

PLI 2.0 Blueprint: Structuring for Maximum Incentives in India

A Strategic Playbook for Japanese & Global
Manufacturers

Executive Summary



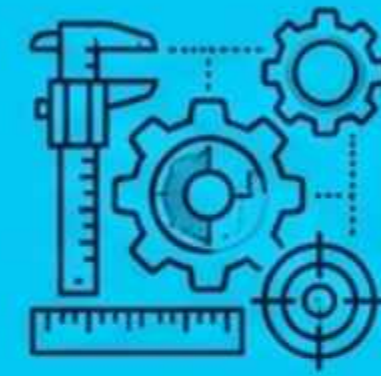
A Transformative Policy

India is shifting from a mere market destination to a global manufacturing hub. PLI 2.0 targets 14 high-impact sectors to integrate India into regional supply chains.



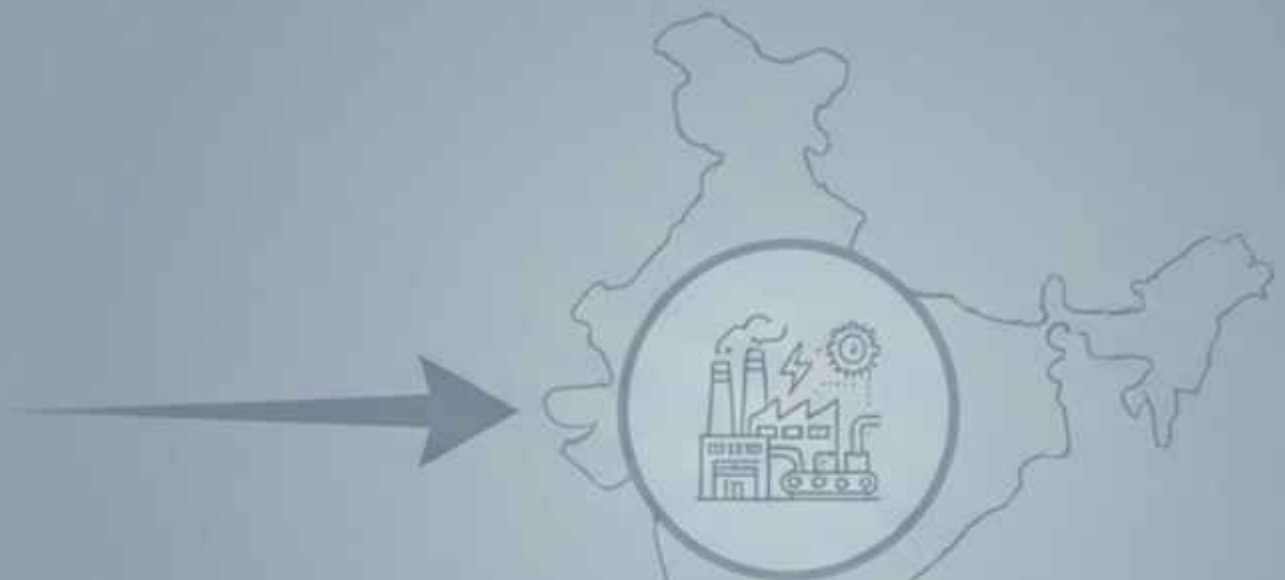
18–25% Financial Incentives

A massive margin enhancement tool offering cash rebates on incremental sales of domestically manufactured products.



Precise Execution

Access hinges entirely on correct corporate structuring and rigorous local compliance (GST, PAN, TAN).



Historical Approach:
Market Entry
Destination



PLI 2.0 Paradigm:
Global Manufacturing
Hub & Export Base

Catalyzing Industrial Growth:

Incentivizing foundational production shifts across 14 strategic sectors.

