BOG/39/Annexure-IX

PDPM
INDIAN INSTITUTE OF INFORMATION TECHNOLOGY,
DESIGN AND MANUFACTURING, JABALPUR

Policy
on
Start-up, Incubation and Technology Enablement Centre (SITEC)

September 2018

1. Objective of Start-up, Incubation and Technology Enablement Centre (SITEC)

PDPM Indian Institute of Information Technology, Design & Manufacturing, Jabalpur, an Institute created under the Institutes of Information Technology Act, 2014 has established a Start-up, Incubation and Technology Enablement Centre (SITEC) with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based area.

IIITDMJ intends to incubate start-ups in the SITEC at IIITDMJ. The purpose of SITEC will be to:

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

2. Eligibility for Incubation

Admission:

Application for **incubation** would be open throughout the year. The applicant should submit the Application form (as in Annexure 1) to Dean RSPC office of the Institute. The SITEC Admin Cell of the Institute will evaluate the application and may recommend for the admission of applicant as an **Incubatee** in SITEC.

Primary Condition for **Incubation**

The resident company/ incubatee may be 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 a 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 as a Proprietorship Firm, a Partnership Firm or a Pre-Incorporated entity but will have to pay enhanced consideration.

3. Facilities and Infrastructure

That IIITDMJ will provide facilities to the resident company /incubatee as per the regulations framed by IIITDMJ in this regard and as amended from time to time. The facilities and infrastructure more specifically are as in Annexure 2.

Upon admission to SITEC, certain facilities as given in Annexure 2, will be offered to the resident company/ incubatee on payment basis, as prescribed in Annexure 3. Further, IIITDMJ will have 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 SITEC premises. On the completion of the incubation or when the resident company leaves SITEC, due to any other reason, all the furniture, space and any other facilities provided shall be surrendered to SITEC in good condition (after allowing for normal wear and tear in the case of equipment/ furniture). All costs incurred for such restoration to good condition shall be borne by the resident company and in case SITEC 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 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

SITEC will provide 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 IIITDMJ 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

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

3.3 Services of Professionals

SITEC 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.

SITEC may also provide soft infrastructure and business services by third party to the incubatee companies, if IIITDMJ so agrees on the request of the resident company/ incubatee. Possible services and support items on payment basis are listed as in Annexure 3. SITEC may also, if regulations of IIITDMJ permit, 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, i.e., Launch, Growth and Harvest of businesses (See Annexure 4). However, it is made clear that SITEC 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. SITEC may on its discretion provide certain services on subsidized or no-charge basis.

3.4 Mentoring and Advisory Facilities:

Each resident Company/ Incubatee is required to have a Faculty mentor from IIITDMJ or if permitted by IIITDMJ, only in special cases, may have an additional mentor 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 IIITDMJ.

4. Tenure of Incubation

The resident company/ incubatee will be permitted to incubate in SITEC for a period of Twenty-Four months. Two further extensions can be granted for 6 months each at a time, at the sole discretion of IIITDMJ.

5. Consideration

5.1 The Incubatee/ Resident Company is required to provide a Non-Dilutable Equity (as defined in Annexure 5) equivalent to 3% of the promoter's equity to IIITDMJ.

5.2 In case the Incubatee/ Resident Company is housed as a Pre-Incorporated Entity, the Incubatee/ Resident Company is required to provide a Non-Dilutable Equity (as defined in Annexure 5) equivalent to 5% of the promoter's equity to IIITDMJ.

5.3 In addition to this the Company has to provide 1% of the promoter's equity to each mentor (member of faculty) from IIITDMJ, as and when allowed by the regulations of IIITDMJ.

5.4 IIITDMJ/SITEC shall levy charge on the resident company/incubatees for infrastructure and facilities. The current rates of consideration, subject to revision from time to time, are given in Annexure 3. A mandatory work space may be allotted to the resident company/incubates as per availability and charges mentioned in Annexure 3.

5.5 Services availed from Institutes' laboratories, workshops, centers and equipment used by the resident company/incubates would be charged separately by IIITDMJ. The charges would be as decided by individual faculty-in-charge and Disciplines as per IIITDMJ regulations.

5.6 A mandatory incubation fees will be charged monthly at the rate of Rs. 1,000/- per month.

5.7 IIITDMJ/ SITEC may change the above rates (as mentioned in clause 5.4, 5.5 and 5.6) from time to time at its discretion and date of implementation of the amended charges shall be applicable with immediate effect.

