



KARPAGAM
ACADEMY OF HIGHER EDUCATION
(Deemed to be University)
(Established Under Section 3 of UGC Act, 1956)

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(Deemed to be University)

(Established Under Section 3 of UGC Act, 1956)

(Accredited with A+ Grade by NAAC in the Second Cycle)

Pollachi Main Road, Eachanari Post, Coimbatore - 641 021, Tamil Nadu, India.

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Letter no: KAHE TBI/Chairman off. /ISP Ver.1.0 /001/7-7-2022

Approval letter of Karpagam Innovation and Startup Policy (Ver. 1.0)

The Governing Body of Karpagam Academy of Higher Education (KAHE), Coimbatore hereby approve the Innovation and Startup Policy presented in front of this Governing Body by Expert Committee on Startup Policy on 6th July 2022.

Members Present:

1. Dr. R. Vasanthakumar, - Chairman
2. Shrimathi V. Damayanthi- Trustee
3. Shri V. Karthick- Trustee

For KARPAGAM ACADEMY OF HIGHER EDUCATION

Dr. R. Vasanthakumar
Chairman
Authorised Signatory

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(Deemed to be University)
(Under Section 3 of UGC Act 1956)



KARPAGAM INNOVATION & STARTUP POLICY (2022)

Sponsored by

KARPAGAM ACADEMY OF HIGHER EDUCATION (KAHE) COIMBATORE TAMILNADU, INDIA

A Guide to Institute Innovation and Incubation Ecosystem

Ver. 1.0

Introduction:

National Innovation and Startup Policy - 2019 (NISP) has been released by the Ministry of Human Resource Development (MHRD) to guide as a framework for the students and faculty members of higher education institutions (HEIs).it provides necessary direction and assistive mechanisms to manage issues relating to Innovation, startup, and intellectual property rights.

In line with the thought process of MHRD, the state government of Tamil Nadu under the Micro, Small and Medium Enterprises Department released a policy called Tamil Nadu Startup & Innovation Policy (2018 – 2023) through its startup mission Entrepreneurship Development and Innovation Institute. The state policy clearly indicated the focus on the estimated startup in the state, thrust areas, support mechanism, networking with stakeholders, role educational institutions,

A uniform and healthy innovation and startup mechanism are envisioned across the complete cross-section of HEIs concerning managing the ownership of Intellectual property, licensing the technology, and start-up policy of the institution.

Karpagam Academy of Higher Education (KAHE) being located in the outskirts of Coimbatore and aspires to haul out the strength of the geography such as Agriculture, Textile, Engineering industries, Auto components, Retails and e-commerce to uplift the rural students. KAHE also explores the possibility of bringing in national and international level startups to breed cross-culture among the young budding engineers in the form of providing internship and allied opportunities.

Vision:

To be a center of excellence Incubator, self-sufficing, and establish innovative eco-system to sustenance regional economy determined by startups and kindle the innovative mindset of students, faculty members and the community to help them be self-reliant.

Mission:

To become the forerunner in augmenting Startup and innovation ecosystem for innovative ideas, with emphasis on modern technologies in sectors of agriculture, Healthcare, IT & Industry 4.0, and other emerging areas, and be amongst the foremost incubators in India in these sectors.

Establishment and Intent of Karpagam Innovation, Incubation and Entrepreneurship Development Centre (KIIEDC)

To achieve the aforementioned vision KIIEDC was established with the mandate to provide technical as well as financial assistance to the student's startups, idea generators, and casual grass-root innovators, startups/ entrepreneurs. This facility in a very short span of time has not only created the right voice within the KAHE campus but also started attracting many startups in the length and breadth of the nation.

The KIIED Centre played a crucial role as an eye-opener for the staff, students, and teaching faculty by creating awareness about the necessity and importance of activities such as Innovation, Incubation, and startups. The sincere and committed efforts from this KIIEDC makes an exponential growth in the startup ecosystem with the incubates both locally and nationally.

Viewing the importance of the support facility to be extended for the development of the Innovation, Pre-Incubation, Incubation, and startup functions in the campus a star of the art facility has been created and is functioning to accomplish the vision and mission of the KIIEDC.

This KISP2022 document has been custom-made to prepare a complete strategy for KIIEDC and other stakeholders towards attaining the purpose of setting up the Innovation and Startup ecosystem that inculcates and accomplish the contribution of MHRD, hence KAHE instill its role in the Startup arena of TamilNadu as a whole and Coimbatore in particular.

Innovation Ecosystem

KAHE insists on out-of-box thinking beyond the conventional laboratories and research centers for innovation.