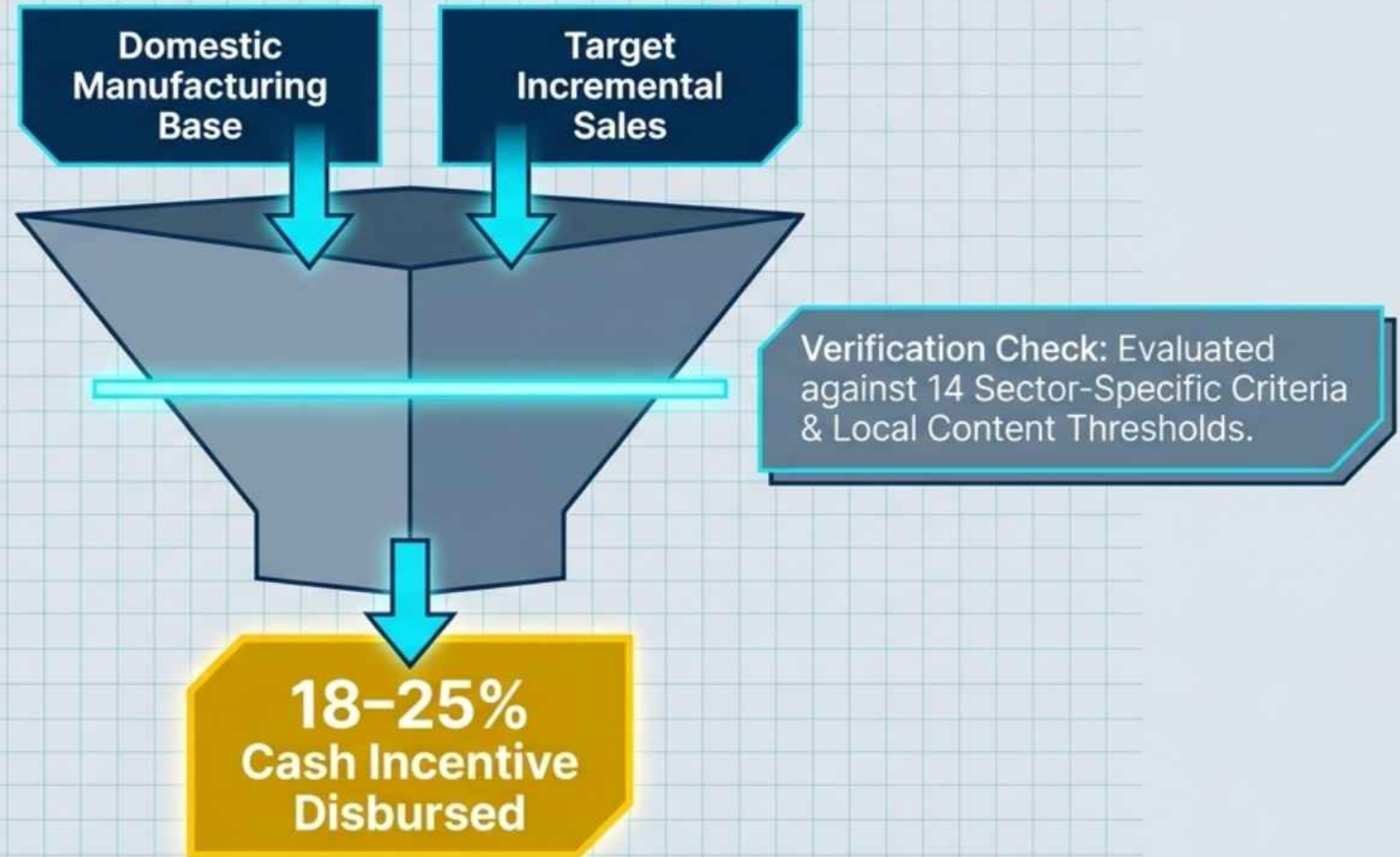
Beyond Market Entry:

Moving from import dependency to sustained presence, technology localization, and enhanced export potentials.

