

RGPV STARTUP POLICY 2018



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(State Technological University of Madhya Pradesh)
(Accredited with grade 'A' by NAAC)

RGPV
STARTUP
POLICY 2018

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FOREWORD



It gives me immense pleasure to declare the launching of University's dedicated startup policy at the auspicious hands of **Smt. Anandiben Patel**, the Honourable Governor of Madhya Pradesh and Chancellor of Rajiv Gandhi Proudyogiki Vishwavidyalaya (State Technological University of Madhya Pradesh), Bhopal. This is indeed a historical moment for the University when it is venturing into a new realm of creating novel opportunities for satisfying the aspirations of young minds for their brighter and independent future. I am confident, this policy through its implementation will serve a great boon in developing creative and innovative products/services that shall not only address the local problems but also render a great service towards national and global challenges. This policy underlines the long-term vision, objectives, support and implementation guidelines for propelling a new wave of entrepreneurial culture in and around Madhya Pradesh. Our commitment towards this policy is policy-in-action and a concise detailing has been done to facilitate the systematic fertilization of innovative ideas through conducive nurturing.



Prof. Sunil Kumar
Vice Chancellor
Rajiv Gandhi Proudyogiki
Vishwavidyalaya, Bhopal

1. Introduction

Madhya Pradesh, the second largest state in India, is amongst the fastest growing states. The state has gained significant investment and economic growth in recent years. The state has developed robust infrastructure, conducive policy environment and industrial growth centers which has expedited the growth of industrialization. The State Government has also set-up a venture capital fund to ensure the availability of capital to the startups. Aligning with the Government of India's "Startup India" vision, the Government of Madhya Pradesh has envisaged creation of a technological entrepreneurial ecosystem through M.P. Incubations and Startup policy 2016 to nurture and promote Startup culture within the state.

2. About RGPV

Established in the year 1998 by the State Government's legislative assembly Act number 13, Rajiv Gandhi Pradyogiki Vishwavidyalaya is accredited with "A" grade by NAAC in the state of Madhya Pradesh. Sprawled over a vast campus of 241.47 acres, University at present is equipped with world-class amenities and infrastructure to promote new-age learning. With its outreach all across the state of Madhya Pradesh, University is committed towards offering more learner-centric programs with a vision to broaden access to quality technical education while ensuring social, financial, gender equity and promoting excellence in teaching and research. Under its umbrella, RGPV has a total of 188 Engineering; 5 Architecture; 69 Pharmacy; 25 MCA; 2 MBA Integrated colleges and 18 identified research centres. The University is committed towards offering programs with global impact with a vision to broaden access to quality technical education. Presently University offers a total of 20 Undergraduate; 66 M.E/ M.Tech and 14 M.Pharm. courses; and over 45 Diploma courses in various streams with a total enrollment of over 2.5 lac students in over 400 institutions. On campus, University offers a total of 24 PG, 8 UG and 4 Diploma courses with an enrollment of over 5000 students in University Institute of Technology (UIT), University Teaching Departments (UTDs) and University Polytechnic respectively.

Besides, RGPV has been selected by Ministry of Human Resource Development (MHRD) as one of the Affiliating Technical Universities (ATUs) amongst ten across the country for receiving TEQIP-III grant.

For Under Graduates, RGPV, Bhopal offers courses in the latest technology areas like Computer Science, Electronics & Communication, Information Technology, Electrical, Mechanical, Civil, and Architecture, etc. For graduates RGPV, Bhopal provides M.E./M.Tech/M.Pharm. Degree in the areas like Information Technology, Energy and Environment Management, Biotechnology, Nanotechnology, Pharmaceutical Sciences, etc. under the umbrella of five University Teaching Departments and University Institute of Technology. The world class infrastructure and support of Faculties of the Doctoral Programs offers opportunities to the Research Scholars to do their research works in respective areas. RGPV is the only Technological University in Madhya Pradesh, which has a dedicated student startup policy.

3. Centers and Facilities at RGPV

Creation and enhancement of infrastructural facilities in the campus is one of the top priorities of the University to promote a good teaching-learning environment. The University is situated in the vicinity of Raja Bhoj International Airport. The University has conceptualized state-of-the-art infrastructure on its campus. Aesthetically designed buildings are equipped with amenities and facilities for smooth

conduction of various academic and laboratory activities. RGPV has constructed a row of buildings to facilitate all departments to have own computer centers, faculty cabins, R&D centers, classrooms, lecture theatre, etc. The University is committed towards providing on-campus residence with facilities satiating elementary as well as tertiary requirements of the residential students such as hygienic surrounding, healthy and nutritious food, learning-conducive ambience, high-speed network connectivity, gymnasium, indoor-outdoor sports facilities, motorable roads, counselors and on-campus medical and ambulance facility, etc.

India's energy independence is on the top of National agenda of policy planners and each one of us in the university is supporting this mission. A positive step in this direction has already been initiated in the form of National Biodiesel Mission by Government of India. RGPV is firmly committed to provide support to this mission of high national importance. The RGPV Biodiesel park is conceived from the view point of accelerating the energy farming and cultivating the knowledge and know-how for producing World class Quality Biodiesel. The RGPV Biodiesel Park is a joint venture of School of Biotechnology, School of Energy & Environment Management and strongly supported by Centre of Green Technologies at RGPV. The park shall also receive support from University of Houston with whom the University has signed an MoU for collaborating research.

School of Pharmaceutical Sciences is equipped with sophisticated analytical instrumental laboratories and has achieved major breakthrough in cancer research through a new drug discovery. School of Pharmaceutical Science has also been credited with a design patent on in-vitro chewing gum machine.

School of Biotechnology provides an ideal milieu for interdisciplinary collaborative research and interaction between students and faculty. The research activities are well-funded through extra-mural research funding from government agencies such as University Grants Commission, Department of Biotechnology, Department of Science and Technology and Indian Council of Medical Research, etc. The department has filed for as many as five Indian patents.