Identification of societal problems and providing solutions through innovative ideas transform society with a competitive advantage. A healthy innovative environment to spring out creative ideas, brainstorming sessions to refine and reshape the ideation process, personal autonomy for the faculty members to nurture creative mindset, interdisciplinary project works, encouraging diversity of thoughts, target-oriented thinking are the core strategies of KAHE to ensure a conducting atmosphere for an innovative ecosystem

Karpagam Technology Incubator (KTI):

The Incubation facility established at the KAHE, Coimbatore, shall be named KTI. KTI shall have a prodigious role to play by becoming the hub of innovation that shall not only revitalize the obsolete technologies but also to identify new scope for Startups in sectors with a contemporary stance. Further, KTI shall function with a mission of giving impetus to the Startup activities. The purpose of establishing this K-TBI is to handhold the aspiring entrepreneurs through the complete journey and to bring out the best talent from them for the benefit of society. Meticulously planned core strategy starting from identification, ideation, pre-incubation, incubation, startup, marketing, and commercialization creates confidence and recognition for every young entrepreneur.

There shall be a separate establishment of KIIEDC responsible for the execution and operations of KTI. KTI shall be registered as a trust named Karpagam Technology Incubator Trust (KTIT) established a Technology Business Incubation Centre, having its own constitution, rules, regulations in conjunction with the formalities as laid by the government.

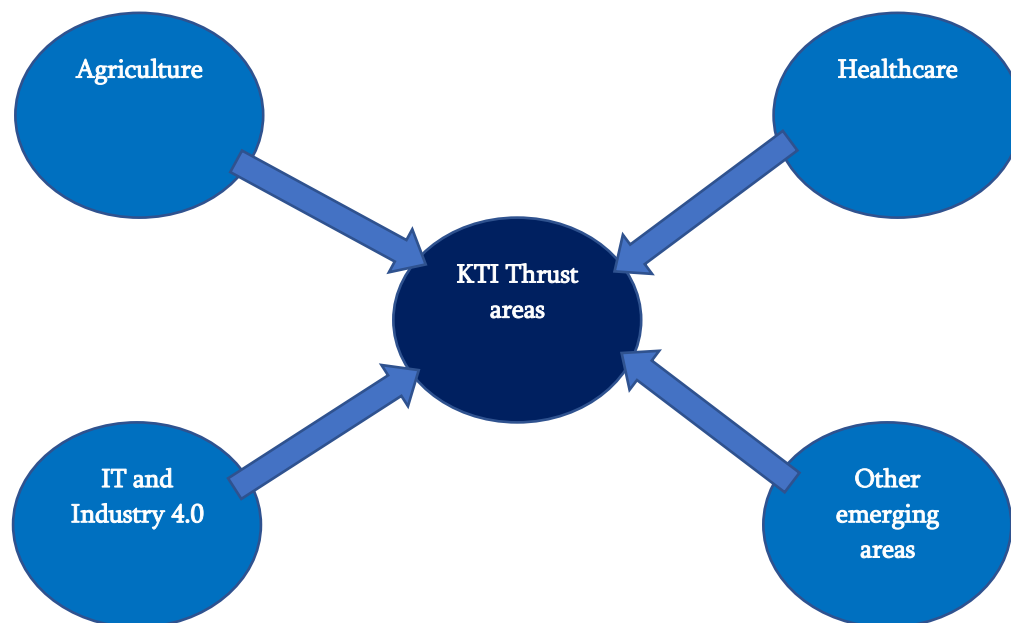
Focus

The emphasis of the projected incubator shall be to aid the staff, students, and faculty members of KAHE, as well as regional and national economic players, to supplement their products and offerings, by upgrading the technology proportion. Further, it is intended to elevate the existing process through modern techniques or to suggest an alternative method from the latest technologies.

Objectives

- To determine the innovative ideas and supplement the fetus eventually to transform into a Startup or entrepreneur endeavour.
- To apply the academic and industry knowledge to solicit an entrepreneur.
- To augment the innovative idea with all significant elements and resources abetting its transformation into a fruitful product or service.
- To associate with the stakeholders assisting to curb the barriers that hamper the growth of Startups.
- To serve entrepreneurs to leapfrog holistically with business expertise.
- To have a socio-economic transformation regionally through innovative solutions to the societal challenges
- To contribute to the nation's per capita revenue generation and balance of trade through the generation of skilled and innovative manpower and employment generation.