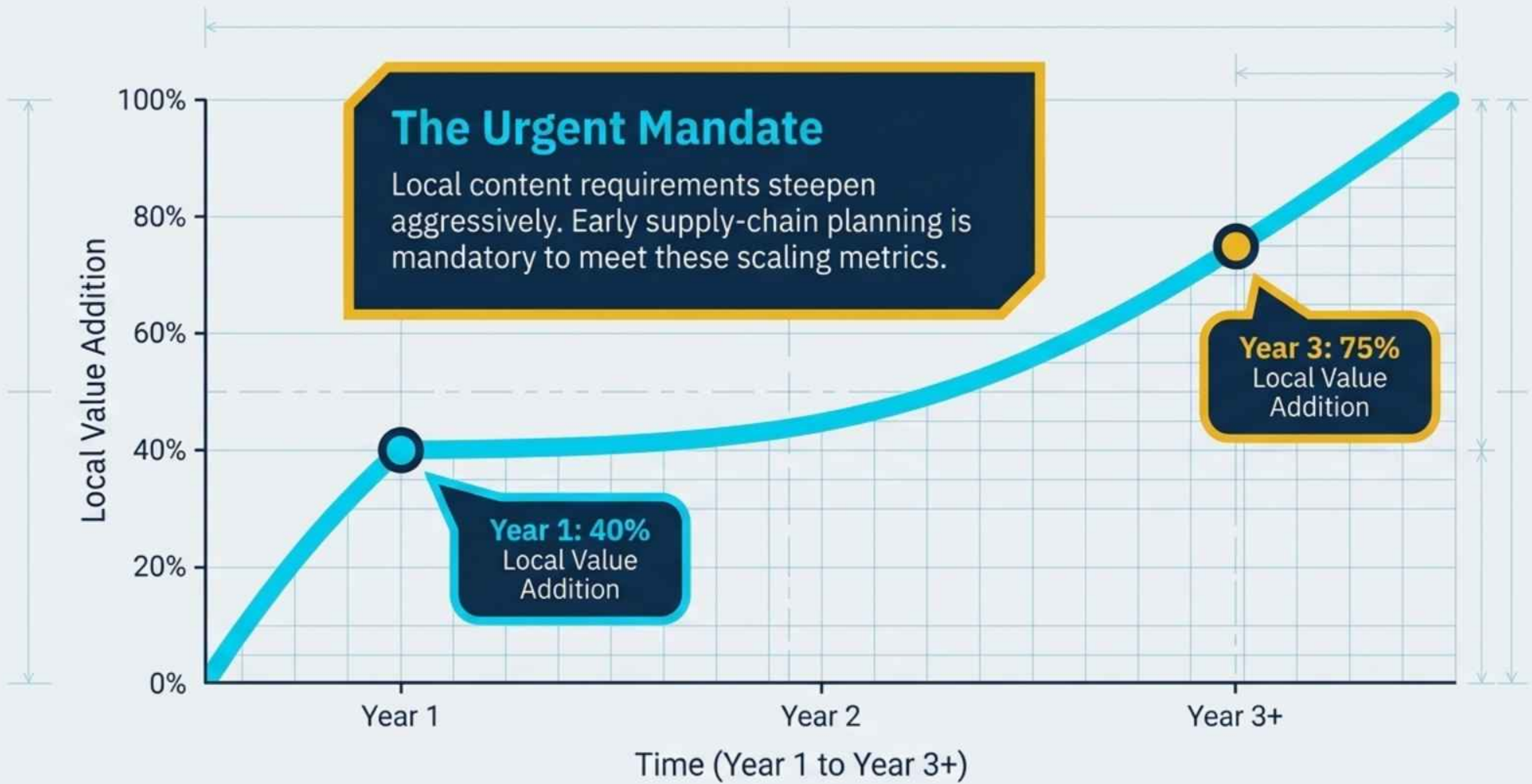
The Japanese Advantage:

A strategic lever for long-term integration into India's industrial ecosystem.

