
INNOVATION AND STARTUP POLICY-Ver 1.0

BNMIT INCUBATION CENTRE



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ARTICLE 1 - INTRODUCTION

In India, innovation is still not the epicenter of education. To achieve the cultural and attitudinal shift and ensure that 'innovation and startup' culture is the primary fulcrum of our higher education system, MHRD and AICTE have been encouraging higher educational institutions (HEIs) to actively engage in the promotion of entrepreneurship, innovation, and skill-building. Government of India and Government of Karnataka's slew of initiatives, such as Startup India, Make in India, Stand up India, Startup Karnataka, New Age Innovation Network (NAIN), and Credit availability has inspired entrepreneurship aspirations, particularly among youth innovators, students, entrepreneurs, alumni and employees to commercialize their ideas.

Context

The Institution is committed to promoting technology-based entrepreneurship in various science and engineering disciplines, which would help society's betterment. BNMIT wishes to facilitate innovation in the campus by converting and translating ideas into products, processes, and services for commercial exploitation. To this end, BNMIT adopted an **INNOVATION AND STARTUP POLICY** to provide guidance and management structure to facilitate innovation and entrepreneurship development, thus encouraging students and faculty to consider startups and entrepreneurship as a career option.

Purpose of the INNOVATION AND STARTUP POLICY

Nurture startups with innovation. The INNOVATION AND STARTUP POLICY sets the framework to nurture startups with innovative, risky ideas into marketable products by providing infrastructure and support services and providing rich linkages to other innovation system actors.

Incubation management. The INNOVATION AND STARTUP POLICY seeks to set the incubation management framework to centralize support services – i.e., technical services, prototype building, legal and patenting services, competitive intelligence, etc.

Operational matters. The INNOVATION AND STARTUP POLICY sets the procedure for eligibility, admission, infrastructure usage, intellectual property protection, periodic assessment, conflicts of interest, and other operational issues.

To govern the functioning of the BNMIT INCUBATION CENTRE (BIC), it has been decided to prepare a detailed policy and procedures. The policy, thus prepared and accepted by the governing council, is subject to periodical review and amendments. It will be the companies' responsibility to be admitted to BIC to update themselves from time to time on amendments in Incubator policy and procedures. BNMIT reserves the rights to make an exception of all or any of the terms of policy for a particular company or a promoter on a case to case basis.

BIC- Vision and Mission

Vision

To be a center of excellence that nurtures and promotes innovation and entrepreneurship among students, faculty, staff, and other aspirants in their pursuit to be self-reliant and develop sustainable and successful startup ventures.

Mission

BIC is committed to provide an excellent infrastructure of co-working spaces and machinery, expert mentorship, seed money loan, professional networking and legal assistance to the incubated startups for their sustainable growth and financial success, which at large contributes to the nation building.

BIC Governance Structure

BIC (hereafter, also referred to as Incubator) intends to extend its expertise, experience, and network to promote, nurture and incubate impact ventures, supporting alumni, students, faculty, and others. This document establishes the context, policy, and procedures for operationalising this vision by creating dedicated resources.

The Incubator will have a Governing Council (GC). The GC will have the following composition:

- 1) Director, BNMIT
- 2) Additional Director-BNMIT
- 3) Dean-Administration-BNMIT
- 4) Principal, BNMIT
- 5) Professor-in-charge – Incubator, nominated by the Director, BNMIT.
- 6) An external Expert having a good track record in incubating companies.
- 7) An external Expert with experience in Venture Capital/Private Equity.
- 8) An Alumnus Entrepreneur with interest in social venturing.
- 9) A nominee from Social Business Incubator in India

Except for the ex-officio members, the remaining members will serve for up to three years and can be re-appointed for further periods. The Director, BNMIT, will nominate the initial GC, which will make subsequent appointments. The GC shall constitute, appoint, monitor, and dissolve standing committees, which shall support the executive team on various incubator functions.

The GC will set up the following standing committees:

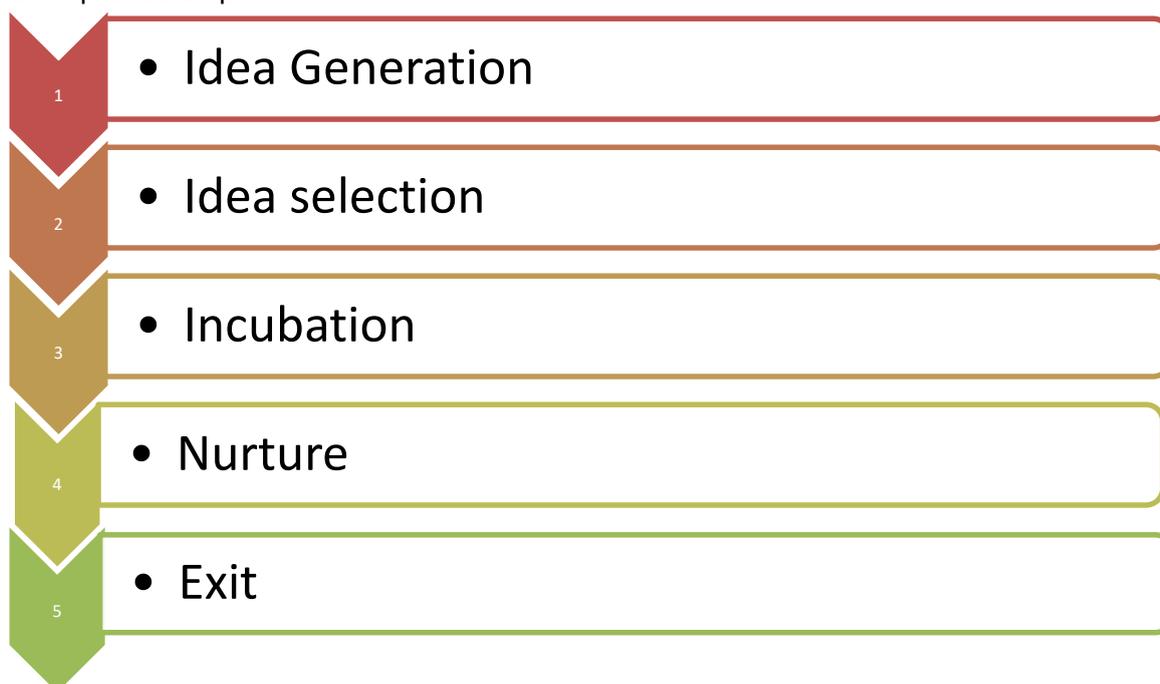
- 1) Innovation and Startup Policy Formulation Committee
- 2) Problem Analysis Team
- 3) Startup Branding Team
- 4) Planning and Operations Team
- 5) Incubation cum Technology Commercialization Unit (ITCU)

Incubation cum Technology Commercialization Unit (ITCU) will be a separate entity preferably registered under Section-8 of Company Act 2013 or 'Society' registered under the Society Registration Act with an independent governance structure.

In addition to its above members, the GC may invite experts in finance, audit, IPR, and other such areas, to its meetings as needed. It may also constitute sub-committees, including such outside experts for specific tasks when needed. Any changes in this document, addition, deletion, modification, rephrasing, etc., are to be approved by GC adopting a due process of meeting to discuss the changes and adopt them with a consensus.

BIC Best Practices

BNMIT identifies four critical phases in the incubation value chain to stimulate and facilitate startup companies, from the business idea and technology or knowledge transfer to selection, incubation, and exit. The BIC will adopt the following best practices to foster innovation and entrepreneurship:



The **first stage** of the incubation process is idea generation. This stage involves creating new inventions and knowledge, and business ideas to turn these into commercially viable products and services, emerging from the innovation community.

A best practice to strengthen idea generation is to:

- Provide sufficient primary funding for research and sustainable innovations. This creates opportunities for novel inventions and innovative technologies that can be turned into commercial products and services.
- Train and educate researchers, faculties, staff, and students in entrepreneurship and business thinking and create awareness for entrepreneurship by organizing business challenges, competitions, and communication about entrepreneurial role models.
- Establish technology transfer offices and officers responsible for extensive scouting of the scientific and innovation community to identify commercialization potential.
- Train and educate students, staff, faculties, and incubates about the schemes & Government support for innovations and grants & funds available for startups.