. Thrust Area



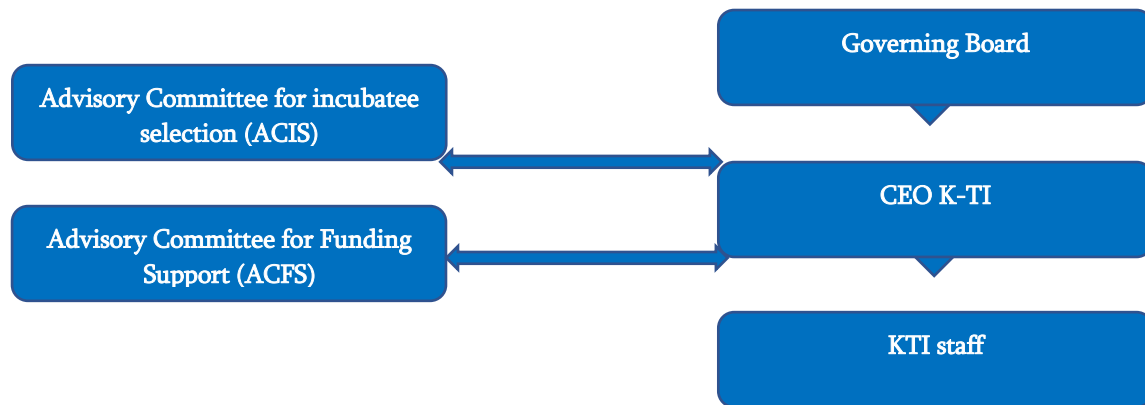
i. Agriculture: is to be seen in a broader scope, which shall include technologies related to horticulture, floriculture, food processing, animal husbandry, and dairy farming besides agriculture.

ii. Healthcare: Drug development, traditional

iii. IT and Industry 4.0: (Internet of Things, Artificial intelligence, Edu-Tech, Safety & Energy, Augmented reality, Virtual reality, Cyber Security and Smart Manufacturing

iv. Other emerging areas: 5G / Fintech /Mobility & Transportation

Governing structure



a. Governing board

This shall be the supreme decision-making authority and strategic roadmap defining the syndicate of KTI. The President, Karpagam Academy of Higher Education shall be its ex-officio Chairperson with the CEO, KAHE (Co-Chair), and the Vice-Chancellor, KAHE as its Vice-Chair. CEO KTI shall be the Member Secretary of the board. The board shall have a representative of Bankers, leading Entrepreneurs, investors, and strategic partners and alliances as may be deemed necessary for quick disposal of matters under the purview of the governing board.

Key responsibilities of the governing board shall be: -

- To define the complete strategic roadmap for the KTI.
- To decide on various proposals received for strategic alliance and partnerships
- To approve and monitor the budgets of KTI.
- To constitute committees for the procurement of types of equipment, infrastructure, and other assets for KTI.
- To appoint a CEO of KTI and delegate powers for the successful functioning of K-TI.
- To appoint a steering committee and evaluation committee as per the incubation process laid down in this document.
- To consider and decide on any relaxations in terms of extension of tenure of incubatee, special privileges to the incubatees, etc., that may be brought to notice for necessary approvals.

b. Steering Committee for Incubatee Selection (SCIS)

This is the apex body of eminent experts from divergent backgrounds who would select the incubatees having gone through the evaluation process as defined. The expert committee shall comprise of:

1. President, KAHE (Chairman)
2. CEO, KAHE (Co-Chair)
3. Vice-Chancellor, KAHE (Vice-Chair)
4. The Registrar
5. Need-based members from the domains of technology, education, business, industry, finance, and start-ups.
6. Leading Start-up from Coimbatore - Invitee Member
7. CEO K-TBI (Member Secretary).

c. Steering Committee for Funding support

This is the apex body of eminent experts with Venture capitalist / angel investors who would decide on the seed grant / partial / complete grant having gone through the evaluation process as defined. The expert committee shall comprise of:

1. President, KAHE (Chairman)
2. CEO, KAHE (Co-Chair)
3. Vice-Chancellor, KAHE (Vice-Chair)
4. The registrar
5. Need-based members from the domains of technology, education, business, industry, finance, and start-ups.
6. Venture capitalist / Angel investors - Invitee member
7. CEO KTBI (Member Secretary).

d. CEO – Karpagam TI

This is the key resource person at K-TBI. Reporting to the governing board, the CEO shall be responsible for all day-to-day activities of the center for the smooth functioning. Being appointed by the board, the CEO shall be responsible for the initial booting up of the centre and later for the daily activities necessary to be performed within the powers and authority as may be delegated by the governing board.