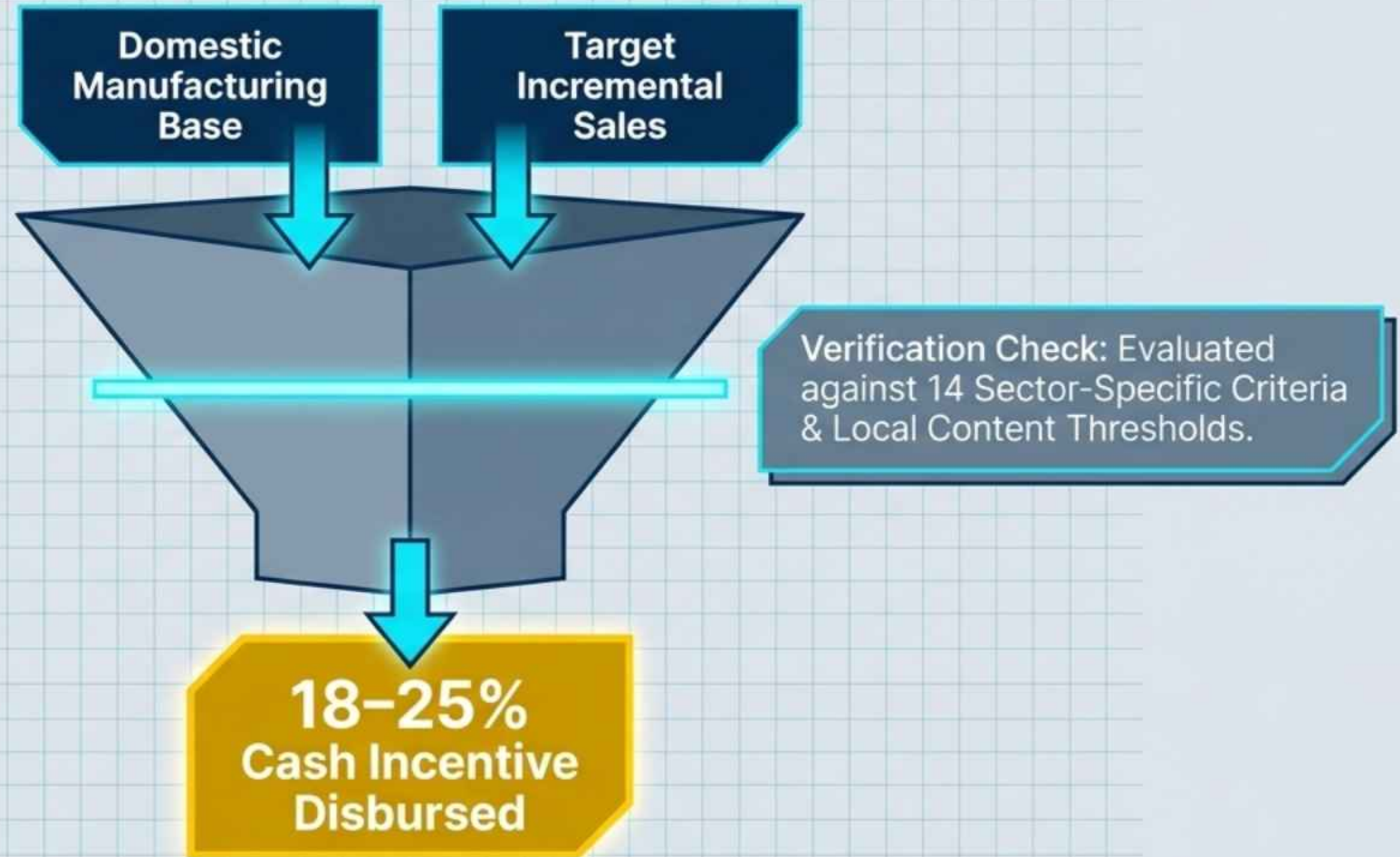
PLI Mechanics: Explanatory Funnel



Incentives are performance-based and disbursed only after verified incremental sales, not paid upfront.