4. Preamble

It has been revealed after analysis of Indian entrepreneur profiles that 32 years is the average age of entrepreneurs and that only 6 percent of them are women. Most of the startup entrepreneurs in the country have a background in MNCs (multinationals) and Indian tech companies (35 percent and 27 percent respectively, from a sample of the report). Startup founders who have absolutely no experience in the field before launching their ventures (NASSCOM Report) constitute of only 13 percent. Student (owned) startups have started to contribute towards market expansion and job creation. Most of the student (owned) startups have evolved from technology courses instead of other liberal studies or social sciences disciplines. In recent years, a few technological and entrepreneurship development institutions have initiated efforts to design Startup Policies for student ventures on their campuses.

5. Vision

To create tech-based startups and thousands of employment opportunities within the next 10 years (2028). This would be done by developing an ideal entrepreneurial eco-system and promoting strong inter-institutional partnerships among technical institutions.

6. Mission

To help create a larger number of student-driven, on campus startups that will add to economic and social value. To achieve this, the below mentioned strategies would be applied:

- Teaching students and encouraging them to take up entrepreneurship as a preferred career choice.
- Preparing students for successful launching of their startups.
- Developing customized teaching and training materials for startups and engaging them in pre-startup activities.
- Capacity Building Programmes / Activities for faculty as well as trainers.
- Mentoring 100 startups per year to become sustainable.

7. Definitions

Startup: An entity that develops a business model based on either product innovation or service innovation and makes it scalable, replicable and self-reliant.

Student Startup: A Startup that is initiated by student(s) enrolled in any academic institution recognized/approved by AICTE.

Startup Policy of Govt. of India: The Government of India (GoI) has announced the 'Startup India' initiative for creating a conducive environment for startups in India. Different Ministries of the GoI have initiated several activities for this purpose.

Pedagogy and Experiential Learning: It refers to specific methods and teaching practices (as an academic subject or theoretical concept) which would be applied for students working on startups. The experiential learning method will be used for teaching 'startup related concepts and contents' to introduce a positive influence on the thought processes of students. Courses like 'business idea generation' and 'soft skills for startups' would demand experiential learning rather than traditional class room lecturing. Business cases and teaching cases will be used to discuss practical business situations that can help students to arrive at a decision while facing business dilemma(s). Field based interactions with prospective customers; support institutions will also form a part of the pedagogy which will orient the students as they acquire field knowledge.

Host Institution: Host institutions refer to well-known technology, management and R&D institutions working for developing startups and contributing towards developing a favorable entrepreneurial ecosystem.

Tinker Lab: Tinker lab is a combination of experimental research and specialization. It sharpens technical and content specific aspects of a drawing and expands it by taking an open attitude in regards to the image and its possibilities within the design.

Technology Business Incubator: The Government of India used its Gazette (notification on February 17th, 2016) to notify that the process for recognition as a 'startup' shall be done through the mobile app/portal of the Department of Industrial Policy and Promotion. Any Incubator that is recognized by GoI is deemed to be a TBI for this framework.

Accelerators: Startup Accelerators design programs in batches and transform promising business ideas into reality under the guidance of mentors and several other available resources.

Angel Investors and Venture Capital Funds: An angel investor is a wealthy individual who invests his or her personal capital and shares experiences, contacts, and mentors (as possible and required by the startup in exchange for equity in that startup). Angels are usually accredited investors. Since their funds are involved, they are equally desirous in making the startup successful.

Venture Capital: It is the most well-known form of startup funding. Venture Capitalists (VCs) typically reserve additional capital for follow-up investment rounds. Another huge value that VCs provide is access to their networks for employees or clients for products or services of the startup.

Entrepreneurial Individuals: An Individual who has an entrepreneurial mindset and wants to make his/her idea successful.

Startup Managers: Startup Managers are entrepreneurial individuals who facilitate the startup functions and manage everything that is required to make the startup successful and sustainable.

National Science & Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology (DST): The National Science & Technology Entrepreneurship Development Board (NSTEDB), established in 1982 by the GoI under the aegis of DST, is an institutional mechanism that helps promote knowledge driven and technology-intensive enterprises. NSTEDB has representations from socio-economic and scientific Ministries/Departments, and they aim to convert 'job-seekers' into 'job-creators' through Science & Technology (S&T) interventions.

8. Policy Objectives

- To establish an incubation center.
- To encourage students to choose entrepreneurship as their careers.
- To equip students with the necessary skills for managing their business enterprise.
- To motivate students to convert their Detailed Project Reports (DPRs) into viable B-plans.
- To create a common virtual platform and ask institutions to submit students projects on this platform to make the project nationwide.
- To inculcate social responsive behaviors among students aspiring to launch startups.
- To orient students as to how they can conceptualize social business startups that will address social issues.
- To provide handholding support to students for launching their startups during the entire course of their study.
- To offer students, from rural regions of India, training in business opportunity identification in their local areas.
- To promote awareness about Intellectual Property Rights (IPR) protection and provide Legal Support and Fast-tracking Patent Examination at Lower Costs
- To facilitate incubatee to enable them to gain benefits from GoI's 'Startup India' programme.

9. Scope

This policy applies to all interested students that will include:

- Students of RGPV, Bhopal and affiliated institutes who have actual or potential interest in entrepreneurship activities in the Business Incubator;
- Students, who have completed Innovative/Potential Projects and who want to convert their projects to products/services and who want to set up startups, will be supported by RGPV, Bhopal

10. The support to create the Startup Ecosystem:

10.1 Pedagogical Roles

10.1.1 **On Campus-Off Campus:** Course on 'Startup: Launching and Sustaining' will be discussed inside the class room as well as through Off-Campus sites. Students will be motivated and supported to make visits based on their business ideas and learn about individual market practices.