5.8 The resident Company/Incubatee shall have to execute separate agreement for seed money and/or Intellectual Property/know-how, Technology owned by IIITDMJ, as and when a request is made and agreed upon by IIITDMJ. Charges for seed money and IIITDMJ's Intellectual Property would be as decided by IIITDMJ.

5.9 The said consideration (as mentioned in clause 5.4, 5.5 and 5.6) shall be payable by the company in the following manner:

5.9.1 Rupees Three thousand per quarter shall be payable in advance for every quarter one week before the start of the quarter or on the 24th of the month preceding the quarter. Quarter for this purpose would mean the quarter as per the English calendar commencing from January every year. The consideration for the quarter during which the incubation commences shall be proportionately adjusted taking into consideration the date of commencement of the incubation.

5.9.2 In case, consideration is in excess of Rupees Six thousand, the balance amount would have to be paid at the end of each quarter.

5.9.3 The company would have option of deferring 50% of the charges as mentioned in clause 5.4, 5.5 and 5.6 till the time they exit from SITEC.

In lieu of such deferment the bills have to be paid at the time of exit either with an interest of 8.12%* compounded quarterly or the resident company /incubatee will have to issue additionally 1% of the non-dilutable equity to IIITDMJ (whichever carries more worth at the time of exit).

5.9.4 The company would also have option of deferring 100% of the charges as mentioned in clause 5.4, 5.5 and 5.6 till the time they exit from SITEC.

In lieu of such deferment the bills have to be paid at the time of exit either with an interest of 8.12%* compounded quarterly or the resident company /incubate will have to issue additionally 2% of the non-dilutable equity to IIITDMJ (whichever carries more worth at the time of exit).

5.9.5 For Pre-Incorporated Entities, charges mentioned in clause 5.4, 5.5 and 5.6 would be completely deferred till their exit from incubation by default. The bills have to be paid at the time of exit with an interest of 8.12%* compounded quarterly.

5.9.6 Default in payment: If the company defaults to pay at any time any dues then they shall have the option to pay such dues at the time of exit with 8.12%* interest compounded quarterly.

** The interest rate is decided on the basis of rates prevalent with **SMILE** scheme (for **SIDBI's** internal rating grade of C6, 5-year term loan) of **SIDBI**, which is a scheme to provide soft loans in the nature of quasi-equity to start-ups and MSME. Kindly refer to: www.sidbi.in/SMILE.php*

6. Exit from Incubation

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

- After the completion of the Incubation including extended incubation period, if any.
- Underperformance or inability to perform business as evaluated and decided by SITEC/ IIITDMJ annually on case to case basis.
- Irresolvable promoters' disputes in the opinion of SITEC / IIITDMJ on case to case basis.
- Violation of any statue, rule and / or regulation of IIITDMJ in the opinion of SITEC/ IIITDMJ on case to case basis.
- Capital cash flow exceeds Rs. Twenty-Five crores in the opinion of SITEC / IIITDMJ on case to case basis. *
- Number of employees of the incubatee exceeds 20. *
- When the annual gross revenues of the incubatee (excluding all the taxes) exceeds Rs. 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 profile of the company, its promoters, directors, shareholders, products or business plan.
- Incubatee plans for a public issue in the opinion of SITEC / IIITDMJ on case to case basis.
- Change in promoters'/ founders' team in the opinion of SITEC / IIITDMJ on case to case basis.
- Any change of more than 50% of equity ownership unless approved by SITEC, in the opinion of SITEC/IIITDMJ on case to case basis.
- Any other reason for which SITEC may find it necessary for an incubatee resident company to leave.

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

7. Partnership with IIITDMJ

The partnership between IIITDMJ and the Resident Company/Incubatee will be governed by the agreement contained in Annexure 6.

IIITDMJ will nominate a representative on the Board of Director of the Resident Company/ Incubatee till the time IIITDMJ holds equity.

At the time of disposal, the decision of SITEC / IIITDMJ regarding buyback of full or part of the 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 5.

8. Amendments

Notwithstanding anything contained hereinabove or in the Annexure 6 and 7, SITEC may at any time amend all or any part of the policy through in agreement and its annexure and the Resident Company/ Incubatee shall be bound by the said amendments. The amendments shall be applicable with immediate effect.