During the **second** and selection stage, startup teams with promising business ideas are evaluated and selected to participate in formal business incubation support programs or incubators. The following best practices can help to choose the most promising startups and create a strong pipeline:

- Organize competitions to encourage entrepreneurs to develop viable business ideas and spur competition to get the best ideas into the incubation pipeline and evaluate and select promising ideas.
- Provide pre-incubation support to entrepreneurs to strengthen their business plan, business model, and team before entering the incubation program. The pre-incubation program also acts as a filter in the selection process. It helps entrepreneurs reduce risks and make a well-informed decision to start a new company and prevent later disappointment.
- Provide support in Intellectual Property Rights (IPR) to new entrepreneurs to secure rights and competitive advantage, and enable successful commercialization of products and services.
- Install experienced selection committees linked to the incubator or incubation programs that assess the startup business plans, capabilities, skills, and team commitment. Include members with different profiles and qualifications, such as private investors, bankers, entrepreneurs, incubator managers, scientists and/or technology transfer officers.

In the **third stage**, incubation, startups participate in the actual incubation program. During incubation, startups are supported with dedicated incubation infrastructures (offices, R&D labs, test and demonstration facilities, among others) and incubation services like training and coaching, business support, and mediation. The following best practice in incubation infrastructure and services have been identified:

BNMIT INNOVATION AND STARTUP

- Develop incubator office space for startup companies in very early and growth stages where there is ample room for meetings, networking, and spontaneous combinations and collaborations.
- Establish shared prototyping, test, and demonstration facilities for startups.
- Create training and coaching programs involving experienced business professionals in coaching.
- Establish an industrial and professional network around the Incubator to facilitate startups in making easy connections with partners, experts, and potential customers and investors.

During the **fourth and final stage** of the incubation process, startups exit the formal incubation program or Incubator and have to stand on their own (**on average after 2 to 4 years**).

The best practice to support the exit of the startup company is to:

- Define explicit exit strategies within the Incubator that are clear to all incubated startup companies. An effective exit strategy starts during the incubation period, with systematic goals and milestones and reviews about the startup's performance during the incubation period.
- To ease the exit from the incubation program, startups can negotiate longer-term access to special shared infrastructures (test and demonstration facilities, manufacturing facilities, etc.).

ARTICLE 2 – ELIGIBILITY FOR INCUBATION

The applicant should submit the Application form ([Annexure 1](#)) along with the required documents to BIC. The documents can be in the form of presentations, video/audioclips, or business plans. These could be uploaded to the designated website or email to a designated email id. The applicants will be required to present their ideas to a panel consisting of a few standing committee members. The BIC will evaluate the application under BNMIT management's purview and recommend for the applicant's admission as an Incubatee in BIC. The applicant must fulfill all the below criteria to consider his/her application for admission.

Primary Condition for Incubation. The resident company/ incubatee maybe a Private Limited Company (PLC) or a Limited Liability Partnership (LLP). In case the resident company/Incubatee is a Proprietorship, Partnership Firm, or a Pre- incorporated entity, the promoters must get it registered as a PLC or as an LLP within three months of entry into incubation.

Primary Condition for Pre-Incubation. In case the applicant has a novel idea but is still a student, he/she can apply for pre-incubation. For the Incubatee, which has applied for Pre-Incubation, registration as a PLC or LLP will not be required. Here, the company/incubatee can remain a Proprietorship Firm, a Partnership Firm, or a Pre-Incorporated entity but will have to pay enhanced consideration.

Business Plan. The applicant should submit a detailed business plan including its social and strategic impacts, business model, revenue generation, visibility, IP/technology on which Company is proposed. (a sample business plan can be found in [Annexure 2](#)).

A company, if promoted by regular Government staff or employee, shall be granted incubation only upon submission of 'No Objection Certificate' from the competent authority or employer. However, companies having employees as shareholders are eligible to apply for incubation.

Any company that is engaged or proposing to be involved in imparting educational courses and/or training programs including vocational training, help center/call center are not deemed eligible for incubation, and their application will not be entertained.

ARTICLE 3 – SELECTION AND ADMISSION PROCESS

All the applicants shall have to read and agree to the terms and conditions of the INNOVATION AND STARTUP POLICY. Then only their applications shall be processed.

Based on the documents submitted (Application form, Business plan, Certificate of Incorporation, and Resume of owners), the BIC will assess the proposal's suitability for further evaluation regarding its potential for incubation. Detailed scrutiny, including the proposal's financial and technical due diligence, shall be carried out to assess the proposal. Applicants will be invited with their teams to make a presentation on their proposal. BIC may ask for any additional information from the applicants and/or revision in the proposal to make an appropriate decision. After the presentation, a final decision will be made regarding the Company's entry into the Incubator. The Company will be informed of the final decision after the presentation. Here are the Evaluation Criteria (not limited to these):

- a. Strength of the product idea in terms of its technical content, innovation, timeliness, and market potential.
- b. Profile of the core team/ promoters.
- c. Intellectual Property (IP) generated and the potential of the idea for IP creation.

- d. Financial/ Commercial Viability and 5-year projections of Profit & Loss, Balance Sheet, and Cash Flows.
- e. Funds requirement and viability of raising finance
- f. Time to market.
- g. Break-even period.
- h. Commercial potential, demand, and requirement in India
- i. Scalability.
- j. Social / Impact ventures: Innovative social ventures that have identified a core product or service to improve people's well-being, society, and environment will be encouraged.

BIC will have sole discretion whether to admit or reject a proposal for incubation, and the decision of BIC in this regard shall be final. BIC is not bound to give any reason in case a proposal is rejected.

Admission is open to students, alumni, faculties, staff, partner institutes/universities/companies having MoU in place, government agencies funded/associated with BNMIT's research and innovations, and external entrepreneurs who meet criteria 2.1.

The companies promoted by faculty, staff, researcher, and student of BNMIT shall be governed by [Student and Faculty Entrepreneurship Policy \(Annexure 3\)](#) as approved by the institute.

The admitted promoters/companies must sign the relevant agreements mentioned in this document.

The incubatee Company will understand and acknowledge that Incubator intends to provide supports and services to the Company in good faith to pursue its objective to promote entrepreneurship by converting innovative technologies to commercialization by incubating and supporting new enterprises. It is understood that by agreeing to provide various supports and services, Incubator does not undertake responsibility for:

Ensuring the success of an incubatee company, its products/ process/services or marketability.

Ensuring the quality of support and services provided by Incubator 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 Incubator / BNMIT network.

The incubatee companies agree that Incubator / BNMIT or their employees shall not be held liable for any reason on account of the above.

ARTICLE 4 – INTELLECTUAL PROPERTY

Intellectual Property can be a patent, software code, copyright, design registration, developed product, or alike. The companies should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubated Company. IP for the incubation process will be assessed based on the following details:

whether any seed grant (from public or private sources) has been used in developing the technology which will go into the product(s) of the proposed Company. If yes, details of the understanding with the funding agency in terms of sharing of the Company.

whether any person other than the applicants have worked on the technology and if their work will be incorporated in the product(s). If yes, whether such other person has a right in IP ownership.

If the IP is developed at BNMIT, whether any BNMIT infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s).

If the IP was developed at BNMIT, whether any consultancy projects were executed in the proposed area.

Applicants who are current faculty, staff, or students of BNMIT, who are aspiring for incubation shall bound to follow all the clauses stated in BNMIT [Intellectual Property Policy](#).

Notwithstanding anything written above, IP Rights will be governed by the BNMIT [Intellectual Property Policy](#).

ARTICLE 5 – SEED MONEY LOAN

BNMIT may provide seed money loans subject to the availability of funds/ grants/ schemes meant for this purpose.

Seed loan will be sanctioned only to the registered companies and shall be based on each Company's merits. Promoters/founders whose companies are not registered at the time of application shall not be eligible to apply for seed loans until their companies are incorporated.

Admission to BIC shall not automatically entitle the companies to seed loans.

A company desirous of getting a seed loan may submit an application for seed funds on admission in BIC. The sanction of the seed loan will be decided based on the eligibility criteria as determined by BNMIT. It would also be subject to the terms stipulated under a specific grant or scheme as the case may be. Though seed loans may be sanctioned, disbursement shall be linked to the milestones.