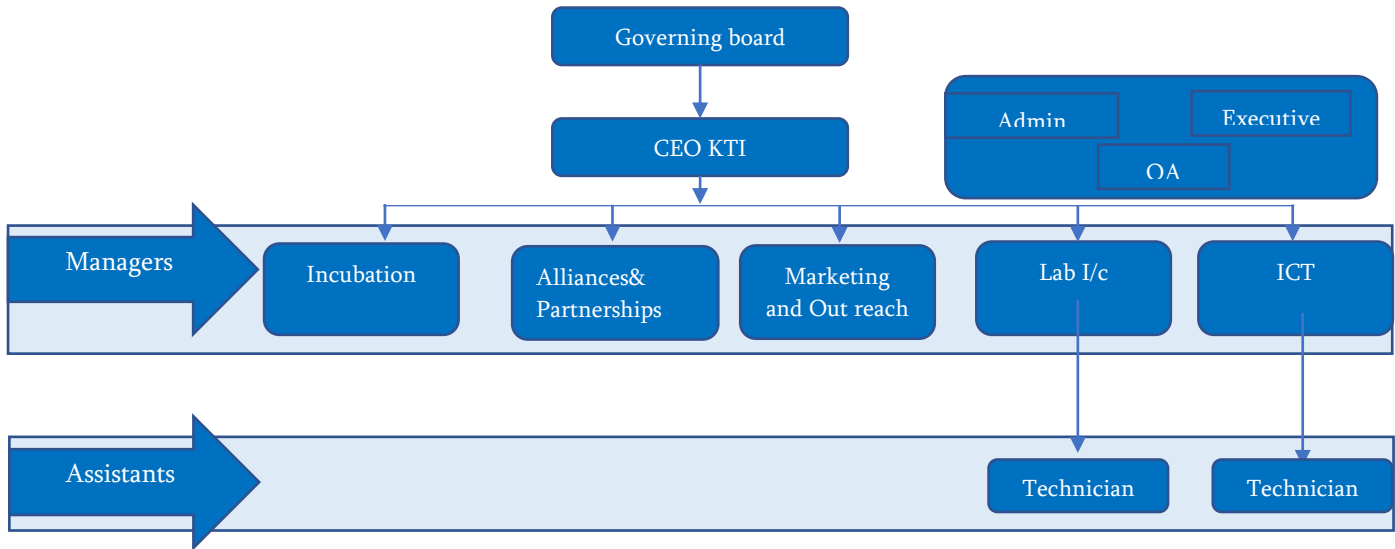
Key functions of the CEO KTI shall be: -

- Maintaining of financial as well as other types of office records.
- Day to day functioning of the center.
- Convening of the meetings of the board and other committees/groups as may be required for the discharge of duties.
- To represent K-TBI in all forums as may be necessary for the functioning of the centre
- To enter into agreements, MoUs, etc., after the necessary approvals of the governing board, if required.
- To procure resources including human resources for KTI as per the guidelines approved by the governing board.
- Operations of the center in line with the budgets approved for operating expenses.
- Ensuring strict adherence to the guidelines, procedures and rules as laid by the governing board and/or competent authority.
- Compliance to any certifying body of which K-TBI shall become a member.

e. K-TI staff:

The CEO shall be ably supported by a team of members responsible for the job roles defined. This team shall be responsible for the day-to-day activities of the incubator. It is proposed to have 12 members with the specific roles managing K-TI, including the CEO.

Organization Structure



Governing Body

CEO (Admin, Executive, Office attendant)

Manager (Incubation, Alliances & Partnerships, Marketing & Outreach, Labs, ICT)