9. Arbitration: Any/all disputes between the resident company/ incubatee shall be referred for arbitration to the person so nominated by the Director IIITDMJ under the Indian Arbitration and Conciliation Act, whose decision shall be final and binding upon the parties. The place of arbitration shall be Jabalpur.

The Resident Company/ Incubatee will have to sign PERSONAL GUARANTEE as given in the Annexure 8.

Acknowledgement: We would like to acknowledge the guidance provided by some experts and similar documents available in public domains, mainly IIT Kanpur, SIDBI and Startup India, and we would like to give due credit to all Internet Sources. The following links served as the main reference to make this Incubation policy:

http://www.iitk.ac.in/siic/d/

http://www.iitk.ac.in/siic/d/sites/default/files/Incubation-Agreement.docx

www.sidbi.in/SMILE.php

https://www.startupindia.gov.in/

Annexure 1

PDPM INDIAN INSTITUTE OF INFORMATION TECHNOLOGY, DESIGN AND MANUFACTURING, JABALPUR

Startup, Innovation and Technology Enabling Centre (SITEC)

APPLICATION FORM

1. **Name of the Applicant:**

2. **Details: PAN:** __________________ **AADHAR No.:** ____________________

3. **Title of your Business/Technology:**

4. **Present stage of the start-up:**

    - 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 Start-up India Centre:**

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 IIITDMJ?**

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

11. **Indicate how your business might benefit from access to IIITDMJ's human and physical resources:**

12. **List any special requirements for usage of IIITDMJ's laboratory facilities:**

13. **Infrastructure requirement for Space, Workstations or PCs:**

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

15. **Please indicate your sources of funds:**

16. **Short Description of members of Founding Team:**

17. **Please give names and address 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 Start-up, Innovation and Technology Enabling Center (SITEC) at PDPM Indian Institute of Information Technology, Design and Manufacturing, Jabalpur (IIITDMJ) and will agree to abide by the same once our startup is approved for the incubation at SITEC. We will follow the rules and regulations of SITEC and IIITDMJ. 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

Annexure to the Incubation Agreement

Facilities and infrastructure to the resident company subject to the Rules and Regulations and as mentioned in Clause 3 of the Agreement.

- Office space
- Personal Computers – up to two, depending on the team size
- Printer
- Internet connection one e-mail ID for the promoters who shall be responsible for any misuse by unauthorized persons, if any
- Phone lines (Intercom)
- Furniture
- Electricity in single phase
- Accommodation (one flat at shared/individual basis on case to case basis in PG hostel/Reva Residency)
- Any other facility requested and granted by IIITDMJ

Annexure 3

Annexure to the Incubation Agreement

Consideration for infrastructure facilities in addition to other:

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

Office Usage Fee	:	@ Rs.10/sq.ft/month
PC usage fee (up to 2 PCs)	:	@ Rs.1000/month/computer
Printer	:	@ Rs.200/month/(inkjet)
	:	@ Rs.500/month/(laserjet)
Internet connection	:	@ Rs.1000/quarter
Accommodation	:	Applicable license fee
Electricity charges including air-conditioning	:	On actuals per quarter
Telephone charge	:	On actuals per quarter (for STD or local calls)
Any other facility required by incubate/ Resident	:	On actuals per quarter

Annexure 4

Annexure to the Incubation Agreement

Consultancy services through partner organizations and identified consultants

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

Annexure 5

Annexure to the Incubation Agreement

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

What is **Non-dilutable?**

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

The Company and their Promoters agree that the SITEC is providing incubation facility which is very critical for growth and sustenance of the Company in early days, in return IIITDMJ shall be provided with 3% - 5% shares of the "promoters' holding" in the company free of cost and this shall be duty of the promoters to maintain IIITDMJ's equity of promoters' shares till IIITDMJ decides to sell or give buy back option to the Company or promoters.