One of the criteria for approval of the seed loan will be to help the Company to reach a level of maturity in terms of product development or the go-to-market stage. Preference will be given to companies with a strong commitment and contribution from their promoters.

The companies that received the seed loan will be subjected to regular performance reviews. BNMIT will decide the options for repayment of the loan.

BIC will have sole discretion to sanction or reject an application for a seed loan, and the decision of BIC in this regard shall be final. BIC is not bound to give any reason in case an application for a seed loan is rejected.

If the seed loan is granted, the Company shall enter into the [Seed loan Agreement](#) with the institute.

ARTICLE 6 – INFORMATION SUBMISSION

Incubatee companies will submit information to BIC about all material changes or developments taking place in their companies from time to time. Such information could be (but not limited to) change in the Company's name, change in business or product profile, change in directors, promoters or shareholders, acquisition of a new office, additional equity or debt investments. BIC may require Incubatee companies to submit other information as it deems fit. The prior concurrence of BIC should be obtained for effecting such changes.

Periodic assessment: Incubatee companies will submit information to Incubator quarterly in a prescribed format ([Annexure 4](#), [Annexure 5](#)).

The companies may also be subject to an annual assessment by a committee comprising of external experts. Incubatee companies will have to submit their annual reports within 7 days from the date of their approval.

ARTICLE 7 – TENURE OF INCUBATION

The duration of license to operate in BIC shall be for four years. An extension of one year shall be considered on a case-by-case basis, at the sole discretion of BNMIT Management.

The Incubator will carry out on behalf of the institute all dealings with Startups directly and/or through its incubators. The Incubator will actively support the Startups with a combination of service, which could include:

Appropriate and affordable space: Incubator will provide a co-working space with access to various facilities for effective functioning with deferred payment options.

Appropriate and affordable support services: Incubator will provide services such as access to office, functional space, and laboratories, fabrication of prototypes, legal and financial services, IPR, market research, hiring of human resource, business management advice, seed fund (where applicable), logistics, storage, distributions, networking, secretarial, monitoring, etc.

Mentoring Support: The Incubator will assign a designated one or more mentors to each incubates.

Effective professional networking: Incubator will provide access to startup network platforms, regional incubators such as Ktech, CEOL, etc.

Entrepreneurship Education: Incubator will provide access to learning opportunities on the campus, online, and elsewhere. This continuing education format will help entrepreneurs and their core team acquire knowledge, skills, and practices to support them in running their companies sustainably and successfully. The Incubator's entrepreneurship education program will facilitate incubatee to adopt design thinking, outside-in-perspective, community immersion for customer-centric focus, and co-creation possibilities (amongst startups with communities, governments, and NGOs), and collaboration for resource optimization.

BIC shall help startups in bringing in external funding through government (state and central) such as DST, DBT, MHRD, AICTE, TDB, TIFAC, DSIR, CSIR, BIRAC, NSTEDB, NRDC, Startup India, Invest India, MSDE, MSME, etc. and non-government sources.

Branding: The startups shall be permitted to brand 'Incubated at BIC' wherever appropriate.

ARTICLE 8 – EXIT FROM INCUBATION

The 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 inability to perform business as evaluated and decided by BIC annually on case-to-case basis.

Irresolvable promoters' disputes in the opinion of BIC on case-to-case basis.

Violation of any statute, rule and/or regulation of BNMIT in the opinion of BIC on case to case basis.

Capital cash flow exceeds Rs. Twenty-Five crores in the opinion of BIC 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) exceed Rs. **Twenty-Five crores** or the **Net-Profit-After-Tax exceeds Rs. Five crores.** *

When the Company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial change in the Company's profile, its promoters, directors, shareholders, products, or business plan.

Incubatee plans for a public issue in the opinion of BIC on case to case basis.

Change in promoters'/ founders' team in the opinion of BIC on case to case basis.

Any other reason for which BIC may find it necessary for an incubatee resident company to leave.

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

*These conditions may be amended from time to time as per the policy of the Government of India or BNMIT and would be binding on Incubatee. The figures are based on the definition of a startup, as stated by the Department of Industrial Policy and Promotion, Government of India. Kindly refer to <https://www.startupindia.gov.in/>.

ARTICLE 9 – CONFLICT OF INTEREST AND CONFIDENTIAL INFORMATION

BIC discourages the following situations which may lead to conflicts of interest:

When one person uses his/her position in one role for personal gains in the other role. If necessary, explicit permission of relevant stakeholders must be obtained.

BIC endeavors to draw a line between appropriate and inappropriate interactions among its board members, employees, mentors, consultants, affiliates, incubate companies, employees, persons connected to them, their promoters, etc. staff, various service providers and suppliers.

In case of any conflicts of interest, the institute's decision shall be final and binding upon the parties.

Each party in receipt of confidential information should restrict the use of such information for the purpose for which it is disclosed. Concerned parties should safeguard and protect information confidentiality by using the same degree of care as they would use to protect their information of like nature to prevent unauthorized disclosure.

An essential requirement for them is that care must be taken to separate clearly and cleanly the entrepreneurial activities' personal financial aspects from their respective roles, duties, and responsibilities in BNMIT. On admission to the Incubation Center, such entrepreneurial activities should not be confused with the assigned responsibilities of BNMIT. The use of BNMIT facilities and equipment must be free from unauthorized or conflicting uses and must be compensated for as per the policies of BNMIT. Appropriate judgment should be applied by all concerned parties while assessing the genuineness of conflicting interests. The Incubator may set up a committee to resolve any dispute over such a situation causing conflicts of interests

ARTICLE 10 – CONSIDERATIONS

In return for the services and facilities, the institute may **take 2% to 9.5% equity/ stake** in the startup/company, based on brand used, faculty contribution, the support provided, and use of the institute's IPR

In the compulsory equity model, a startup may be given a cooling period **of 3 months to use incubation services on a rental basis to make a final decision based on satisfaction.**

BNMIT may charge monthly rent for the incubated startups, and the amount will be decided during the admission process.

BNMIT may arrange legal and accounting support to the startups by hiring respective professionals on the need basis, and the startups will pay the charges for the above services.

BNMIT reserves the right to withdraw its support to any Startup that it engages with, following a due process of notice. This may involve withdrawal of access to BNMIT's facilities and/or withdrawal of permission to the promoter to engage further with the startup in any manner. However, they and the Incubator can continue to hold the shares they already possess in the startup. It will also involve withdrawal of the status of the startup as an Incubatee, from which point the startup will be required to desist from advertising itself as such thereafter. Should the need arise, the Incubator may also seek modifications to the agreement signed with the Start-up through an amendment to protect BNMIT's fair name and interests.

Guidelines for Mentors and Mentees

It is proven that proper and timely mentoring is very crucial for any startup, more so for a technology startup. Mentors are successful and experienced people willing to share or impart knowledge and wisdom to those less skilled, in this case, entrepreneurs of startup companies. BIC will maintain a periodically refreshed list of people with proven skills and experience who have volunteered to help BIC startups. Mentors will be chosen to represent a wide range of expertise and experiences- such as CEOs, CTOs, VPs, partners, or directors of successful companies.

Mentors stand to gain the satisfaction of making a difference in fledgling entrepreneurs' life and contributing back to society. In addition, they also get to keep in touch with new technologies, people, and networks by working with young entrepreneurs. Mentors should provide no inventive contributions to the mentees without sufficient legal agreements. The following are expectations of enrolled mentors.

Availability: Mentors will do their best for regular contact with mentees on a mutually agreeable schedule, taking up to 2/4/6 hours per month. This is the typical case; this is flexible based on mutual agreement.

Relationship: The relationship between mentors and mentees should be professional and with proper business etiquette at all times. Mentors should treat mentees with dignity and respect. Mentors should encourage mentees to be responsible for mentoring.

Confidentiality: Mentors will maintain the confidentiality of any proprietary information of the incubatees.

Conflicts of Interest: Conflicts of interests should be avoided when deciding on a mentoring relationship. If and when one or more interests of the mentor (financial or non-financial) conflict with mentoring relationships and responsibilities, the situation should be promptly disclosed to the mentee, and an appropriate course of action taken.