10.1.2 **Entrepreneur-on Campus (both successful and failed):** In addition to the regular classes and assignments, entrepreneurs or startup entrepreneurs (both successful and failed) will be invited on campus to live with the students and mentor /guide them for their startups. The successful entrepreneur will teach his experience with success. However, the failed entrepreneur would offer guidance on mistakes to be avoided.

10.1.3 **Angels and Venture Capitalists in Classrooms:** Business Angels, Bankers and VCs will be invited as part-time course instructors to guide the students pursuing a startup as a career. The practical knowledge and rich insights provided by these experts would help students during the financial planning of their startups.

10.1.4 **Workshops:** A set of workshops will be scheduled like Opportunity Sensing and Business Ideation, Raw Idea to Viable Business Idea, Technology Commercialization, IP filing and B-plan Preparation.

10.1.5 **Startup Fest:** Startup fests & e-Summit at national and international levels will be introduced in the campus. This initiative will be connected and extended to academic campuses. Such fests would serve as an ideal platform for Student Startups to showcase their ideas and work with a larger audience comprised of potential investors, mentors and fellow startups.

10.1.6 **Development of Student Startup Manual:** RGPV, Bhopal will develop manuals on 'Business Ideation to Launch a Business Startups'. These manuals will help faculty and trainers as they guide their students effectively.

10.2 Mentoring, Incubation and Acceleration

10.2.1 **Web-portal for Mentoring of Startups:** An interactive web-portal for mentoring of startups shall be provided by RGPV along with a list of approved mentors. Startups can then identify mentors, interact with them and gain guidance. The web-portal will also have a database of subject matter specialists, researchers, faculty and trainers & various forms of necessary documents.

10.2.2 **Pre-Incubation Planning:** Pre-Incubation Planning is important to identify which ideas can successfully go through the incubation process. This phase of pre-incubation will prepare student entrepreneurs for the incubation phase by providing them prerequisite skills and knowledge that will help them validate and assess their ideas as well as define their business models in detail. In the pre-incubation planning phase, the following activities are to be performed:

- Basic Idea Testing:** RGPV will ensure pre-incubation qualification of a student's business idea.
- Promoters Details:** Relevant details of promoters shall be validated before allowing startups to enter the incubation process.
- Registration of Startup:** The Student Startup needs will be registered under a form of business entity like Partnership, Firm, LLP, Private Limited Company and One Person Company. Startups will be able to provide a copy of the registration certificate/letter to his/her academic institution.
- Admission to Incubator/ Co-working Space:** Admission into a startup incubation/co-working space programme of any TBI (approved by GoI) is permissible.
- Handbook on Pre-incubation Activities:** A Handbook on Pre-incubation activities as developed by AICTE for faculty/trainers and consultants, who would be involved in developing and teaching startups in RGPV will be provided on the web portal where students, mentors and teachers can view and use it.

10.2.3 Funding:

- The RGPV, Bhopal has set-up a fund with a corpus of Rs. 10 crores for students' startups vide Executive Council number No F-5/Acad/EC/97/RGPV/2018/1328 Dated 31st march 2018. Early Stage Seed/Venture Capital funds/Infrastructure funds from RGPV and funds from various funding agencies viz. AICTE, UGC, DST, DBT, etc. shall also be arranged for students' startups.
- RGPV shall link-up all government funding supports available under varied programmes such as Startup India, Stand-up India, Make-in-India, Swachh Bharat, Digital India and Schemes of Department of Science and Technology, Department of Biotechnology for Entrepreneurship Development.
- Funds from Corporate Social Responsibility (CSR), Private Funding shall also be explored and would be made available.
- RGPV has also created space for Corporate to set-up their startups on University campus. The revenue generated in the form of rental, recurring interest income, etc. through this system shall also be utilized to promote further startup activities.
- For each approved/ selected startup projects through a laid down process, a financial grant of upto Rs. 1 lac maximum may be provided through RGPV Corpus. This grant shall be provided in five stages as enumerated below:
 - After preliminary selection; Rs. 25000/- maximum or actual expenditure for preparing DPR.

- ii) After DPR acceptance, Rs. 25000/- maximum or actual for IPR procedures, if any.
- iii) Rs. 25000/- maximum or actual as initial seed grant to execute the business plan, hiring consultants/ mentoring services.
- iv) Rs. 25000/- maximum or actual to meet the contingent incubation expenditures.
- v) After successful incubation during incorporation, RGPV may have 3% promoter equity on cost basis as explained in annexure 2.

10.2.4 Other support

i) **Legal Support and Fast-tracking Patent Examination at Lower Costs**

Legal Support and Fast-tracking Patent Examination at Lower Costs would promote awareness and adoption of IPRs by Startups and facilitate them in protecting and commercializing the IPRs by providing access to high quality Intellectual Property services and resources, including fast-track examination of patent applications and rebate in fees.

ii) **Organizing Startup Fests**

A pivotal component for growth of Startups is regular communication and collaboration within the Startup community, both national as well international. We plan to organize one fest at the state level annually to enable all the stakeholders of Startup ecosystem to come together on one platform. The fests shall have activities such as sessions to connect with investors, mentors, incubators and Startups, showcasing innovations, exhibitions and product launches, pitches by Startups, mentoring sessions, curated Startup walks, talks by disruptive innovators, competitions such as Hackathon, Makerspace, etc., announcements of rewards and recognitions, panels and conference.

iii) **Infrastructure Support**

RGPV, Bhopal will support the student who has opted for the 'Startup: Launching and Sustaining' programme by providing mentoring services and allow the student to use facilities available in the institution as well as in the institution's business incubation cell or TBI

11. Candidate's Eligibility Criteria

The candidate should be a bonafide student of any institute affiliated with RGPV, Bhopal.