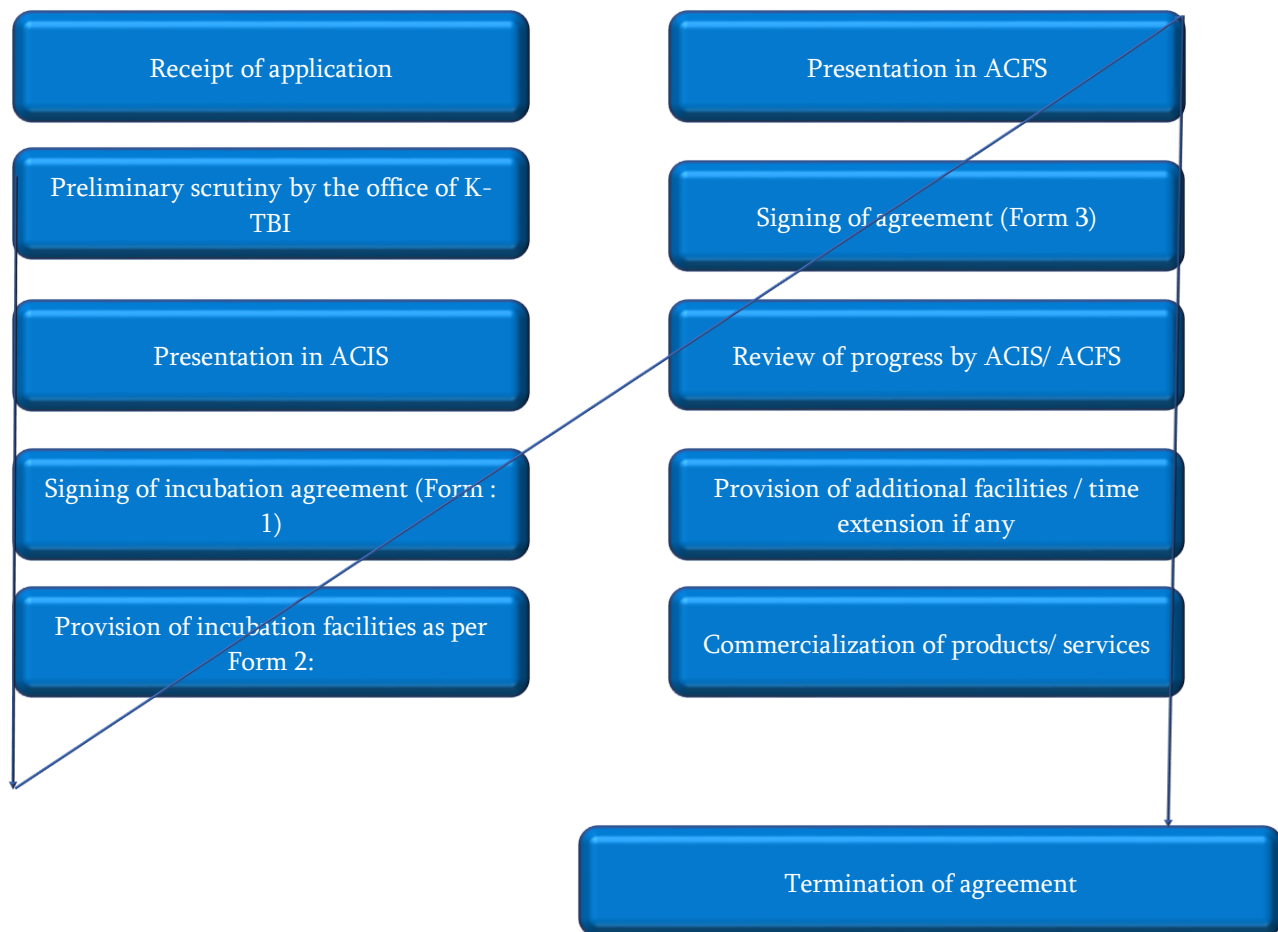
KTI shall have a flat organizational structure to allow effective management along with quick communication. There shall be only three levels of hierarchy under the CEO KTI. Each level shall be led by a Manager supported by an Executive and Assistant.

The general functions of the center shall be administered directly from the CEO's office. There are five important functions in KTI that require a dedicated leader to operationalize the work plan. These are:

- Incubation
- Alliances and Partnerships
- Marketing and Outreach
- Laboratories
- IT and Communications

:

Process of Innovation, Incubation and Entrepreneurships:



Form 1 : Incubation Agreement

This Agreement is made on this 0th day of xxx 0000 by and between _____ (Company Name), a Company limited by Shares, having its registered office at _____, through its Directors and the promoters Mr. XXXXXXXXXXXXXXXXXXXX (DIN - 00000000) and Mr. XXXXXXXXXXXXXXXXXXXX (DIN - 00000000) (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

Karpagam Academy of Higher Education, Coimbatore an Institute established under Section 3 of UGC Act 1956 (hereinafter referred to as ‘KAHE’ which expression shall include unless it be repugnant to the context or meaning thereof), in association with Karpagam Technology Incubator Trust (KTIT) established a Technology Business Incubation Centre (hereinafter referred to as KTI) with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based area of the second part.

KAHE, KTIT and KTI are same parties for the purpose of this agreement; KTI is the operating and implementing body of KAHE Coimbatore.

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

1. Objectives

KAHE, Coimbatore agrees to incubate _____ (Company Name) in the KTI at KAHE. 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.
- Provide a fully furnished incubation space with all the necessary amenities and a residential unit for startups but also a common pool of soft and hard infrastructure to be shared by all incubatee companies.

2.0 Tenure of Incubation

The Resident company / incubatee has been using the facilities of KTI with effect from 0th Day of XXX 0000 and is carrying out fully fledged activities as a Resident company/incubatee. KTI has been extending all the facilities of incubation from the said date.

2.1 KAHE Coimbatore will permit Incubatee Company to commence incubation in KTI with effect from 0th Day of XXX OOOO and the incubation is valid up to 0th Day of XXX OOOO (Two Years).