Remuneration: **Mentors are volunteers, and the advice given is not based on consultation fees. The typical model is giving small equity in the Company. The norm is 1/2-1% of equity for a year, incrementally in 3-month periods, but not more than 3% in total.**

Change of status or discontinuation: Discontinuation of the mentoring relationship should be communicated to BIC. Mentors may transition to a different status, such as an investor or board member, but again, with explicit communication in advance of the transition to BIC.

Guidelines for Mentees

Clarity of needs: Mentee should identify their desired outcomes from mentorship before pursuing a potential mentor. This will help BIC to identify appropriate mentors with higher chances of positive outcomes.

Responsibilities: Mentee must take active responsibility for the business mentoring relationship. The mentee should be considerate of the mentor's time, open to mentor's suggestions, yet be responsible for all decisions made and actions taken. The mentee should establish clear objectives together with the mentor and work diligently to get targets.

Contact with BIC: If the mentee has a concern/ question about the mentorship, he/she should contact BIC.

Mentoring Process

When the incubation of a startup is being finalized, BIC would recommend a mentor from its list and introduce him/her to the Company.

The promoter's are either free to choose from the said list or are free to have their mentor, albeit with the concurrence of BIC

The Company and mentor will initially engage with each other to understand the role and contribution that the mentor can make to the Company.

If the arrangement works out positively for the Company, the association needs to be formalized with a suitable consideration model to ensure the mentor's continued involvement. Such a contract should cover aspects such as:

- Duration of the mentoring relationship
- Objectives and scope of the relationship
- Confidentiality
- Frequency and mechanisms of meetings
- Tacking and review processes

ARTICLE 11 – INFRASTRUCTURE AND SERVICES

Upon admission to BIC, the following facilities will be offered to the incubate companies on an individual basis:

- Office space
- Computers
- Internet connection
- Standard furniture's
- Meeting/Conference room with projection equipment
- Tele or Video conferencing facilities
- BNMIT may facilitate access to institute infrastructure or Laboratories as per the norms of BNMIT.
- Intellectual Property Rights services
- BNMIT may associate with professionals for accounting, legal, and management expertise on a part-time basis. Incubate companies can avail of their services. Any direct services provided to an incubate would have to be paid for by the incubate to the service provider.
- Intern support: companies can hire students' interns

ARTICLE 12 – ENTERPRENURIAL IMPACT ASSESSMENT

Impact assessment of entrepreneurial initiatives such as pre-incubation, incubation, entrepreneurship education shall be performed regularly using well-defined evaluation parameters.

BNMIT INNOVATION AND STARTUP

Monitoring and evaluation of knowledge exchange initiatives, engagement of all departments and faculty in the entrepreneurial teaching and learning shall be assessed.

Number of startups created, support system provided, and participants' satisfaction, new business relationships built shall be recorded and used for impact assessment.

Impact shall be measured for the support system provided to the student entrepreneurs, faculty, and staff for pre-incubation, incubation, IPR protection, industry linkages, exposure to the entrepreneurial ecosystem, etc.

Formulation of strategy and impact assessment shall go hand in hand. The information on the impact of the activities shall be actively used while developing and reviewing the entrepreneurial strategy.

Impact assessment for measuring the success shall be in terms of sustainable social, financial, and technological impact in the market. For innovations at the pre-commercial stage, the development of a sustainable enterprise model is critical.

ARTICLE 13 - AMENDMENTS

The policy is subject to periodic review and amendments by a decision of the management. It will be the responsibility of the companies admitted to the BIC to update from time to time on amendments in INNOVATION AND STARTUP POLICY and procedures. BNMIT management reserves the rights to make an exemption of all or any of the terms of policy for a particular company or promoter on a case-to-case basis.

Annexure 1 BNM INSTITUTE OF TECHNOLOGY– Incubation Center (BIC)

Application Form

1. Name of the Applicant:
2. Details: PAN: _____ AADHAR No.: _____
3. Title of your Business/Technology:
4. Present stage of the startup (Tick please):
 - Ideation stage
 - Seed Stage
 - Pilot Stage
 - Early Stage Scale-up
5. Type of Business (Service/Product):
6. Date of incorporation/proposed date of incorporation:
7. Brief Description of the Product/Services/Technology business you plan to incubate at BIC:

8. Does your startup contribute to any of the Indian government's initiatives like "Make in India" or "Digital India"?

9. Why do you want to locate in the BIC?

10. Brief description of the R&D efforts and other technological inputs you hope to resource from BNMIT (Please also indicate names of the faculty member(s), discipline/centers of the institute you plan to associate and equipment facilities to be used):

11. Infrastructure requirement for Space, Workstations, or PCs:

12. Specify requirement of Mentoring and other professional services/ support:

13. Please indicate your sources of funds:

16. Short Description of members of Founding Team:

17. Please give names and addresses of up to 2 referees who are acquainted with your career profession/ achievement.

18. Declaration by the applicant:

I hereby declare that I have read and understood the terms & conditions of the BNMIT – Incubation Center (BIC) and will agree to abide by the same once our startup is approved for incubation at BIC. We will follow the rules and regulations of BIC. The declaration and facts in the application are true and best to our knowledge, and no material has been concealed.

Applicant's Signature

Name:

Email ID:

Ph. No:

Date:

Annexure 2

BNM INSTITUTE OF TECHNOLOGY – Incubation Center (BIC)

Business Plan of <Name of the Company>

Attach extra sheets where required

Business Details

Company name:

Address:

Telephone number:

Legal status:

The business will: (Provide a brief description of what your business will do.)

Details of Key Personnel

Name:

Position/primary responsibilities:

Experience and knowledge of our industry:

Previous employment:

Key skills brought to the business:

BNMIT INNOVATION AND STARTUP

Business experience and any training undertaken:

Academic/professional qualifications:

Name:

Position/primary responsibilities:

Experience and knowledge of our industry:

Previous employment:

Key skills brought to the business:

Business experience and any training undertaken:

Academic/professional qualifications:

Business Goals

What do you want to achieve in your first year of business? (Use as many fields as is applicable and add more if you need to.) For example, - business goals could include turnover.

Where do you see your business in 3-5 years?

Intellectual Property and Legal Requirements

Disclose the intellectual properties owned by the Company

The legal and insurance requirements that apply in your business

Market Research Details

(Describe your market research and express in terms of business potential – your competitors, market risk and management etc.)

.....
Managing Director

Address:
.....

Date:

Annexure 3

BNM INSTITUTE OF TECHNOLOGY – Incubation Center (BIC)

Student and Faculty Startup Policy

BNMIT actively supports its faculty, staff, and students to participate in innovation and entrepreneurship (I&E) related activities, thus encouraging students and faculty to consider startups and entrepreneurship as a career option. In addition to the BNMIT-INNOVATION AND STARTUP POLICY, the following clauses apply to BNMIT faculties and students.

1. Strategies and Governance

BNMIT Management will allot a minimum 1% fund of the institution's total annual budget for funding and supporting innovation and startups-related activities by creating a separate 'Innovation fund.'

The strategy will also involve raising funds from diverse sources to reduce dependency on public funding. Bringing in external funding through government (state and central) such as DST, DBT, MHRD, AICTE, TDB, TIFAC, DSIR, CSIR, BIRAC, NSTEDB, NRDC, Startup India, Invest India, Elevate-Startup Karnataka MSDE, New Age Innovation Network, MSME, etc. and non-government sources will be encouraged.

To support technology incubators, BNMIT may approach private and corporate sectors to generate funds, under Corporate Social Responsibility (CSR) as per Section 135 of the Company Act 2013.

BNMIT may also raise funding through sponsorships and donations. BNMIT will actively engage alumni network for promoting Innovation & Entrepreneurship (I&E).

2. Startups Enabling Institutional Infrastructure

BNMIT will strive to create facilities within the institution for supporting pre-incubation (e.g., IICs as per the guidelines by MHRD's Innovation Cell, EDC, IEDC, New-Gen IEDC, Innovation cell, Startup Cell, Student Clubs, etc.) and Incubation/ acceleration by mobilizing resources from internal and external sources.

The Pre-Incubation/Incubation facility shall be accessible 24x7 to students, staff, and faculty of all disciplines and departments across the institution.