11.1 Process for the selection of Candidates

Submission of Business Plan citing the following key parameters:

General

- potential for business growth
- ability to create jobs
- ability to generate net profit
- potential for social impact o potential to strengthen and diversify the economy
- compatibility with incubator objectives and existing clients

Technical

- value-added by innovation
- core competence
- time to market
- patent situation
- uniqueness of concept
- access to external expertise/faculty/facilities

Business

- market knowledge and focus on specific industry
- dedicated team
- integrity and capacity for hard work
- ability to handle crisis and risk
- statement of infrastructure requirements
- statement of purpose (e.g. what benefits and values do the promoters see from getting support from the cell)
- "Time frame - anticipated time required to become fully self reliant from the date of admission

11.2 Exit Policy

A candidate will be relieved under the following circumstances:

- Completions of two years stay (if no extension granted; they may be granted maximum two extensions for 6 months each at a time at the sole discretion of the cell).
- Under performance or non-viability of business proposition as decided by cell on case to case basis.
- When the company enters in an acquisition, merger or amalgamation or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
- Any other reason for which cell may find it necessary for an incubated company to leave.

12. Steps in implementation

To be implemented at RGPV, Bhopal and its affiliate institutions

- Establishing Startup cell/club with participation of students
- Appointment of faculty mentor/advisor
- Identify location for Innovation and Startup cell/club for students (Including equipment and furniture like computer, Wi-Fi, table, chair, printer, stationary, etc.)
- Awareness drive/ workshops about the idea of 'Innovation' & 'Startup'
- Identification of different problems in local/national areas to be worked upon (Identification of Innovation/startup ideas)

- 'Need of an Hour' based Curriculum motivating students to generate innovative ideas
- Setting up of Tinkering Labs in institutes
- Continuous Drive of Competitions: Idea stage, prototype stage, business plan, etc.
- RGPV, Bhopal will identify the potential students through competition under RGPV startup support initiatives/system
- Provide complete support (infrastructure/funds/legal/training/workshop, etc.) to the identified students/ startup projects
- Organize events to showcase the startups working in the system to give them platform to go to the next level
- University will facilitate the incubation facility/s through incubation centre of RGPV, Bhopal for transforming the innovative ideas/startups into commercially viable product maximum for a period of two years

13. Admission Process

The student selected through competition and evaluation process will submit a proposal covering following points:

- Standard Operating Procedure
- Business Plan
- Statement of infrastructure requirements
- Statement of purpose or reason for incubation (e.g. what benefits and values do the promoters see from getting incubated in incubator cell)
- Time frame - anticipated duration of stay within incubator cell from the date of admission
- Estimated accounts projections for next 2 years
- Unique Selling Proposition (USP) of the project

Once all the projects are submitted the proposals will be scrutinized by a high level committee comprising of:

- Representative of the university (As appointed by Honourable Vice-Chancellor of RGPV, Bhopal)
- Representative of the State Government or Board Member- M.P Venture Finance Ltd.
- Industry Expert (At least two)
- A representative from financial institution like Public Sector Bank

The committee will scrutinize the written proposals and short list the prospective candidates for one to one interaction. Based on one to one interaction candidate's final selection list will be released.

The incubatee will be provided with space and funds support to run its operations after entering into in agreement as provided in Annexure A

Annexure A Incubation Agreement

This Agreement is made on this day of 20_ by and between , a Company registered under the Companies Act 1956, having its registered office at through its Directors and the promoters (herein after referred to as "Resident company or incubatee" which expression shall include unless it be repugnant to the context or meaning thereof mean and include their successors, representatives, assigns, promoters etc.)OF THE FIRST PART

AND

Rajiv Gandhi Proudयोगी Vishwavidyalaya through as authorized signatory (hereinafter referred to as 'RGPV' which expression shall include unless it be repugnant to the context or meaning thereof RGPV has established a Startup Incubation Centre (hereinafter referred to as SIC) with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based areaOF THE SECOND PART.

SIC and RGPV are same parties for the purpose of this agreement, SIC is the operating and implementing body of RGPV, Bhopal. Similarly Resident Company/Incubatee also after the exit from SIC denote second party.

NOW IT IS DULY COMMUNICATED AND HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Objectives

RGPV, Bhopal agrees to incubate..... in the Startup and Incubation Centre at RGPV. The purpose of incubation unit will be to:

- Promote & interact with, and resource technology/expertise from faculty members and research scholars and laboratory infrastructure in the various departments and centers of the Institute.
- Help in getting other kinds of techno-managerial expertise required that is not available within the institute.
- Incubating novel technology and business ideas into viable commercial products or services.

2. Tenure of Incubation

The Resident company/incubatee has been using the facilities of SIC with effect from and is carrying out full-fledged activities as a Resident company/incubatee. SIC has been extending all the facilities of incubation from the said date.

2.1 RGPV, Bhopal will permit Startup/ Incubatee Company to commence incubation in SIC with effect from and the incubation shall expire on

2.2 The period of Incubation can be extended only by RGPV, Bhopal at its discretion if a request is made by the company.

3. Facilities and Infrastructure

That RGPV will provide facilities to the resident company/incubatee as per the regulations framed by RGPV, Bhopal in this regard and as amended from time-to-time. The facilities and infrastructure more specifically are as in Annexure 3.