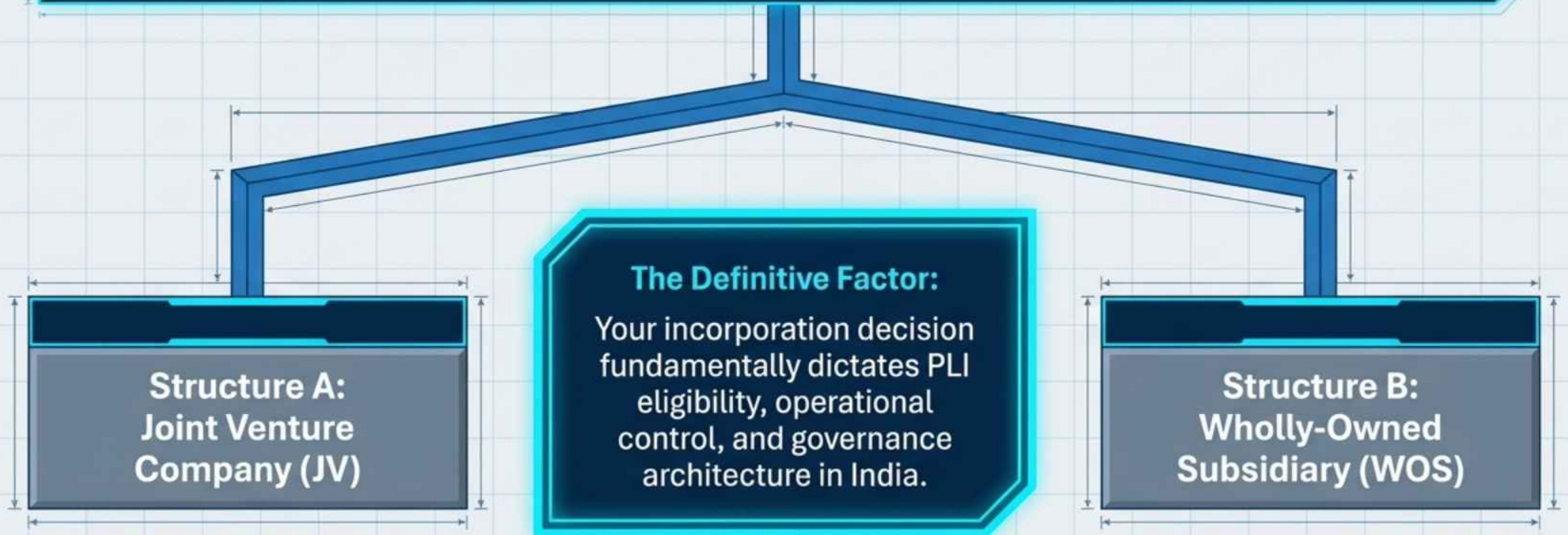


PLI Mechanics: Explanatory Funnel



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Global Parent Company (Japan)



**Structure A:
Joint Venture
Company (JV)**

**Structure B:
Wholly-Owned
Subsidiary (WOS)**

Strategic Entry Model Diagnostic: Joint Venture (JV) vs. Wholly-Owned Subsidiary (WOS) Comparison