Pre-incubation facilities may or may not be a separately registered entity or Special Purpose Vehicle (SPV), and 'Incubation cum Technology Commercialization Unit'

(ITCU) will be a separate entity preferably registered under Section-8 of Company Act 2013 or 'Society' registered under Society Registration Act with independent governance structure. This allows more freedom in decision making with less administrative hassles for executing the programs related to innovation, IPR, and Startups. Moreover, there will be better accountability towards investors supporting the incubation facility.

BNMIT may offer mentoring and other relevant services through Pre- incubation/Incubation units in-return for fees, equity sharing, and (or) zero payment basis. The modalities regarding Equity Sharing in startups supported through these units will depend upon the nature of services offered by these units and are elaborately explained in section 3

3. Nurturing Innovations and Startups

BIC will establish processes and mechanisms for easy creation and nurturing of Startups/enterprises by students (UG, PG, Ph.D.), staff (including temporary or project staff), faculty, alumni, and potential startup applicants even from outside the institutions.

Incubation support: Offer access to pre-incubation & Incubation facility to startups by students, staff, and faculty for a mutually acceptable time-frame. In case BIC doesn't have a dedicated facility/ infrastructure of its own, then it may reach out to the nearest incubation facilities to facilitate access to their students, staff, and faculty.

BIC will allow licensing of IPR from institute to startup: Ideally, students and faculty members intending to initiate a startup based on the technology developed or co- developed by them or the technology owned by the institute will be allowed to take a license on the said technology on an easy term, either in terms of equity in the venture and/ or license fees and/ or royalty to obviate the early-stage financial burden.

BNMIT may allow their students/staff to work on their innovative projects and setting up startups (including Social Startups) or work as an intern / part-time in startups while studying/working. Student Entrepreneurs may earn credits for working on innovative prototypes/Business Models. Student inventors may also be allowed to opt for a startup in place of their mini project/ major project, seminars, summer training. The area in which a student wants to initiate a startup may be interdisciplinary or multidisciplinary. However, the student must describe how they will separate and clearly distinguish their ongoing research activities from work being conducted at the startup.

Students who are under incubation but are pursuing some entrepreneurial ventures while studying may be allowed to use their address in the institute to register their Company with due permission from the institution.

BNMIT INNOVATION AND STARTUP

Students entrepreneurs may be allowed to sit for the examination, even if their attendance is less than the minimum permissible percentage, with due permission from the institute.

BNMIT may allow their students to take a semester/year break (or even more depending upon the institute's decision of review committee) to work on their startups and re-join academics to complete the course. Student entrepreneurs may earn academic credits for their efforts while creating an enterprise. Institute should set up a review committee for the review of a startup by students, and based on the progress made, it may consider giving appropriate credits for academics.

BNMIT may allow faculty and staff to take off for a semester/year (or even more depending upon the institute's decision of review committee) as sabbatical/ unpaid leave/ casual leave/ earned leave for working on startups and come back. The institution may consider allowing its resource to faculty/students/staff to establish a startup as a full-time effort. The seniority and other academic benefits during such period may be preserved for such staff or faculty.

BNMIT will facilitate the startup activities/ technology development by allowing students/ faculty/staff to use institute infrastructure and facilities, as per the choice of the potential entrepreneur in the following manners:

Short-term/ six-month/ one-year part-time entrepreneurship training.

Mentorship support on a regular basis.

Facilitation in a variety of areas including technology development, ideation, creativity, design thinking, fundraising, financial management, cash-flow management, new venture planning, business development, product development, social entrepreneurship, product costing, marketing, brand development, human resource management as well as law and regulations impacting business.

BNMIT may also link the startups to other seed-fund providers/ angel funds/ venture funds or set up seed-fund once the incubation activities mature.

License institute IPR, as discussed in section 4.

In return for the services and facilities, the institute may take 2% to 9.5% equity/ stake in the startup/company, based on brand used, faculty contribution, the support provided, and use of the institute's IPR

For staff and faculty, the institute may take 20% of shares that staff/faculty takes while drawing a full salary from the institution; however, this share will be within the 9.5% cap of company shares listed above.

No restriction on shares that faculty/staff can take, as long as they do not spend more than 20% of office time on the startup in an advisory or consultative role

and do not compromise with their existing academic and administrative work/duties. In case the faculty/ staff hold the executive or managerial position for more than three months in a startup, they will go on sabbatical/ leave without pay/ earned leave.

In the case of the compulsory equity model, a startup may be given a cooling period of 3 months to use incubation services on a rental basis to make a final decision based on satisfaction.

Participation in startup-related activities in addition to teaching, R&D projects, industrial consultancy, and management duties may consider while evaluating the annual performance and promotion of the faculty.

4. Product Ownership Rights for Technologies Developed at Institute

When institute facilities/funds are used substantially, or IPR is developed as a part of curriculum/ academic activity, IPR is to be jointly owned by inventors and the institute.

Inventors and institute could together license the product / IPR to any commercial organization, with inventors having a primary say. License fees could be either/or a mix of

- Upfront fees or one-time technology transfer fees

- Royalty as a percentage of sale-price

- Shares in the Company licensing the product SPV set up by the BNMIT may hold equity on their Behalf.

If one or more of the inventors wish to incubate a company and license the product to this Company, the royalties would be no more than 4% of the sale price, preferably 1 to 2%, unless it is a pure software product. If it is shares in the Company, shares will again be 1% to 4%. For pure software product licensing, revenue sharing may be mutually decided between the institute and the incubated Company.

If the product/ IPR is developed by innovators not using any institute facilities, outside office hours (for staff and faculty), or not as a part of the curriculum by a student, then product/ IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties or use it the way they deem fit.

If there is a dispute in ownership, a minimum five-member committee consisting of two faculty members (having developed sufficient IPR and translated to commercialization), two of the institute's alumni/ industry experts (having experience in technology commercialization) and one legal advisor with experience in IPR, will examine the issue after meeting the inventors and help them settle this, hopefully to

everybody's satisfaction. Institute can use alumni/ faculty of other institutes as members if they cannot find sufficiently experienced alumni/faculty of their own.

Institute IPR cell or incubation center will only be a coordinator and facilitator for providing services to faculty, staff, and students. IPR cell will have no say on how the invention is carried out, how it is patented or how it is to be licensed.

If the institute is to pay for patent filing, they can have a committee that can examine whether the IPR is worth patenting. The committee should consist of faculty who have experience and excelled in technology translation. If inventors are using their funds or non-institute funds, then they alone should have a say in patenting.

Institute's decision-making body for incubation / IPR / technology-licensing will consist of faculty and experts who have excelled in technology translation. Other faculty in the department/institute will have no say, including heads of department, heads of institutes, deans, or registrars.

5. Norms for Faculty Startups

Role of faculty may vary from being an owner/ direct promoter, mentor, consultant, or on-board member of the startup.

Faculty startup may consist of faculty members alone or with students or with faculty of other institutes or with alumni or with other entrepreneurs.

If the faculty/ staff holds the executive or managerial position for more than three months in a startup, they will go on sabbatical/ leave without pay/ utilize existing leave.

Faculty must separate and distinguish ongoing research at the institute from work conducted at the startup/ company.

In case of selection of a faculty startup by an outside national or international accelerator, a maximum leave (as sabbatical/ existing leave/ unpaid leave/ casual leave/earned leave) of one semester/ year (or even more depending upon the decision of review committee constituted by the institute) may be permitted to the faculty.

Faculty must not accept gifts from the startup.

Faculty must not involve research staff or other staff of the institute in activities at the startup and vice-versa.

Human subject-related research in a startup should get clearance from the ethics committee of the institution.

Faculty Entrepreneurship Agreement

This agreement is made on thisday of20.... by and between....., a Company registered under the Companies Act 1956, having its registered office atthrough its Director and the promoters <NAMES> (herein after referred to as " " which expression shall include unless it be repugnant to the context or meaning thereof mean and include their successors, representatives, assigns, promoters, holding Company) FIRST PARTY

AND

BNM INSTITUTE OF TECHNOLOGY, established in 2001 (hereinafter BNMIT) SECOND PARTY

WHEREAS(First Party) is a company formed, and one of the promoters is Dr/Mr/Mrs....., a full-time employee of BNMIT. The Faculty Promoter has some technologies and is desirous of converting it into a duly permitted business as per the **Faculty Entrepreneurship Policy** (hereinafter FEP) framed by BNMIT.