Upon admission to SIC, certain facilities as given in Annexure 3, will be offered to the Startup Resident company/incubatee on payment basis as prescribed in Annexure 4. Further, RGPV, Bhopal has the right to inspect and examine the premises allotted to the Startup resident Company/incubatee at any point of time during the incubation period/stay at the SIC premises. On the completion of the incubation or when the Startup Resident company leaves SIC due to any other reason, all the furniture, space and any other facilities provided shall be surrendered to SIC in good condition (after allowing for normal wear and tear in the case of equipments). All costs incurred for such restoration to good condition shall be borne by the Startup resident company and in case SIC has to incur any further expenditure to get the equipment or the room back into good condition then the same shall be recovered from the Startup resident company and/or its directors or promoters. All dues including that of the accommodation at the RA hostel should be cleared by the Startup resident company before it leaves the incubation otherwise, all outstanding dues shall be recovered from the company or its directors and/or promoters.

3.1 Common infrastructure

SIC provides a common pool of hard and soft infrastructure to be shared by all incubatee/ Startup resident companies. Certain resources can be provided on charge basis by RGPV, Bhopal on request of the Startup resident company and subject to the rules and regulations in this regards as applicable from time to time.

3.2 Institute infrastructure

SIC will facilitate access to the Institute's infrastructure on request of the Startup resident company/incubatee as per regulations made by RGPV, Bhopal in this regard. The facilities will remain under the overall control of RGPV, Bhopal and will be available to the Startup resident company only for specific activities.

3.3 Services of Professionals

SIC may identify and associate professionals for accounting, IP, legal and management expertise on a part-time basis. Incubatee/ Startup Resident Company can avail of their services on prescribed charges. Any direct services provided to an incubatee would have to be paid for by the incubatee to the service provider on mutually agreed terms and conditions.

SIC may also provide soft infrastructure and business services by third party to the incubatee companies, if RGPV, Bhopal so agrees on the request of the resident company/incubatee. Possible services and support items on payment basis are listed as in Annexure 4. SIC may also, if regulations of RGPV, Bhopal permit, to assist the Startup Resident Company/Incubatee in getting consultancy services through partner organizations and identified consultants, in the areas such as Market research and opportunity identification, Valuation of Businesses, Competitor Research, Market analysis and sizing, Customer Search, Electronic Research, Marketing plan formulation Consulting on strategies at various stages: Launch, Growth and Harvest of businesses. However it is made clear that SIC acts merely as a facilitator for any services and the Startup resident company/incubatee shall have to make an agreement with the service provider towards terms and conditions for availing the service. SIC may on its discretion provide certain services on subsidized or no-charge basis.

3.4 Mentoring and Advisory Facilities:

Each Resident Company or Incubatee is required to have a Faculty mentor from RGPV, Bhopal or if permitted by RGPV, Bhopal, from any other Institute as a Faculty Mentor/ Advisor, primarily for technical issues. The terms and conditions in this regard have to be worked out by the Startup resident company/incubatee with the faculty concerned and intimated to RGPV, Bhopal.

4. Consideration

- 4.1** The Incubatee/ Startup Resident Company is required to provide a Non-Dilutable Equity (as defined in Annexure 2) equivalent to 3% of the promoter's equity to RGPV, Bhopal, In addition to this the Company has to provide 1% of the promoter's equity or 100 shares whichever is higher to each mentor of RGPV, Bhopal/ Affiliated Institutes read with the SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT Annexure 1 of this Agreement. Further :
- 4.2** RGPV, Bhopal/SIC shall levy charge on the Startup resident company/incubates for infrastructure and facilities, current rates are given in Annexure 4.
- 4.3** Charges for seed money and RGPV, Bhopal's Intellectual Property would be as decided by RGPV, Bhopal on case to case basis.
- 4.4** RGPV, Bhopal/SIC may change the above rates from time to time at its discretion and date of implementation of the amended charges shall be applicable with immediate effect.
- 4.5** A monthly charge other than office space, will be charged by SIC and shall be payable strictly within seven days from the date of the communication in this regard.
- 4.6.** The Startup Resident Company/Incubatee shall have to execute separate agreement for seed money and/or Intellectual Property/know-how, Technology owned by RGPV, Bhopal, as and when a request is made and agreed upon by RGPV, Bhopal.
- 4.7** The resident company will pay to RGPV, Bhopala charge for utilization of the space allotted to it @ Rs.08.00 per Sq. Ft. per month. The consideration shall be Rs. 2000/- Only (Rupees Two Thousand only) per month. The said consideration shall be payable by the company in the following manner:
- 4.7.1** Rupees Six thousand per quarter shall be payable in advance for every quarter one week before the start of the quarter or on the 24th of the month preceding the quarter. Quarter for this purpose would mean the quarter as per the English calendar commencing from January every year. The consideration for the quarter during which the incubation commences shall be proportionately adjusted taking into consideration the date of commencement of the incubation.
- 4.7.2** The company would have option of deferring 50% of the charges as mentioned in 4.7.1 till the time they exit from SIC.
- (I) In lieu of such deferment either they can pay back later but before the exit with an interest of 12% compounded quarterly or alternatively the resident company /incubatee shall issue additionally 1% of the equity to RGPV,Bhopal and this equity shall also be a Non-Dilutable.
- (ii) **Default in payment:** If the company defaults to pay at any time any dues then they shall have the option to pay such dues at the time of exit with 12% interest compounded quarterly or shall issue non-dilutable equity at the option of RGPV, Bhopal.
- $$\% \text{ of Equity} = \frac{\text{Computed unpaid amount}}{\text{Computed total amount during the incubation}} \times 1\%$$
- 4.8** On the request of Startup resident Company/Incubatee access to any other facility of RGPV, Bhopal's infrastructure shall be made available and shall be charged as per the RGPV, Bhopal regulations.

5. As a statement of faith on the value of partnership with RGPV, Bhopal the company is committed to issue equity shares to RGPV as per clause 4. At the time of disposal the decision of SIC / RGPV, Bhopal regarding buyback of full or part of the 3% equity issued shall be conveyed to the company and the company shall abide by the decision. The buyback and equity disposal rules are as contained in Annexure 2 and the SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT annexed to this Agreement.