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

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

Method of valuation for Equity Disposal:

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

A. On a price as mutually agreed;

B. On a price calculated by an expert so appointed with mutual consent

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

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

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

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

Shareholding of VC		6,867 Shares
Shareholding of Promoter "A"		10,000 Shares
Shareholding of Promoter "B"		10,000 Shares
3% of IIITDMJ equity of Promoters (A+B)		600 Shares
	Total	27,467 Shares

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

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

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

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

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

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

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

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

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

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

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

IIITDMJ Value = {1,53,000 × (30 + X)}/ {2000+ (30+ X)} = 3,000 (Value of IIITDMJ share)

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

Which gives, X = 10

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

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

Annexure 6

INCUBATION AGREEMENT

This Agreement is made on this .... day of ....20____ 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 PART

AND

PDPM Indian Institute of Information Technology, Design and Manufacturing, Jabalpur, an Institute created under the Institutes of Information Technology Act, 2014 through Dean of Research, Sponsored Projects & Consultancy as authorized signatory (hereinafter referred to as 'IIITDMJ' which expression shall include unless it be repugnant to the context or meaning thereof IIITDMJ has established a Start-up, Incubation and Technology Enablement Centre (hereinafter referred to as SITEC) with a mission to foster successful entrepreneurs and develop industry in the Knowledge and Technology based area. .... OF THE SECOND PART

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

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

1. Objectives

IIITDMJ agrees to incubate ____in the SITEC at IIITDMJ. The purpose of incubation unit will be to:

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

2. Tenure

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

2.1 IIITDMJ will permit Incubatee Company to commence incubation in SITEC with effect from _______________and the incubation shall expire on_____________.

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

3. Facilities and Infrastructure

That IIITDMJ will provide facilities to the resident company/ incubatee as per the regulations framed by IIITDMJ in this regard and as amended from time to time. The facilities and infrastructure more specifically are mentioned as in Annexure 2.

Upon admission to SITEC, certain facilities as given in Annexure 2 will be offered to the Resident company/ incubatee on payment basis as prescribed in Annexure 3. Further, IIITDMJ 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 SITEC premises. On the completion of the incubation or when the Resident company leaves SITEC due to any other reason, all the furniture, space and any other facilities provided shall be surrendered to SITEC in good condition (after allowing for normal wear and tear in the case of equipment/furniture). All costs incurred for such restoration to good condition shall be borne by the resident company and in case SITEC 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 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.

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3.2 Institute infrastructure

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SITEC may also provide soft infrastructure and business services by third party to the incubatee companies, if IIITDMJ so agrees on the request of the resident company/ incubatee. Possible services and support items on payment basis are listed as in Annexure 3. SITEC may also, if regulations of IIITDMJ permit, 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, i.e., Launch, Growth and Harvest of businesses, as listed in Annexure 4. However, it is made clear that SITEC 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. SITEC may on its discretion provide certain services on subsidized or no-charge basis.

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4. Consideration

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4.2 In case the Incubatee/Resident Company is housed as a Pre-Incorporated Entity, the Incubatee/Resident Company is required to provide a Non-Dilutable Equity (as defined in Annexure 5) equivalent to 5% of the promoter's equity to IIITDMJ.

4.3 In addition to this the Company has to provide 1% of the promoter's equity to each mentor (member of faculty) from IIITDMJ, as per the regulations of IIITDMJ.

This clause should be read with the SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT (Annexure 7) of this Agreement.

Further,

4.4 IIITDMJ/SITEC shall levy charge on the resident company/ incubatees for infrastructure and facilities, current rates of consideration are given in Annexure 3. A mandatory work space may be allotted to the resident company/incubates as per availability and charges mentioned in Annexure 3.

4.5 Services availed from Institutes' laboratories, workshops, centers and equipment used by the resident company/incubates would be charged separately by IIITDMJ. The charges would be as decided by individual faculty-in-charge and Disciplines as per IIITDMJ regulations.

4.6 A mandatory incubation fees will be charged monthly at the rate of Rs. 1,000/- per month.

4.7 IIITDMJ/SITEC may change the above rates (as mentioned in clause 4.4, 4.5 and 4.6) from time to time at its discretion and date of implementation of the amended charges shall be applicable with immediate effect.

4.8 The Resident Company/ Incubatee shall have to execute separate agreement for seed money and/ or Intellectual Property/ know-how, technology owned by IIITDMJ, as and when a request is made and agreed upon by IIITDMJ. Charges for seed money and IIITDMJ's Intellectual Property would be as decided by IIITDMJ.