WHEREAS the objective of the First Party shall be

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

1. Objective: The Objective of the Agreement is to optimally use BNMIT's resources and infrastructure for mutual benefit, more specifically as per the FEP.

2. Consideration: As consideration for allowing Dr/Mr/Mrs... .. to engage in Entrepreneurship, the First Party shall bound to follow the BNMIT INNOVATION AND STARTUP POLICY.

3. NOTWITHSTANDING anything contrary herein, the Statute, Rules, Guidelines, Regulations **Faculty Entrepreneurship Policy**, and any regulations of Government of India as amended or introduced from time to time shall prevail over this agreement. BNMIT can withdraw the permission to allow a faculty company as a Director, Promoter, Executive Director at any point in time.

4. The Company is required to submit to the Second Party the following reports: -

Quarterly Financial Report as per the format given in [Annexure 4](#)

Quarterly Activity Report as per the format given in [Annexure 5](#)

5. Arbitration: Any/all disputes between the parties shall be referred for arbitration to the BNMIT Director or person so nominated by him under the Indian Arbitration & Conciliation Act whose decision of the panel shall be final binding upon the parties. The place of arbitration shall be Mangalore.

6. BNMIT reserves its right to nominate a representative on the Board of Directors of the First Party till the time BNMIT holds equity. First Party shall indemnify to BNMIT or nominee any loss suffered or expense incurred in such nomination.

7. The infrastructure, lab, and other resources used by the Company shall be as per the norms of BNMIT. In witness whereof parties hereto have signed [Incubation Agreement](#) on the date and year mentioned hereinbefore.

For & on behalf of BNMIT Signature Name Designation Seal	For & on behalf of Signature Name Designation Seal
--	--

Witness (Name & Address) 1..... 2..... Date	Witness (Name & Address) 1..... 2..... Date
--	--

Annexure 4

BNM INSTITUTE OF TECHNOLOGY– Incubation Center (BIC)

Quarterly Financial Information <Name of the Company>

[Profit and Loss account from to]

Name of Product/Service:

Total Revenue Rs.....

Total Expenses Rs.....

- Capital Rs.....

- Recurring Rs.....

Net Profit/Loss Rs.....

.....

Managing Director

Address:

.....

Date:

Annexure 5

BNM INSTITUTE OF TECHNOLOGY – Incubation Center (BIC)

Quarterly Activity Report of <Name of the Company>

Attach extra sheets where required

For the period from..... to

1. Contracts/MoU/Agreements Entered with: License/Assignment
(Name, Address, Nature, Consideration) Please attach a copy

2. Intellectual Property Generated: (Whether Patents, Design, Copyright)
Please attach a copy If any student(s)/employee(s) is/are involved

3. New Product/Service:

4. Recent Clients:

4a. Details of contract/services provided to BNMIT:

5. Lab/Equipment of BNMIT used by the Company:

6. Student(s) of BNMIT employed in the Faculty Company:

- Name & Roll Number:
- Course/Department:
- Hours worked per month:

7. Any Employee of BNMIT engaged:

- Name:
- Designation:
- Hours worked per month:

8. Any other facility(ies) of BNMIT used:

.....

Managing Director

Address:

.....

Date:

INCUBATION AGREEMENT

This Agreement is made on this day of20 by and between _____, a Company registered/ proposed to be registered under the Companies Act 2013, through its Directors/ 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 PARTY

AND

BNM INSTITUTE OF TECHNOLOGY , Bengaluru through Director as an authorized signatory (hereinafter referred to as 'BNMIT') with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based area. OF THE SECOND PARTY

THE SECOND PARTY HAS COMMUNICATED THE INNOVATION AND STARTUP POLICY AT BNMIT TO THE FIRST PARTY, AND FIRST PARTY HAS FULLY UNDERSTOOD ALL THE CLAUSES STATED.

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

For and on behalf of <company name>

For and on behalf of

Signature

BNMITSignature

Name:

Name:

Designation:

Designation:

Date:

Date:

Seal

Seal

Witness (Name & Address)

Witness (Name & Address)

1.

1.

2.

2.

Date:

Date:

SEED LOAN AGREEMENT

This agreement is made on this _____ day of _____ 20 ____

BETWEEN

_____, a company registered under the Companies Act 1956, having its registered office at _____ through its Director and promoters _____ (hereinafter referred to as 'the company' which expression shall, unless repugnant to the context or inconsistent with the meaning thereof, mean and include its successors, representatives, assigns etc.) of the first party;

AND

BNM INSTITUTE OF TECHNOLOGY, Bengaluru, through its Director or his representative, in his stead (hereinafter referred to as 'the BNMIT' which expression shall, unless repugnant to the context or inconsistent with the meaning thereof, mean and include its representatives, assigns, etc.) of the second party.

AND WHEREAS, the Company has entered into an agreement with the BNMIT by means of an agreement signed between the parties on _____ for the purpose of incubation and developing the Company, represented by the first party, to become a successful entrepreneur (referring to the **Incubation agreement**).

AND WHEREAS, the Company, in the process of incubation and developing into a successful enterprise, is desirous of obtaining a 'Seed Money Loan' from the BNMIT for an amount of Rs.

_____ (Rupees _____ - only) and BNMIT has agreed to provide the said amount being 'Seed Money Loan', on the terms and conditions mentioned hereinafter and agreed to by the Company. The Company in its Meeting of the Board of Directors held onhas duly authorized the Company to seek the said loan from BNMIT and has authorized its Managing Director _____ to execute all the documents and do all that is necessary to obtain the said "Seed Money Loan."

AND WHEREAS, The BNMIT shall, unless the context otherwise requires, be represented by BNMIT-Incubation Centre (BIC) for this agreement.

ARTICLE - A CONDITIONS NECESSARY TO DISBURSEMENT OF THE LOAN

It shall be the liability and responsibility of the Company to mobilize the pre-incorporation expenses and minimum paid-up capital - OPTIONAL.

The Company has agreed that entire seed capital shall be used solely for the project, as mentioned in the Loan Application, and not for any other purpose. BNMIT shall have the power to ensure proper end-use of funds, and in the event that it is found that the end use of the loan is contrary to the terms/conditions of this agreement or the loan application, the loan may be recalled prematurely by BNMIT.

ARTICLE – B MODE OF DISBURSEMENT OF LOAN

The disbursement schedule, as agreed between the parties, is mentioned in [Schedule 1](#) to the agreement.

The loan shall be disbursed/released as per the [Schedule 1](#) (disbursement schedule) limited till the period of incubation, i.e., Rs. _____ till _____ 20..... Further loan installments shall be disbursed only if the incubation period is extended by BNMIT, as per its INNOVATION AND STARTUP POLICY.

Notwithstanding anything contrary contained herein, all dues payable by the Company to BNMIT shall be deducted from the sanctioned Seed Money Loan, and the balance amount, if any, shall be disbursed to the Company

ARTICLE – C: REPAYMENT OF THE LOAN AND INTEREST

The Interest on Seed Capital loan shall be levied at _____ Simple Interest. (The Interest rate is calculated as per the Prime lending rate of State Bank of India _____% less ____% on the date of Sanction _____). The Interest rate remains fixed for the tenure of the loan. The Interest shall be payable monthly on balance outstanding at the end of the previous month along with the installment of principal repayment.

The repayment of principal and interest shall have a moratorium period of 18 months from the first installment disbursement of the loan. The repayment shall commence from the nineteenth month.

The simple interest on the loan disbursed shall be applied @ _____% per annum from the date of disbursement of each installment and shall be aggregated with the loan amount; the amount so determined shall be the principal amount that will have to be repaid as per the repayment schedule. Any delay in the repayment of installments as given in the schedule of repayment shall be subject to a penal interest @ _____% per month.

The Company shall repay the principal amount of the loan strictly in accordance with the **Repayment Schedule**. The repayment schedule is appended in [schedule 2](#) to this agreement.

Notwithstanding the above, if the Company decides to exit from the BIC before the specified period, the Company undertakes to repay the entire loan and interest due thereon prior to the exit from the incubation center.