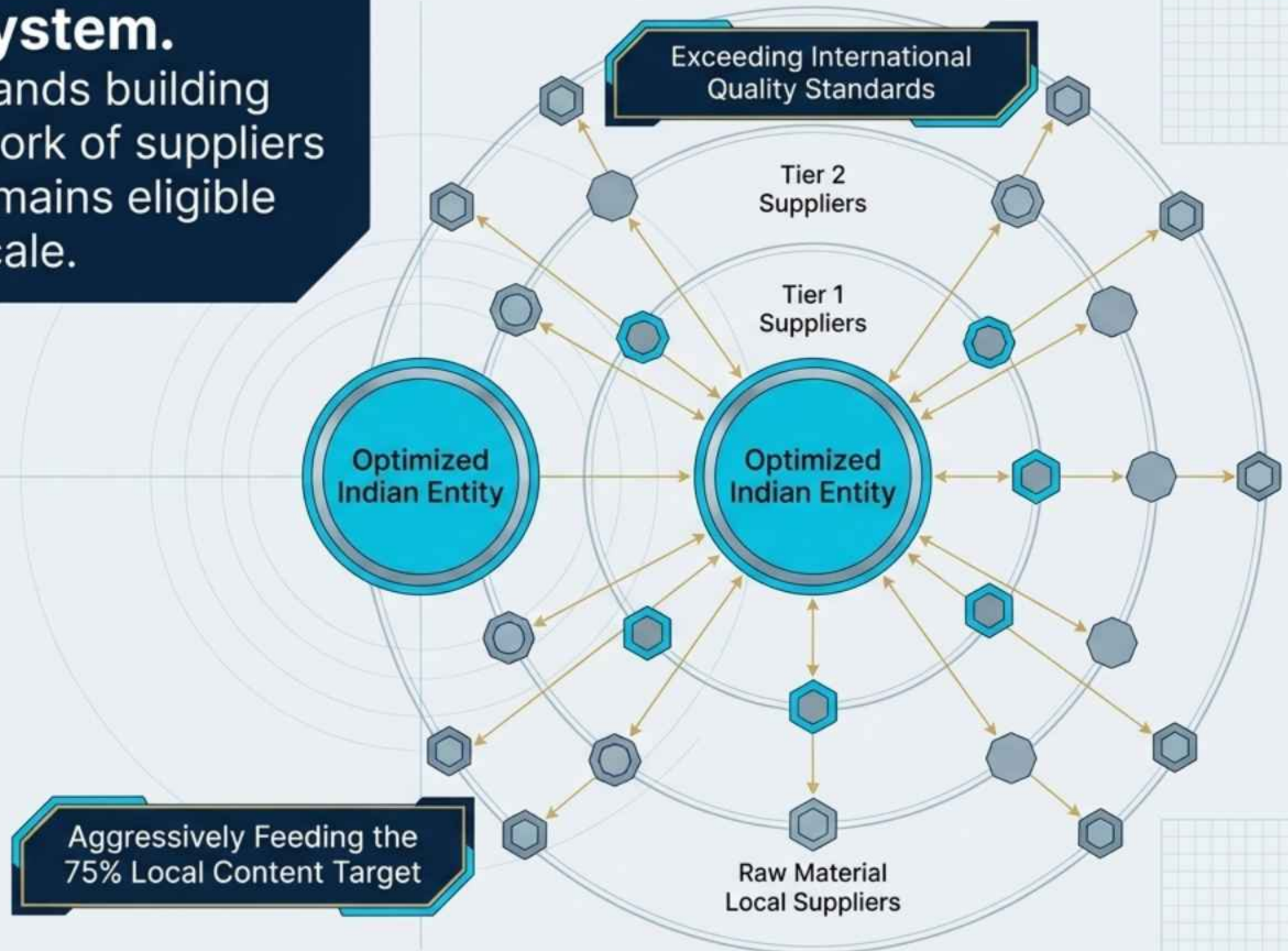
| | Joint Venture (JV) | Wholly-Owned Subsidiary (WOS) |
|----------------------------------|---|--|
| Speed to Market | ✓ Faster (leveraging existing partner) | ! Gradual (building from ground up) |
| Control over Decisions | ! Shared/Negotiated | ✓ Absolute/100% |
| PLI Compliance Complexity | ! Shared burden, requires aligned partner | ✓ Sole responsibility, maximum agility |
| Local Network Access | ✓ Immediate access to local supply chain | ! Requires organic development |



The Non-Negotiable Engine: Structural compliance is the absolute prerequisite for financial reward. A failure in one gear invalidates the entire incentive claim.

Aligning the Ecosystem.

Success in PLI 2.0 demands building a robust, localized network of suppliers to ensure your entity remains eligible as content mandates scale.