4.9 The said consideration (as mentioned in Clause 4.4, 4.5 and 4.6) shall be payable by the company in the following manner:

4.9.1 Rupees Three thousand per quarter shall be payable in advance for every quarter one week before the start of the quarter or on the 24th of the month preceding the quarter. Quarter for this purpose would mean the quarter as per the English calendar commencing from January every year. The consideration for the quarter during which the incubation commences shall be proportionately adjusted taking into consideration the date of commencement of the incubation.

4.9.2 In case, consideration is in excess of Rupees three thousand, the balance amount would have to be paid at the end of each quarter.

4.9.3 The company would have option of deferring 50% of the charges as mentioned in clause 4.4, 4.5 and 4.6 till the time they exit from SITEC.

In lieu of such deferment the bills have to be paid at the time of exit either with an interest of 8.12%* compounded quarterly or the resident company /incubate will have to issue additionally 1% of the non-dilutable equity to IIITDMJ (whichever carries more worth at the time of exit).

4.9.4 The company would also have option of deferring 100% of the charges as mentioned in clause 4.4, 4.5 and 4.6 till the time they exit from SITEC.

In lieu of such deferment the bills have to be paid at the time of exit either with an interest of 8.12%* compounded quarterly or the resident company /incubate will have to issue additionally 2% of the non-dilutable equity to IIITDMJ (whichever carries more worth at the time of exit).

4.9.5 For Pre-Incorporated Entities, charges mentioned in Clause 4.4, 4.5 and 4.6 would be completely deferred till their exit from incubation by default. The bills have to be paid at the time of exit with an interest of 8.12%* compounded quarterly.

4.9.6 **Default in payment:** If the company defaults to pay at any time any dues then they shall have the option to pay such dues at the time of exit with 8.12%* interest compounded quarterly.

** The interest rate is decided on the basis of rates prevalent with SMILE scheme (for SIDBI's internal rating grade of C6, 5-year term loan) of SIDBI which is a scheme to provide soft loans in the nature of quasi-equity to start-ups and MSME. Kindly refer to:* https://sidbi.in/SMILE.php

5. As a statement of faith on the value of partnership with IIITDMJ, the company is committed to issue equity shares to IIITDMJ as per clause 4. At the time of disposal, the decision of SITEC / IIITDMJ regarding buyback of full or part of the 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 5 and the SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT as mentioned in Annexure 7.

5.1 That the resident company shall surrender and vacate the premises on IIITDMJ on a notice by SITEC. No advance notice is required to be given by SITEC to the resident company.

5.2 That IIITDMJ 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' as mentioned in Annexure 7 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 IIITDMJ 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 SITEC 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 Director IIITDMJ under the Indian Arbitration and Conciliation Act whose decision shall be final and binding upon the parties. The place of arbitration shall be Jabalpur.

8. IIITDMJ reserves its right to nominate a representative on the Board of Director of the Resident Company/ Incubatee till the time IIITDMJ holds equity. The Incubatee/ Resident Company shall indemnify to IIITDMJ 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 and on behalf of	**For and on behalf of IIITDMJ**
Signature	Signature
Name:	Name:
Designation:	Designation:
Seal	Seal
Witness (Name & Address)	Witness (Name & Address)
1.	1. ....
2.	2. ....

Annexure 7

<u>Annexure to the Incubation Agreement</u>

Salient Rules Forming Part of The Incubation Agreement

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

RULES AND/OR BYELAWS

Rule-1

Primary Condition for Incubation

The resident company/Incubatee may be 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 a LLP within three months of entry into incubation.

In case the company/Incubatee is not registered as a PLC or as a LLP even after three months of incubation, the resident company/Incubatee would be made to exit SITEC and all dues and considerations payable will have to be cleared immediately.

Extensions to this deadline can be granted by SITEC on case-to-case basis.

After incorporation as a PLC/LLP, the name approved by the Registrar of Companies along with the Memorandum of Association, Articles of Association and List of Directors/Partners must be submitted to SITEC at earliest.

Rule-2

Primary Condition for Pre-Incubation

In case the company/Incubatee has applied for Pre-Incubation, registration as a PLC or LLP is not required. Here, the company/Incubatee can remain as a Proprietorship Firm, a Partnership Firm or a Pre-Incorporated entity but will have to pay consideration as per clause 4.2 of agreement.