If the Company raises loans from other lenders/ financial institutions, repayment of such other loans shall commence only after the repayment of the Seed Capital Loan obtained by the Company pursuant to this agreement and interest due thereon.

NOTWITHSTANDING anything contrary contained herein, the incubate Company shall issue liability-free and fully paid-up equity shares, in favor of BNMIT, on prorata basis of 4% equity against Rs_lakhs of seed capital sanctioned, as a guarantee of the seed-capital amount.

Subsequently, after the Company utilizes the seed-capital or its exit from the incubation center, whichever is earlier, BNMIT shall compute the equity to be retained in accordance with repayment option selected together with any outstanding unpaid amount against incubation including seed capital and transfer the balance equity back to the incubate Company. Once the Company repays the entire seed capital amount, BNMIT shall transfer shares taken as a guarantee back to the Company.

ARTICLE – D: SECURITY

D.1 BNMIT shall at all times hold a lien on all the tangible and intangible assets (IPR, Patent, Trademark, etc.) of the Company till such time that the Company fully repays the loan. As additional security, the promoters/directors/members of the Company shall stand guarantee in their capacity to repay the seed capital loan in full by executing a Bond of Guarantee at the time of executing the agreement of loan.

D.2 The Company shall ensure that a charge over the tangible and intangible assets is registered with the Registrar of Companies in favor of BNMIT prior to releasing the loan's first installment.

D.3 In the event that the Company raises loans from other financial institutions or any other agency by securing its assets, the charge created in favor of BNMIT shall be a First Charge over the tangible and intangible assets of the Company. Loans from other financial institutions or any other agency can be given Second Charge over the tangible and intangible assets of the Company.

ARTICLE – E: COVENANTS

Particular affirmative covenants:

- (a) The Company shall utilize the entire loan only for the purposes as mentioned in the Loan Application.
- (b) The Company shall maintain an asset register of assets procured from the loan.
- (c) The Company shall ensure that the project's physical progress and the expenditure incurred on the project are as per the original schedule. To this end, the Company agrees to submit information to the BNMIT quarterly in a format as may be prescribed by BNMIT (**Annexure 4, Annexure 5**), and such other information and data as may be required by the BNMIT from time to time.
- (d) The Company hereby undertakes to submit information to the BNMIT about all material changes or developments taking place in their companies from time to time such as (but not limited to) change in name, fund raised from any third party, Company, change in project or product profile, change in directors or promoters, acquisition of a new office etc. The BNMIT has the right to require the Company to seek its prior approval wherever necessary and to stipulate such additional conditions as the BNMIT in its absolute discretion deem fit for effecting any changes as stated herein above.
- (e) The Company will submit audited annual accounts / Directors reports etc. to the BNMIT within seven days from the approval of the account at the Company's Annual General Meeting of each year.
- (f) The Company shall submit a utilization certificate of Loan installments already granted from a Chartered Accountant before approaching for release of subsequent installments. The Company shall also submit unaudited quarterly Balance Sheet, Profit & Loss Account, and Cash flow statements to BNMIT within one month of the end of the quarter. BNMIT reserves the right to get the documents so submitted verified by its chartered accountant. In such a case, the Company shall fully cooperate with the Chartered Accountant of BNMIT in providing to them / giving access to them all books of accounts, vouchers, registers, bills invoices over the tangible and intangible assets of the Company.

Negative covenants:

- (a) The Company shall not utilize the loan for:
 - I. Repayment of dues of promoters and their associates,
 - II. Repayment of loan from any other source nor for payment of

- interest on the loan borrowed from such other source,
- III. For extending loans to promoters, their associates
- IV. For making any inter-corporate deposits or any speculative purpose,
- V. Personal benefit of promoters or their association.

(b)The Company agrees that the BNMIT shall have the right to review or cancel the un-disbursed portion of the Seed Capital Loan subject to the performance of the Company. Further, if, as a result of such review, the BNMIT determines that the Incubatee has not progressed or is unlikely to progress in its performance, the BNMIT shall have a right to revise the terms of sanction and stipulate such additional condition as the BNMIT in its absolute discretion deem fit and require the Company to take such measures as may be stipulated by the BNMIT

(c)The Company agrees that non-compliance with the above terms and conditions may invite legal action from the BNMIT and may force the Companyto exit from the incubation center.

ARTICLE – F: REMEDIES AVAILABLE TO BNMIT

If one or more of the events specified in this article (hereinafter called "events of default") shall have happened, then the BNMIT by a written notice to the Company may declare the entire Seed Money Loan given and all accrued interest on the loan that may be payable by the Company under or on terms of this agreement and/ or any other agreements, or documents subsisting between the Company and the BNMIT as well as all other charges and dues to be due and upon such declaration the same shall become due and payable forthwith, notwithstanding anything to the contrary in this agreement or any other agreement (s) or document (s).

F.1: Events of default:

(a) Payment of Dues.

Default shall have occurred in repayment of principal amount and interest thereon and on payment of any other amount due and payable to BNMIT in terms of this agreementand /or in terms of any other agreement (s) or document (s) that may be subsisting orthat may be executed between the Company and the BNMIT hereafter.

(b) Performance of Covenants.

Default shall have occurred in the performance of any other covenants, conditions, and agreements on the part of the Company under this agreement or any other agreement (s) between the Company and BNMIT in respect of this loan and for any other loan, and such default shall have continued over the period of 30 days

after notice thereof shall have been given to the Company by BNMIT.

(c) Supply of Misleading Information.

Any information given by the Company prior to or during the course of incubation & interaction with the BNMIT under this or any other agreement is found to be misleading or incorrect in any material respect.

(d) Inability to Pay loan.

If there is reasonable apprehension that the borrower is unable to pay his dues or proceeding for taking him into insolvency has been commenced.

(e) Sale or disposal of Property.

If the Company's properties on which the BNMIT has lien is sold, disposed of, changed, encumbered, or alienated.

(f) Attachment or restraint on Property.

If an attachment or restraint is levied on the property or any part thereof and/or recovery certificate, proceedings are taken or commenced for recovery of any dues from the Company.

(g) Failure to furnish information/documents.

If the Company fails to furnish information/documents as required by BNMIT under the provisions of this agreement.

Bankruptcy or Insolvency

If the Company shall become bankrupt or insolvent, the principal and all accrued interest on the loan and any other dues shall thereupon become due and payable forthwith and may be recovered by possessing and disposing off the assets of the Company on which BNMIT holds lien, anything in this agreement to the contrary notwithstanding.

Notice to BNMIT on the Happening of an Event of Default

If any event of default or any event which, after the notice or lapse of time or both would constitute an event of default shall have happened, the Company shall forthwith give BNMIT notice thereof in writing specifying such event of default, or such event.

Expenses of Preservation of Assets of the Company and of Collection:

All costs incurred by BNMIT after an event of default have occurred in connection with:

- (i) Preservation of the Company's assets (whether now or hereafter existing);
- (ii) Collection of amounts due under this agreement

- (iii) Legal or any other expenses incurred in recovering the amount outstanding and interest thereon, or
- (iv) Expenses of any kind incurred in this context shall be recovered from the Company or its promoters and reimbursed to BNMIT.

Issue of certificates

BNMIT may issue any certificate as regards payment of any amounts paid by the Company to BNMIT in terms of this agreement only if the Company has paid all amounts due under the Agreement to BNMIT and the Company has complied with all the terms of this agreement.

Communication with third party

In the event of default, BNMIT shall be entitled to communicate, in any manner it may deem fit, to or with any person or persons with a view to receiving assistance of such person or persons in recovering the defaulted amounts. Also, representatives of the BNMIT shall be entitled to visit the property and/or any place of work of the Company.

ARTICLE - G: WAIVER

G.1 Waiver not to impair the Rights of BNMIT

No delay in exercising or omission to exercise, any right, power or remedy accruing to BNMIT upon any default under this Agreement or any other Agreement or document shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default; nor shall the action or inaction of BNMIT in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of BNMIT in respect of any other default.

ARTICLE – H: MISCELLANEOUS

Modification/Alteration of the Agreement

This agreement's terms can be modified/ altered in writing under the signatures of respective representatives from the BNMIT and the Company.