5.1 That the resident company shall surrender and vacate the premises on RGPV, Bhopal on a notice by SIC no advance notice is required to be given by SIC to the resident company.

5.2 That RGPV, Bhopal shall have lien on the assets of the resident company at the incubation center till such time that the resident company clears all the outstanding dues.

5.3 That the 'SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT' Annexure 1 forms part and parcel of this agreement and is hereby accepted by the resident company in its entirety and the resident company and its directors hereby indemnify RGPV, Bhopal and undertake to remain responsible for all dues payable or losses suffered on account of any act, negligence, default on the part of the Resident Company/ Incubatee and its Directors and employees.

6. **Amendments** Notwithstanding anything contained hereinabove or in the 'SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT' annexed thereto SIC may at any time amend all or any part of the agreement and its annexure and the Resident Company/ Incubatee shall be bound by the said amendments. The amendments shall be applicable with immediate effect.

7. **Arbitration:** Any/all disputes between the resident company/ incubatee shall be referred for arbitration to the person so nominated by the Vice-Chancellor /Registrar RGPV, Bhopal under the Indian Arbitration & Conciliation Act whose decision shall be final and binding upon the parties. The place of arbitration shall be Bhopal.

8. RGPV, Bhopal reserves its right to nominate a representative on the Board of Director of the Startup Resident Company/Incubatee till the time RGPV, Bhopal holds equity. The Incubatee/ Startup Resident Company shall indemnify to RGPV,Bhopal or nominee any loss suffered or expense incurred in as a result of such nomination.

In witness whereof parties hereto have signed this Startup Incubation Agreement on the date and year mentioned hereinbefore.

For & on behalf of

.....

Signature

Name

Designation

Seal

Witness (Name & Address)

1.

2.

For & on behalf of

RGPV, Bhopal

Signature

Name

Designation

Seal

Witness (Name & Address)

1.

2.

ANNEXURE - 1

To The Startup Incubation Agreement

SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT

The company hereinafter called the "Startup Resident Company/Incubatee" as per the Incubation Agreement with the Institute for Synergistic collaboration through SIC has been permitted. If there is any conflict in the rules and byelaws given below, with any of the clauses of the agreement mentioned above, the rules/clauses of the said agreement will prevail.

RULES AND/OR BYELAWS

Rule-1

Tenure of Incubation

The Startup resident company/Incubatee will be permitted to incubate in SIC for a period of Twenty four Months. Two further extensions can be granted for 6 months each at a time, at the sole discretion of RGPV, Bhopal.

Exit

The Startup resident company/Incubatee will be required to leave the incubator under the following circumstances:

- After the completion of the Incubation including extended incubation period, if any.
- Underperformance or in-ability to perform business as evaluated and decided by SIC/RGPV,Bhopal on case to case basis
- Irresolvable promoters' disputes in opinion of SIC/RGPV, Bhopal on case to case basis
- Violation of any Statue, rules and regulations of RGPV, Bhopal in the opinion of SIC/RGPV, Bhopal on case to case basis.
- Capital cash flow exceeds Rs 2 crores in the opinion of SIC/RGPV, Bhopal on case to case basis
- Number of employees of the incubatee exceeds 20
- When the annual gross revenues of the incubatee (excluding all the taxes) exceeds Rs. Two crore or the Net Profit After Tax exceeds Rs. Fifty Lakhs
- When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan
- Incubatee plans for a public issue in the opinion of SIC/RGPV,Bhopal on case to case basis
- Change in promoters'/ founders' team in the opinion of SIC/RGPV,Bhopal on case to case basis.
- Any change of more than 50% of equity ownership unless approved by SIC, in the opinion of SIC/RGPV, Bhopal on case to case basis
- Any other reason for which SIC may find it necessary for an incubatee resident company to leave.

Notwithstanding anything written elsewhere, SIC's decision in connection with the exit of an incubatee company shall be final and shall not be disputed by any incubatee company.

Rule-2

The Resident Company/Incubatee shall undertake Research & Development, Design/Testing, prototype development from RGPV, Bhopal's premises but shall not carry out warehousing, storage, marketing sales or other commercial routine activity.

Rule-3

The SIC address in RGPV, Bhopal Campus cannot be used as the address of the Registered Office of the resident company/incubatee.

Rule-4

Subleasing or subletting of any kind of the space given by SIC is not allowed. Non-observance of this rule will result in immediate expulsion.

Rule-5

If an incubatee/ Startup resident company require more space or has vacant space, a request for additional space/surrender of the space is required to be made to SIC in writing.

Rule-6

The Startup resident company/Incubatees are required to provide a list, as per the following format, of their full time and part time employees at least once every month:

S.No.	Name	Age	Sex	Full time or part time	Qualifications & Experience	Designation & Responsibilities/ Duty	Address	Signature

Rule-7

All the visitors to the SIC Complex are required to sign in the visitor's register and collect their visitor's badges/passes. They must bear these passes/badges at all times while in the SIC complex. They are required to return these passes/badges while leaving the building.

Rule 8

The space given at SIC complex is without any furniture. The resident company or the Incubatee are required to submit their lay out plan for any modifications, permanent fixtures etc which they are planning in the space provided to them. Without the prior approval of the lay out plan from SIC they cannot undertake such work. After the completion of incubation, the space should be returned in the same condition as it was in the time of taking the occupying the space of SIC excluding normal wear and tear, decision of SIC in this regard will be final.

Rule-9

The Startup resident company or incubatee should observe that noise levels are kept at minimum and, no abnormal noise by any machine or by their employees or visitors should be made. Any complaint of high noise level will result in appropriate action by SIC.

Rule-10

All resident companies/incubatees are required to observe health and safety standards. No hazardous material can be brought inside the complex without the prior approval of SIC. All the incubatee companies are required to keep a first aid kit in the space provided to them.