Rule-3

Tenure of Incubation

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

Exit

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

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

* *These conditions may be amended from time to time as per the policy of Government of India or IIITDMJ and would be binding on Incubatee. The figures are on the basis of definition of start-up, as stated by the Department of Industrial Policy and Promotion, government of India. Kindly refer to: https://www.startupindia.gov.in/*

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

Rule-4

The Resident Company/Incubatee shall undertake Research & Development, Design/Testing, prototype development from IIITDMJ's premises but shall not carry out warehousing, storage, marketing sales or other commercial routine activity. Exceptions to this can be granted by SITEC on a case to case basis.

Rule-5

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

Rule-6

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

Rule-7

The resident company/ Incubatee is required to provide a list, as per the following format, of their full time and part time employees in the beginning. Any change should be informed to the SITEC Admin Cell at the earliest, latest by the end of the current quarter.

S. No.	Name	Age	Sex	Full time/ Part time	Qualification & Experience	Designation & Responsibilities /Duty	Address	Signature

Rule-8

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

Rule-9

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

Rule-10

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

Rule-11

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

Rule-12

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

Rule-13

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

Rule-14

The Resident company or incubatee shall be required to submit an unaudited/audited financial statement on a quarterly basis to SITEC office.

Non-compliance with the same would result in a fine of Rs. 1,000 and if the same is not given for three quarters continuously the offices of the company would be sealed without any further notice.

The company should also inform SITEC on the progress on the incubation projects and should make presentations to the Committee on annual basis and non-compliance would result in similar penalties stated above. The Incubatee is also obliged to submit to SITEC one copy each of the Memorandum of Association, Articles of Association, and Annual Report (as and when approved by their Board of Directors).

Rule-15

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

Rule 16

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

Rule-17

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

Rule-18

IIITDMJ/SITEC reserves the right to nominate one representative to the company's Board of Directors till IIITDMJ exits from the company. The nomination of IIITDMJ's representative will be made pursuant to M.O.U arrived at with IIITDMJ and that such nominee shall not be deemed to be, in any way, concerned with the affairs or day-to-day working of the company and/or held liable for breach of any of the provisions by the company of the companies act.

Rule-19

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

a) Change of Name of Incubation Company to any other form of legal entity
b) Any major change in their incubation/business plans
c) Change in their ownership pattern
d) Change in their Board of Directors
e) Disposal of major assets (with cost above Rs. 25,00,000)

Rule-20

SITEC/IIITDMJ reserves the right to release information regarding the Incubatee/the Incubation/ the product or service to the media to promote SITEC for non-commercial purposes.

Rule-21

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

Rule-22

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

Rule 23

Disclaimer:

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

- Ensuring success of an incubate/resident company, its products/ process/ services or marketability,
- Ensuring quality of support provided by SITEC 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 SITEC/IIITDMJ network. Incubatee companies will have to apply their judgments before getting in to a relationship with them.

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

Annexure 8

PERSONAL GUARANTEE BY THE PROMOTERS
to

PDPM Indian Institute of Information Technology, Design and Manufacturing Jabalpur

We, ______________________________son of ________________________ residing at ____the Director and promoter of ____do hereby undertake a personal guarantee to pay all unpaid or balance dues, charges and any other levies by IIITDMJ/SITEC including an interest @ 8.12* compounded quarterly from the date payment becomes due up to the date of payment.

The amount payable shall be as calculated by IIITDMJ/SITEC for using/availing facilities and infrastructure that arise against the Incubation Agreement dated .... signed by ____and IIITDMJ/SITEC.

We the Directors/promoters shall keep IIITDMJ indemnified against all claims, losses, damages, costs, liabilities charges and expenses incurred, suffered or paid by IIITDMJ relating to the acts and omissions of the Promoters and employees of the resident company on its incorporation by reasons of having allowed the ____________________promoted by us to use the incubation facilities provided by IIITDMJ. The Agreement made on .... Day of .... 20__.

Signature:
(Name)

Address: ....

....

....

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

1...
2...
....
....
....
....