Resolution of Disputes and Differences

In case of dispute or differences arising in connection with this agreement, the parties hereto shall refer the subject matter of contention for a compulsory arbitration before the arbitrator appointed by the Director, BNMIT, whose decision shall be final and binding on both the parties. The arbitrator shall issue a notice to either party listing the matters of disputes and invite relevant evidences and submissions and give his decision based on the written submissions of the parties. The place of the arbitration shall be Mangalore, and the principle of equity, faith, and good conscience shall apply.

BNMIT INNOVATION AND STARTUP

Applicable Law:

This agreement shall be governed by the laws of India.

Schedules and Exhibits:

The following documents are Schedules and Exhibits to this Agreement and incorporated by reference:

Schedule 1: The disbursement schedule is mutually agreed upon by the parties.

Schedule 2: Repayment Schedule & payment option

Incubation Agreement : Agreement Deed dated _____ between the Company and the BNMIT.

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

For & on behalf of..... Signature Name Designation Seal	For & on behalf of BNMIT Signature Name Designation Seal
---	--

Witness (Name & Address) 1..... 2..... Date	Witness (Name & Address) 1..... 2..... Date
--	--

Schedule – 1

Disbursement Plan

1. The _____ will be given a total seed fund of Rs. _____ subject to following:
 - a. The disbursements will be made for the monthly expenses of the Company as given below.
 - b. A total loan of Rs. _____ will be disbursed to the Company for the expenses up to.....
 - c. Disbursement of loan for expenses in the month of 20... and onwards will be subject to the extension of incubation period of the Company, which is ending in the month on of 20...
2. In no case the loan disbursement will be made for the expenses beyond incubation period.

Schedule – 2

Repayment of Loan and Interest

1. The Loan Amount as calculated on the option ____ chosen by _____ plus interest for the moratorium period of 18 months (calculated on a simple interest as given in the Options) would be paid back with such simple interest annually calculated at monthly rests, for the tenure of the loan. The loan amount along with interest will be repaid in 36 EMIs (Equated Monthly Installments).

Option – I:

Full amount would be paid back with interest, which will be Prime Lending Rate (PLR) of State Bank of India (on the date of sanction) less 4% and remains fixed for the tenure of the loan. The loan amount and interest will be repaid in 36 EMIs (Equal Monthly Installments), and the repayment will start after 18 months from the date of the first disbursement of the loan.

Option – II:

- a. 50% of the total seed fund sanctioned will be an interest-free loan, repayment of which would start after 18 months from the date of the first disbursement of the loan. The component will be repaid in 36 EMIs.

- b. 50% of the total seed fund sanctioned would be convertible into equity (@ 4% equity against loan up to Rs. 5 lakhs) at par.

Option – III

- a. 75% of the total seed fund sanctioned will be a loan and repaid with an interest of PLR less 6%. The loan amount, along with interests, will be repaid in 36 EMIs (Equal Monthly Installments), and the repayment will start after 18 months from the date of the first disbursement of the loan.
 - b. 25% of the seed fund sanctioned would be convertible into equity (@ 2% equity against loan up to Rs. 5 lakhs) at par.
2. The repayment will start:
- a. After 18 months from the date of the first disbursement of loan or
 - b. As soon as the Company makes operating profits and is in a position to service the loan, whichever is earlier.
3. Any default of EMI would be subject to a further penal interest @ _____% per annum for the period of default of payment of EMI.

GLOSSARY

Angel investor

Individual who provides a small amount of capital to a startup for a stake in the Company. Typically precedes a Seed Round and usually happens when the startup is in its infancy.

B2B

Business to business. This describes a business that is targeting another business with its product or services. B2B technology is also sometimes referred to as enterprise technology. This is different from B2C, which stands for business to consumer and involves selling products or services directly to individual customers.

Benchmark

The process by which a startup company measures its current success. An investor measures a company's growth by determining whether or not they have met specific benchmarks. For example, company A has met the benchmark of having X amount of recurring revenue after 2 years in the market.

Buyout

A common exit strategy. The purchase of a company's shares gives the purchaser controlling interest in the Company.

Capital

Monetary assets currently available for use. Entrepreneurs raise capital to start a company and continue raising capital to grow the Company.

Co-Creation

Co-creation is the act of creating together. When applied in business, it can be used as an economic strategy to develop new business models, products and services with customers, clients, trading partner or other parts of the same enterprise or venture.

Compulsory Equity

An equity share, commonly referred to as ordinary share also, represents the form of fractional or part ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the Company and have voting rights.

Corporate Social Corporate social responsibility (CSR)

A self-regulating business model that helps Responsibility a company be socially accountable – to itself, its stakeholders, and the public.

Cross-disciplinary

Cross-disciplinary practices refer to teaching, learning, and scholarship activities that cut across disciplinary boundaries.

Due diligence

An analysis an investor makes of all the facts and figures of a potential investment. Can include an investigation of financial records and a measure of potential ROI.

Enterprise

The term enterprise typically refers to a company or business (i.e. an enterprise tech startup is a company that is building technology for businesses).

Entrepreneurial culture

A culture/ society that enhance the exhibition of the attributes, values, beliefs and behaviors that are related to entrepreneurs.

Entrepreneurial

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

Entrepreneurship

Entrepreneurship education seeks to provide students with the knowledge, skills education and motivation to encourage entrepreneurial success in a variety of settings.

Equity financing

The act of raising capital by selling off shares of a company. An IPO is technically a form of equity financing.

Experiential learning

Experiential learning is the process of learning through experience, and is more specifically defined as learning through reflection on doing.

Financial management

Financial Management is the application of general principles of management to the financial possessions of an enterprise.

Hackathon

A hackathon is a design sprint-like event in which computer programmers and others involved in software development, including graphic designers, interface designers, project managers, and others, often including domain experts, collaborate intensively on software projects.

Incubation

Incubation is a unique and highly flexible combination of business development processes, infrastructure and people, designed to nurture and grow new and small businesses by supporting them through the early stages of development.

Intellectual Property Rights

Licensing A licensing is a partnership between an intellectual property rights owner and another who is authorized to use such rights (licensee) in exchange for an agreed payment (fee or royalty).

Knowledge Exchange

Knowledge exchange is a process which brings together academic staff, users of research and wider groups and communities to exchange ideas, evidence and expertise.

NDA

Non-disclosure agreement. An agreement between two parties to protect sensitive or confidential information, such as trade secrets, from being shared with outside parties

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.

Pivot

The act of a startup quickly changing direction with its business strategy. For example, an enterprise server startup pivoting to become an enterprise cloud company.

Portfolio company

A company that a specific Venture Capital firm has invested in is considered a "portfolio company" of that firm.

Preferred stock

A stock that carries a fixed dividend that is to be paid out before dividends carried by common stock.

Pre-incubation

It typically represents the process which works with entrepreneurs who are in the very early stages of setting up their Company. Usually, entrepreneurs come into such programs with just an idea of early prototype of their product or service. Such companies can graduate into full-fledged incubation programs.

Proof of concept

A demonstration of the feasibility of a concept or idea that a startup is based on. Many VCs require proof of concept if you wish to pitch to them

Prototype

A prototype is an early sample, model, or release of a product built to test a concept or process.

Seed fund

Seed fund is a form of securities offering in which an investor invests capital in a startup company in exchange for an equity stake in the Company.

SPV-Special Purpose Vehicle

Special purpose vehicle, also called a special purpose entity, is a subsidiary created by a parent company to isolate financial risk. Its legal status as a separate company makes its obligations secure even if the parent company goes bankrupt.

Startup

An entity that develops a business model based on either product innovation or service innovation and makes it scalable, replicable and self-reliant and as defined in [Gazette Notification No. GSR 127\(E\)](#) dated February 19, 2019.

Technology Business incubator

Technology Business incubator (TBI) is an entity, which helps technology-based Incubator startup businesses with all the necessary resources/support that the startup needs to evolve and grow into a mature business.

Technology commercialization

Technology commercialization is the process of transitioning technologies from commercialization the research lab to the marketplace.

Technology licensing agreement

whereby an owner of a technological intellectual property (the licensor) allows another party (the licensee) to use, modify, and/or resell that property in exchange for a compensation.

Technology management

Technology management is the integrated planning, design, optimization, operation and control of technological products, processes and services.

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.