Rule-11

No resident company or its employee can display notices or signage except in the space or Boards provided for such signage by SIC.

Rule-12

It is the responsibility of all the Startup resident companies and their employees to use the common facilities e.g. common area, fax & other machines etc. with due diligence and care.

Rule-13

The Resident company or incubatee shall be required to submit to the SIC a unaudited/audited financial statement before the 7th of every month to SIC office. Non-compliance with the same would result in a fine of Rs. 1000 and if the same is not given for three months continuously the offices of the company would be sealed without any further notice. The company should also inform SIC on the progress on the incubation projects and should make presentations to the Committee on a quarterly basis and non-compliance would result in similar penalties stated above. The incubatee is also obliged to submit to SIC one copy each of the Memorandum of Association, Articles of Association, and Annual Report (as and when approved by their Board of Directors)

Rule-14

It will be obligatory for the Startup resident company or incubatee to involve RGPV, Bhopal area experts and/or use existing laboratory facilities during the developmental activities for mutual benefits. The consultancy charges payable to RGPV, Bhopal area experts/ mentor will be according to the norms as laid down by RGPV, Bhopal in this regard.

Rule 15

Notwithstanding any issue/dispute pending between the Company and RGPV, Bhopal/SIC at the time of completion of the agreed tenure of incubation period, or if given an exit notice by SIC the incubatee must vacate the allotted space unconditionally.

Rule-16

The resident company/Incubatees are required to keep the SIC informed about any visitor from abroad, foreign collaboration and/or foreign partner or director, and abide by the rules/procedures in vogue in the SIC / RGPV, Bhopal.

Rule-17

RGPV, Bhopal/SIC reserves the right to nominate one representative to the company's Board of Directors till RGPV exits from the company. The nominated representative of RGPV, Bhopal shall not be deemed to be, in any way, concerned with the affairs or day-to-day working of the company and/or held liable for breach of any of the provisions by the company of the companies act.

Rule-18

The Startup Resident Company/Incubatees are required to keep the SIC informed in advance and obtain their concurrence in writing for the following during the incubation period:

- a) Change of Name of Startup Incubation Company to any other form of legal entity
- b) Any Major change in their incubation/business plans

- c) Change in their ownership pattern
- d) Change in their Board of Directors
- e) Disposal of assets

Rule-19

SIC/RGPV, Bhopal reserves the right to release information regarding the Incubatee /the Incubation / the product or service to the media to promote SIC for non-commercial purposes.

Rule-20

All Startup resident Companies incubated in the Centre would be required to submit their audited annual Balance Sheet to the Centre after graduating from the Centre.

Rule-21

On issues wherein no rules and/or byelaws are clearly defined, SIC/ RGPV, Bhopal rules and/or byelaws shall prevail.

Disclaimer

The incubate/ Startup Resident company understands and acknowledges that SIC/RGPV intends to provide supports facilities to the Company in good faith to pursue its objective to promote entrepreneurship by converting innovative technologies by incubating and supporting new enterprises. It is understood that by agreeing to provide various supports and facilities, SIC/RGPV does not undertake responsibility for:

- Ensuring success of an incubate/ SIC resident company, its products/ process/ services or marketability,
- Ensuring quality of support provided by SIC to the complete satisfaction of the incubatee companies or their promoters/ founders.
- Ensuring quality of services of the consultants engaged by the incubatee companies through SIC/RGPV network. Incubatee companies will have to apply their judgments before getting in to a relationship with them.

The incubatee/resident company agrees that SIC/ RGPV or their employees shall not be held liable for any reason on account of the above.

ANNEXURE - 2

Clarification to the word "Non-Dilutable" appearing in Clause 4 of the Incubation Agreement

What is Non-dilutable?

This is clarified for the interests of the parties and to avoid any confusion or ambiguity.

The Company and their Promoters agree that the SIC is providing incubation facility which is very critical for growth and sustenance of the Company in early days, in return RGPV,Bhopal shall be provided with 3% shares of the "promoters' holding" in the company free of cost and this shall be duty of the promoters to maintain RGPV,Bhopal's 3% equity of promoters' shares till RGPV,Bhopal decides to sell or give buy back option to the Company or promoters.

Who are Promoters (For the purpose of this agreement)?

Promoters are natural persons, including their close relatives and family members, who have formed the company and have signed the Articles of Association before the Registrar of Companies and have approached IIC, RGPV,with Incubation Proposal and have signed the Incubation Agreement.

Method of valuation for Equity Disposal:

The method of maintaining the equity of RGPV, Bhopal at the stipulated level and the mechanism for equity disposal are as follows:

- A) On a price as mutually agreed;
- B) On a price calculated by an expert so appointed with mutual consent
- C) In case the parties do not agree with the amount calculated through mode as given in A & B paras above the valuation shall be done on the basis of the expenditure incurred and/or the assets (tangible and intangible) generated. All expenditure incurred including salaries shall be compounded on a quarterly rest basis by a risk adjusted rate of return of 24%. This rate has been arrived keeping in general, that the expected rate of return in successful ventures is of order of 40-50%. The value of the company shall be treated as equal to this value. In case where the Director/promoter are working in the company without or nominal salary/remuneration, their contribution shall be calculated for this purpose as equivalent to the Total emoluments drawn on the date of valuation by an Assistant Professor of RGPV, Bhopal includes such emoluments like Basic, Dearness, House Rent Allowance and other allowances.