Use Case: Mid-sized Tier 1 Automotive Supplier

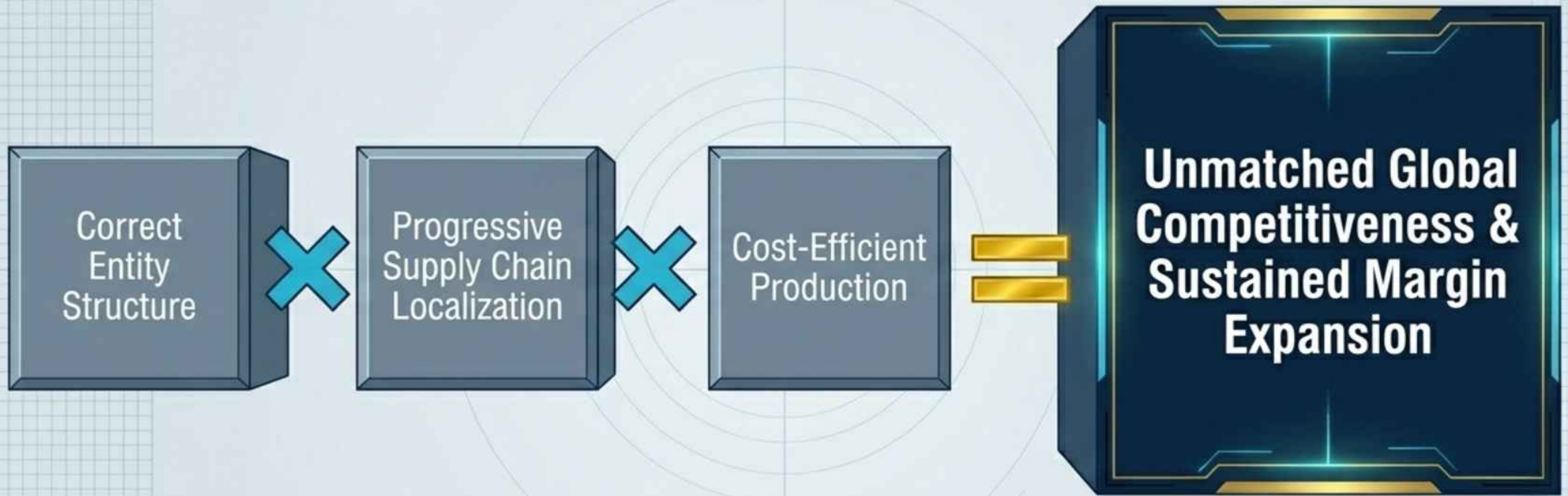


Standard Operations Margin

PLI-Enhanced Margin

Target: ₹500 Crore
Incremental Sales (Year 2)
Rebate: ₹90 Crore
Cash Rebate

Bottom Line impact: Massive profitability boost when this rebate is combined with India's cost-efficient labor force and production environment.



The PLI Multiplier Effect.

PLI 2.0 is not a rebate applied at the end of a process. It is a strategic multiplier integrated from Day 1, fundamentally reshaping a global firm's cost-competitiveness.

**Phase 1:
Assess &
Structure**

Define the strategy.
Choose between WOS vs. JV based on control needs
and timeline.

**Phase 2:
Incorporate
& Comply**

Execute the foundation. Complete Companies Act
registration, secure PAN/TAN, and establish GST
frameworks.

**Phase 3:
Supply Chain
& Claim**

Operationalize. Localize suppliers to meet the 40%
Year 1 mandate, drive incremental sales, and file for
the performance-based 18-25% rebate.

Partnering with KNM India: The Bridge for Japanese Firms

Pre-Incorporation
& Entry Strategy
(WOS/JV evaluation)

Post-Incorporation
& Secretarial
Services

Assurance &
Corporate
Advisory

Transaction
Advisory

Delivering seamless execution from initial structuring to final PLI claim filing, ensuring flawless compliance at every node.

Are PLI incentives paid upfront?

No. Incentives are performance-based, disbursed only after achieving verified incremental sales and benchmarks.

Who is eligible for these incentives?

Both domestic and foreign companies (including Japanese manufacturers) meeting sector-specific criteria and value thresholds.

What are the local content mandates?

Starting at 40% in Year 1, increasing aggressively to 75% by Year 3 depending on the sector.

Does this influence long-term strategy?

Yes. It demands localizing suppliers and building resilient supply chains aligned with India's priorities.

Tokyo Operations



Telephone:
+81-3-6869-0850

India Corporate Office



Telephone:
+91-124-4295170 /
+91-99105-04170



Email:
services@knmindia.com



Website:
www.knmindia.com