areas of Expertise

- Tax & Regulatory
- Deal advisory & valuation
- Audit & assurance
- Risk Advisory

Abhishek is a Chartered Accountant, Company Secretary and holds graduate degree from University of Delhi.

Abhishek has over 8 years of experience in handling Tax and Regulatory matters with EY, Deloitte and BDO. He has extensive experience dealing with various cross border issues including Regulatory support, International Taxation, Transfer Pricing, and Exchange Regulations.

Abhishek is actively involved with various MNC's and startups right from incorporation to raising rounds of funding.

Some of his select engagements include:-

- Overseeing the compliance and finance operations of various MNC's and startups.
- Handling day-to-day tax related activities of Multinational clients which includes day-to-day advisory with respect to withholding tax, filing of various forms and finalizing the income tax and withholding tax computations.
- Advising clients on various international tax issues such as exposure to permanent establishment, place of effective management, advisory with respect to cross border transactions, etc.
- Handling Transfer Pricing compliance as well advisory of the Multinational Groups including preparation of transfer pricing reports as well as group transfer pricing study.
- Assisting clients in various regulatory and secretarial compliances which includes filing of various forms with MCA/ RBI such as FLA return, FC-GPR, etc.
- Assisting clients in handling litigation and representing before government agencies authorities including Tax authorities, Central and state ministries, and other semi government bodies. .

Meet your expert



Raj Abhishek Sharma

Professional Associations

- Institute of Chartered Accountants of India

Areas of Expertise

- Indirect tax and Foreign Trade
- Due diligence and transaction advisory
- Cross border transaction advisory
- Startup funding and advisory
- Inbound Investment advisory

Raj Abhishek is a Chartered Accountant and graduate in commerce from Delhi University.

He has spent more than 5 years working with BDO India LLP, K.G Somani & Co., KGS Advisors LLP as head of Tax & Regulatory department, including his internship from T.R. Chadha & Co. working in special audits department dealing in forensic audits and due diligence.

Has diverse experience in independently dealing of complex regulatory issues as well as liaising with Government and other regulatory authorities.

Some of his select engagements include:-

Handling core advisory and compliance for GST, Customs and Foreign trade policy.

Conducting due diligence of various companies in India and Ethiopia and opining on the acquisitions, takeovers and complex tax matters.

Handling audits on behalf of banks conducting concurrent audits and lender financial audits and also being appointed as specialized monitoring agencies by consortiums or lead banks.

Liaising with government agencies for various incentives under Central and state industrial policy and has experience of handling assignments for benefit value upto INR 100 crores.

Assisting clients in their day to day compliance manual and advising on their financing activities to help streamline their financial management.

Meet your expert



Abhishek Jhajharia

Professional Association

- Institute of Chartered Accountants of India
- American Institute of Certified Professional Accountants

Areas of Expertise

- Audit & Assurance
- Internal Controls
- Ind AS / US GAAP
- Corporate Training

Abhishek is a Chartered Accountant and a qualified US CPA.

He started his career with Deloitte in 2010 with internship in IFRS and Audit & Assurance team. During internship and post qualification (over 5 years), he has worked on wide range of assignments, ranging from IND-AS audits and IGAAP audits for Indian Companies to US GAAP assignments.

He is a Business Management graduate from Bangalore university and a post graduate diploma holder in Business Administration from Symbiosis (CDL), Pune and is currently pursuing LLB.

Some of his select engagements include:-

- Ind AS Audit & Assurance assignment for Solar Power Industry
- IGAAP Audit & Assurance assignment for the following industries: automobile ancillary, media and marketing, service, etc.
- US GAAP assignment on Level 3 valuation of assets for a major real estate investment fund
- Tax Audits for solar power sector, automobile ancillary industry, advertising, etc.
- Internal Financial Control Audit for clients ranging across various industries
- Ind AS conversion assignment for a major e-commerce giant
- Certification work for Solar power companies
- Trainings on topics ranging from Ind AS, US GAAP, Internal Controls, Auditing techniques, etc.

Meet your expert



Saurav Aggarwal




Gaurav Aggarwal

Saurav is a Chartered Accountant, a bachelor of commerce and has over 4 years of professional experience in Transfer Pricing, International Taxation related matters. He has experience of working with Deloitte, BDO and Vaish Associates Advocates.

He has extensive experience of dealing with various cross border issues including Transfer Pricing, domestic litigations and advisory to clients including various multinationals and listed clients. His forte includes assisting the clients in transfer pricing compliance, representation before the tax authorities, helping the clients in filing Advance pricing agreements and advising clients on group transfer pricing study.

Gaurav is a Chartered Accountant, a bachelor of commerce and has over 4 years of professional experience in Statutory Audits and indirect taxes. He possess experience working with leading accounting firms of the country.

He remained instrumental in implementation of GST and auditing various multinational clients. Gaurav has in depth experience of dealing with various indirect tax issues including customs and foreign trade policy. He is popular amongst his clients for providing practical advise on real business challenges. He has experience handling routine indirect tax compliances and has been actively involved in litigations.



Reach out to us:

Abhishek Goel

abhi@finexadvisors.in

+91 88 0057 2090

Raj Abhishek Sharma

raj@finexadvisors.in

+91 81 2625 4244

www.finexadvisors.com | contactus@finexadvisors.in

Note: This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact Finex to discuss these matters in the context of your particular circumstances. Our firm in India, their partners and/or directors, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.