Illustration: Suppose "A" and "B" form a Company "C", here A & B are the promoters for the purpose of calculation of 3% equity. Assuming that the paid-up capital of the C is 2,06,000 and authorized capital 5,00,000 with equity holding distribution given below:

Share holding of Promoter "A"	10,000 Shares
Share holding of Promoter "B"	10,000 Shares
3% of RGPV, Bhopal equity of Promoters (A+B)	600 Shares
Total	20,600 Shares

Case 1: Suppose a Venture Capitalist (VC) invests in the company against 25 % equity in the company. The structure of the shares holding will be:

Share holding of VC	6,867 Shares
Share holding of Promoter "A"	10,000 Shares
Share holding of Promoter "B"	10,000 Shares
3% of RGPV, Bhopal equity of Promoters (A+B)	600 Shares
Total	27,467 Shares

Equity holding of Promoters (A+B) remains same, so there is no requirement to give additional shares to RGPV

Case 2: Suppose Promoters increase their shares by 5000 by any mode like but not limited to issuing additional shares, bonus shares then RGPV's equity will also be increased, without any consideration from RGPV, Bhopal for the same this is to ensure that at all time the shares of RGPV, Bhopal are equal to 3% of the equity of Promoters. However this condition shall apply only up-to a period of one year from the date of exit from SIC

Share holding of Promoter "A" and 'B'	25000 Shares
3% of RGPV equity of Promoters (A+B)	750 Shares
Total	25,750 Shares

Case 3 : Subsequent to this, any dilution of the equity may be based on the valuation of the promoters holding at the times of valuation. The Incubatee Company can issue additional equity at a premium based on the valuation. In case the shares are issued at a rate less than the full value (value arrived as per valuation defined herein above), the RGPV, Bhopal's share holding shall also be increased in such a ratio that equity is maintained at 3% value of the pre-issue valuation.

Suppose the promoters are "A" & "B" have 1000 shares with valued at Rs. 100/- upon valuation.

Share holding of Promoter "A" and 'B' of Rs 100 each	1000 Shares
RGPV equity of Promoters (A+B) of Rs. 100 each	30 Shares
Total present value	Rs 1,03,000/-

A & B issue additional 1,000 shares at a premium of Rs 40 (Rs 50 × 1000), which is less than full value (Rs. 100/-)

Total Capital is Rs 50 × 1,000 + 1,03,000 = Rs 1,53,000

Share of RGPV, Bhopal = (30 + X), X= additional shares to be issued to RGPV as a result of under valuation

Total Shares = 1000+1000+(30+X)=2000+(30+X)

Value per Share = $\frac{1,53,000}{2000 + (30 + X)}$

RGPV, Bhopal Value = $\frac{1,53,000 \times (30 + X)}{2000 + (30 + X)} = 3,000$ (Value of RGPV share)

(Promoters pre issue share value is Rs. 100 × 1000 shares)

$$\begin{aligned}
 &= 1,53,000 \times (30 + X) = (2000 + 30 + X) \times 3000 \\
 &= 4590000 + 153000X = 6000000 + 90000 + 3000X \\
 &= 153000X - 3000X = 6090000 - 4590000 \\
 &= 150000X = 1500000 \\
 &= X = 10
 \end{aligned}$$

So according to this hypothetical illustration the Incubatee Company has to issue 10 additional shares to RGPV, Bhopal against this RGPV, Bhopal shall not pay any money.

Please note that these hypothetical illustrations are only for the purpose of Clarification and should not be construed as actual which may be different from these figures.

ANNEXURE - 3

Facilities and infrastructure to the resident companies subject to the Rules and Regulations and as mentioned in clause 3 of the Agreement

- Office space 12 Square meters
- Personal Computers – up to five, depending on the team size
- Printer
- Internet connection one e-mail ID for the promoters who shall be responsible for any misuse of use by unauthorized persons
- Phone lines (Intercom)
- Furniture
- Electricity in single phase maximum of 5 KVA
- Accommodation (One room in RA hostel)
- Any other facility requested and granted by RGPV, Bhopal

ANNEXURE- 4

- Training in business management: structured short courses
- Training in business communication: written as well as verbal
- Accounting tools/software
- Common secretarial pool/staff
- Experiences of successful companies – a knowledge/ information site would be created where management concepts, intellectual property evaluations, deal making, negotiations, networking, VC funding, company registrations etc are provided
- Networking events/ showcases
- Tie-ups with chartered accountants and other professional organizations as required

ANNEXURE- 5

Consideration for infrastructure facilities in addition to other:

The consideration payable by the company for the use of the incubation centre facilities and infrastructure will be as follows:

Office Usage Fee	@ Rs.8/sq.ft/month
PC usage fee (up to 2 Pcs)	@ Rs.1000/month/comp
Printer	@ Rs.200/month/(inkjet) @ Rs.500/month/(laserjet)
Internet connection	@ Rs.1000/quarter
Accommodation (Studio Apartment - 1)	@ Rs.1000/ month
Electricity charges including air-conditioning	On actuals per month
Telephone charge	On actuals per month
Any other facility required by incubate/	On actuals per month

Resident : PERSONAL GUARANTEE BY THE PROMOTERS to RGPV, Bhopal

We, son of residing at the Director and promoter of do hereby undertake a personal guarantee to pay all unpaid or balance dues, charges and any other levies by RGPV, Bhopal including an interest @ 12% compounded quarterly from the date payment becomes due up-to the date of payment. The amount payable shall be as calculated by RGPV/SIC for using/availing facilities and infrastructure that arise against the Incubation Agreement dated..... signed by and RGPV, Bhopal. We the Directors/promoters shall keep RGPV, Bhopal indemnified against all claims, losses, damages, costs, liabilities charges and expenses incurred, suffered or paid by RGPV, Bhopal relating to the acts and omissions of the Promoters and employees of the resident company on its incorporation by reasons of having allowed the promoted by us to use the incubation facilities provided by RGPV, Bhopal. The Agreement made on Day of 20....

Witnesses:
(Signature, Name, Father's name and Address)
(Name)

Address:
.....
.....

Signature:
(Name)

Address:
.....
.....