2.2 The period of Incubation can be extended mutually by both the parties at its discretion if a request is made by the company.

3. Facilities and Infrastructure

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

Upon admission to KTI, certain facilities as given in Annexure 3A, will be offered to the Resident company/incubatee. Further, KAHE Coimbatore has the right to inspect and examine the premises allotted to the resident Company/incubatee at any point of time during the incubation period/stay at the KTI premises. On the completion of the incubation or when the

Resident company leaves KTI due to any other reason, all the furniture, space and any other facilities provided shall be surrendered to KTI in good condition (after allowing for normal wear and tear in the case of equipment). All costs incurred for such restoration to good condition shall be borne by the resident company and in case KTI 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 resident company and/or its directors or promoters. All dues including that of the accommodation at the hostel should be cleared by the 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

KTI provides a common pool of hard and soft infrastructure to be shared by all incubatee/resident companies. Certain resources can be provided on charge basis by KAHE Coimbatore on request of the resident company and subject to the rules and regulations in this regard as applicable from time to time.

3.2 Institute infrastructure

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

3.3 Services of Professionals

KTI may identify and associate professionals for accounting, IP, legal and management expertise on a part-time basis. Incubatee/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.

KTI may also provide soft infrastructure and business services by third party to the incubatee companies, if KAHE Coimbatore so agrees on the request of the resident company/incubatee. Possible services and support items on payment basis are listed as in

Annexure 3B. KTI may also, if regulations of KAHE Coimbatore permit, to assist the 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 KTI acts merely as a facilitator for any services and the resident company/incubatee shall have to make an agreement with the service provider towards terms and conditions for availing the service. KTI 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 KAHE Coimbatore or if permitted by KAHE Coimbatore, 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 resident company/incubatee with the faculty concerned and intimated to KAHE Coimbatore.

4. Consideration

4.1 The Incubatee/Resident Company is required to provide a Non-Dilutable Equity (as defined in Annexure 2) equivalent to 3% of the promoter's equity to KAHE Coimbatore, 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 KAHE Coimbatore read with the SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT Annexure 1 of this Agreement. Further: -

4.2 Charges for seed money and KAHE Coimbatore's Intellectual Property would be as decided by KAHE Coimbatore.

4.4 KAHE Coimbatore/KTI 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 The Resident Company/Incubatee shall have to execute separate agreement for seed money and/or Intellectual Property/know-how, Technology owned by KAHE Coimbatore, as and when a request is made and agreed upon by KAHE Coimbatore.

4.6 On the request of resident Company/Incubatee access to any other facility of KAHE Coimbatore's infrastructure shall be made available and shall be charged as per the KAHE Coimbatore regulations.

5.0 As a statement of faith on the value of partnership with KAHE the company is committed to issue equity shares to KAHE as per clause 4. At the time of disposal, the decision of KTI / KAHE 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 KAHE on a notice by KTI no advance notice is required to be given by KTI to the resident company.

5.2 That KAHE 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 KAHE 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 KTI 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 President, KAHE, Coimbatore under the Indian Arbitration & Conciliation Act whose decision shall be final and binding upon the parties. The place of arbitration shall be Coimbatore.

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

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

For & on behalf of

For & on behalf of

KAHE Coimbatore

Signature

Signature

Mr. XXXXXXXXXXXX

Mr. XXXXXXXX

Witness (Name & Address)

Witness (Name & Address)

1.

1.

Form 3: Seed Money agreement

AGREEMENT DEED

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 part;

AND

Karpagam Academy of Higher Education, Coimbatore an Institute established under Section 3 of UGC Act 1956 as authorized signatory (hereinafter referred to as 'KAHE' which expression shall include unless it be repugnant to the context or meaning thereof KAHE has established a Technology Business Incubation Centre (hereinafter referred to as KTI) with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based area of the second part.

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

AND WHEREAS, the Company has entered into an agreement with the KAHE-KTI 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. A copy of the said agreement is annexed hereto as Exhibit A to this agreement.

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

and KAHE-KTI 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 on has duly authorized the company to seek the said loan from KAHE-KTI and has authorized its Managing Director to execute all the documents and do all that is necessary to obtain the said "Seed Money Loan."

ARTICLE -1 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, as required by KAHE-KTI.

The Company has agreed that entire seed capital shall be used solely for the purpose of the project, as mentioned in the Loan Application and not for any other purpose. KAHE-KTI 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 KAHE-KTI.

The Company shall involve at least one member of KAHE-KTI faculty as with the company.

In the event that the faculty member disassociates himself from the company due to drawbacks on account of the promoters / directors / members of the company or for any other reasons, then KAHE-KTI shall have the option of recalling the loan prematurely

ARTICLE – 2 MODE OF DISBURSEMENT OF LOAN

The disbursement schedule, as agreed between the parties is mentioned in Schedule-1 to the agreement.

The total cumulative loan amount disbursed to the company shall in no case be more than five times the paid-up capital of the company, (paid up in cash), at the time of disbursement of a loan installment. Paid up capital allotted in kind shall not be considered.

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 period of incubation is extended by KAHE-KTI, as per its incubation policy.

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

ARTICLE – 3: 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 loan. The Interest shall be payable monthly on the 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 24 months from the first installment disbursement of the loan. The repayment shall commence from the twenty-fifth 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 principle 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 incubation before the specified period, the Company undertakes to repay the entire loan and interest due thereon prior to the exit from the incubation centre.

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 KAHE-KTI, on prorata basis of 4% equity against 5 lakhs of seed capital sanctioned, as guarantee of seed-capital amount.

Subsequently after the company utilizes the seed-capital or its exit from the incubation center, whichever is earlier, KAHE-KTI 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 KAHE-KTI shall transfer shares taken as guarantee, back to the company.

ARTICLE – 4: SECURITY

KAHE-KTI 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 Loan is fully repaid by the Company. As additional security, the promoters / directors / members of the Company shall stand guarantee in their personal capacity for repayment of the seed capital loan in full by executing a Bond of Guarantee at the time of executing the agreement of loan.

The company shall ensure that a charge over the tangible and intangible assets is registered with the Registrar of Companies in favor of KAHE-KTI prior to the release of the first installment of the loan.

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 KAHE-KTI 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 – 5: COVENANTS

Particular affirmative covenants:

The Company shall utilize the entire loan only for the purposes as mentioned in the Loan Application, described in Schedule-3 to this agreement.

The Company shall maintain an asset register of assets procured from the loan.

The Company shall ensure that the physical progress of the project as well as the expenditure incurred on the project is as per the original schedule. To this end, the Company agrees to submit information to the KAHE-KTI on quarterly basis in a format as may be prescribed by KAHE-KTI, and such other information and data as may be required by the KAHE-KTI from time to time.

The Company hereby undertakes to submit information to the KAHE-KTI 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 KAHE-KTI has the right to require the Company to seek its prior approval wherever necessary and to stipulate such additional condition as the KAHE-KTI in its absolute discretion deem fit for effecting any change as stated herein above.

The company will submit audited annual accounts / Directors reports etc. to the KAHE-KTI within a period of seven days from the approval of the account at the company's Annual General Meeting or positively by 30th, September of each year, whichever occurs earlier.

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 un-audited quarterly Balance Sheet, Profit & Loss Account and Cash flow statements to KAHE-KTI within one month of the end of the quarter. KAHE-KTI reserves the right to get the documents so submitted verified by its own chartered accountant. In such a case the company shall fully co operate with the Chartered Accountant of KAHE-KTI 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.

The President of KAHE will be inducted on the board of the Incubate Company by passing a board resolution a copy of which will be submitted to KAHE-KTI for the purpose of records. The tenure of the President of KAHE on the board of the Incubate Company will be till such time that the seed capital is repaid by the said Incubate Company.

Negative covenants:

The Company shall not utilize the loan for:

Repayment of dues of promoters and their associates,
Repayment of loan from any other source nor for payment of interest on the loan borrowed from such other source,
For extending loans to promoters, their associates
For making any inter corporate deposits or any speculative purpose,
Personal benefit of promoters or their association.

The Company agrees that the KAHE-KTI shall have 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 KAHE-KTI determines that the Incubatee has not progressed or is unlikely to progress in its performance, the KAHE-KTI shall have a right to revise the terms of sanction and stipulate such additional condition as the KAHE-KTI in its absolute discretion deem fit and require the Company to take such measures as may be stipulated by the KAHE-KTI.

The Company agrees that noncompliance of the above terms and conditions may invite a legal action from the KAHE-KTI and may force the Company to exit from the incubation Centre.

ARTICLE – 6: REMEDIES AVAILABLE TO KAHE-KTI

If one or more of the events specified in this article (here in after called “events of default”) shall have happened then the KAHE-KTI by a return 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 KAHE-KTI 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).

Events of default:

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 KAHE-KTI in terms of this agreement and /or in terms of any other agreement (s) or document (s) that may be subsisting or that may be executed between the Company and the KAHE-KTI here after.

Performance of Covenants.

Default shall have occurred in 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 KAHE-KTI 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 KAHE-KTI.

Supply of Misleading Information.

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

Notice to KAHE-KTI 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 KAHE-KTI 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 KAHE-KTI after an event of default having occurred in connection with:

- 1) Preservation of the Company's assets (whether now or hereafter existing);
Collection of amounts due under this Agreement
- 2) Legal or any other expenses incurred in recovering the amount outstanding and interest thereon, or
- 3) Expenses of any kind incurred in this context shall be recovered from the Company or its promoters and reimbursed to KAHE-KTI.

Issue of certificates

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

Communication with third party

In the event of default KAHE-KTI 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 KAHE-KTI shall be entitled to visit the property and/or any place of work of the Company.

ARTICLE - 7: WAIVER

7.1 Waiver not to impair the Rights of KAHE-KTI

No delay in exercising or omission to exercise, any right, power or remedy accruing to KAHE-KTI 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 KAHE-KTI in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of KAHE-KTI in respect of any other default.

ARTICLE – 8: MISCELLANEOUS

Modification/Alteration of the Agreement

The terms of this agreement can be modified/ altered in writing under signatures of respective representatives from the KAHE-KTI 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, KAHE-KTI whose decision shall be final and binding on both the parties. The arbitrator shall issue notice to either parties 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 Coimbatore and principle of equity, faith and good conscience shall apply.

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 as mutually agreed by the parties.

Schedule - 2: Repayment Schedule & Project Management Committee guidelines containing payment option company’s letter dated exercising the option-.....

Schedule - 3: Loan Application of the Company

Schedule – 4: Board resolution of .

Exhibit –A: Agreement Deed dated between the Company and the KAHE-KTI.

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

For & on behalf of

For & on behalf of KAHE-KTI

Signature
Name

Signature
Name

Designation

Designation

Seal

Seal

Witness (Name & Address)

Witness (Name & Address)

1.

1.

2.

2.

Date

Date

Schedule – 1

Disbursement Plan

1. The will be given a total seed fund of Rs. 50 lakhs 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).
2. The repayment will start:
 - a. After 24 months from the date of 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.
4. The payment criteria for interest and principle as per the Option chosen by the vide letter dated..... , which is detailed in Terms of financial support placed as Annexure- I.

Annexure – I Terms of financial support

Following are the options in view of the rate of interest, loan and equity components, repayment

Criteria etc.:

1. Option – I:

Full amount would be paid back with an 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 along with interest will repaid in 36 EMIs (Equal Monthly Installments) and the repayment will start after 18 months from the date of first disbursement of loan.

2. Option – II:

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

3. Option – III

- a. 75% of the total seed fund sanctioned will be a loan and will be repaid back 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 first disbursement of loan.
- b. 25% of the seed fund sanctioned would be convertible into equity (@2% equity against loan up to Rs. 5 lakhs) at par.

The company would have option to choose any one of the options are stated above and communicate to KAHE-KTI in writing. Once the option is chosen and communicated by the company, in no case it can be changed. In case of default payment, the entire loan amount will be converted into equity of 25% at par.

In addition to the nominee director from KAHE-KTI against the incubation equity, there shall be one more nominee director from KAHE-KTI for the equity against seed fund disbursed.

Terms of Repayment

Place:

Date : (Day) (Month) (Year) of loan agreement

Rate of Interest (Tick, whichever is applicable)

1. SBI PLR as on the date of Sanction less 4% (Option I)
2. Nil Rate of Interest (Option II)
3. SBI PLR as on the date of Sanction less 6% (Option III) Name of the Borrowers

Address of the Borrowers

Amount of Loan

Rs. (Rupees only)

Interest

- a) SBI PLR : % p.a. (as on the date of Sanction).(PLR notice attached)
- b) SBI PLR less % p.a. = % p.a.
- c) Pre-EMI Interest % p.a.
- d) Penal Interest on delayed payment % per .annum.
- e) Cheque Dishonour Charges/ missed payment charges Rs. _300/- or charges actually deducted by the bank to KAHE-KTI whichever is more. Repeated Cheque dishonor will attract strict legal action

EMI is calculated on the basis of monthly rests.

Amortization

- a) Terms of repayment months
- b) Moratorium Period..... months from the date of disbursement of 1st Installment.
- c) EMI Rs. /- *

- d) Number of EMI's
- e) Date of Commencement of EMI
- f) Due date of payment of first EMI

*will be applicable when the full disbursement is availed by the Incubate Company or the disbursement is reduced subject to the expiry of the Incubation tenure.

Loan Procedure/ Process

The Incubate Company (Private Limited Company) will open a Current Bank account in the name of the Incubate Company. The bank account will be operable by the Authorized Signatory of the Incubate Company along with the Coordinator, KAHE-KTI as a joint signatory of the said Bank account, for the purpose of the operation of the Seed Capital Account.