** The interest rate is decided on the basis of rates prevalent with SMILE scheme of SIDBI, a scheme to provide soft loans in the nature of quasi-equity to start-ups and MSME. Kindly refer to:* *https://sidbi.in/SMILE.php*

AJAY PAL SINGH
Advocate

Phone No.: 0761-2600774
1120, Pachpedi, South
Civil Line, Jabalpur (M.P.)
Mobile No.: 092291-32987

DATE :- 09.05.2019

To,

The Registrar,
PDPM IIITDM,
JABALPUR

LEGAL OPINION ON POLICY ON START-UP, INCUBATION AND TECHNOLOGY ENABLEMENT CENTRE, SEPTEMBER 2018

1. I am in receipt of letter dated 07.05.2019, No. IIITDM/RO/Court Cases/2019(i), issued by the Registrar seeking legal opinion on the aforementioned policy. I have gone through the policy on Start-up, Incubation and Technology Enablement Center (SITEC). From the perusal of the policy issued on September 2018, the clause 2 of the policy states about the eligibility for the incubation. A condition, where Applicant is a student, he can apply for pre-incubation, he is not required for registration of PLC or LLP. The legal entity of the student has been waived which is not correct. This requires reconsideration as incase student causes loss to the Institution then it will be difficult to recover from him.
2. Clause 3 provides for facilities and infrastructure in which it has been mentioned that all costs incurred for any damage done to the facilities provided by the Institution, the Resident Company/Incubatee is liable to make them. The Institution in order to avoid legal hassles can ask the company to make certain security deposits as per the facilities and infrastructure provided for use by the Institution.
3. Clause 4 deals with the tenure of incubation and Clause 5 deals with consideration which seems to be appropriate. Clause 6 deals with exit from incubation which are also correct. However, Clause 7 deals with

partnership with IIITDMJ and it is required that since Institution becomes a partner in the said Agreement, hence more participation in the Start-up project is required. Only a nominee is placed on the Board of Directors of the Resident Company/Incubatee will not suffice the control over the activity of the Incubatee. The Clause 8 deals with amendments and Clause 9 deals with arbitration which are just and proper and needs no change. The Rules have been framed as shown in Annexure 7, which are also correct. The Incubation Agreement mentioned in Annexure 5 is also correct.

4. I have gone through the entire policy and the policy is just, proper and fair. However, certain minor modification can be made to make the policy more effective and would be legally sound. Hence, in my opinion, Clause 2 may be amended as regards, it permits Student to apply for pre incubation. Further, as per Clause 7 which pertains to partnership with IIITDMJ needs to be more elaborate and be made in consonance with the Indian Partnership Act, 1932. However, the policy in its present form can be implemented and the amendments could be carried out at a subsequent stage.

Yours Sincerely

(Ajay Pal Singh)
Advocate

BOG/39/Annexure-X

IIITDM

om om <om@iiitdmj.ac.in>

Fwd: Implementation of Engineering, Procurement and Construction (EPC) Mode of Civil Works

1 message

dvijay dvijay <dvijay@iiitdmj.ac.in> Sun, May 5, 2019 at 1:24 PM
To: om om <om@iiitdmj.ac.in>

---------- Forwarded message ---------
From: **Registrar IIITDMJ** <registrar@iiitdmj.ac.in>
Date: Wed, May 1, 2019 at 5:13 PM
Subject: Fwd: Implementation of Engineering, Procurement and Construction (EPC) Mode of Civil Works
To: dvijay dvijay <dvijay@iiitdmj.ac.in>

---------- Forwarded message ---------
From: **MONIKA** <monikachoudhary.edu@gov.in>
Date: Wed, May 1, 2019 at 4:55 PM
Subject: Fwd: Implementation of Engineering, Procurement and Construction (EPC) Mode of Civil Works
To: <director@iiita.ac.in>, <pnagabhushan@iiita.ac.in>, <pnagabhushan@hotmail.com>, <director@iiitm.ac.in>, <deshmukh.sg@gmail.com>, <director.jbp@gmail.com>, <bmnitr@gmail.com>, <director@iiitdm.ac.in>, <registrar@iiita.ac.in>, <dr.fa@iiita.ac.in>, <registrar@iiitm.ac.in>, <ramphaldwivedi.8766@gmail.com>, <pankaj@iiitm.ac.in>, <pkgupta_67@hotmail.com>, <registrar@iiitdmj.ac.in>, <swapnali@iiitdmj.ac.in>, <rizwan@iiitdmj.ac.in>, <chidam@iiitdm.ac.in>, <guna@iiitdm.ac.in>, <vc@smvdu.ac.in>, <vc.sanjeev@smvdu.ac.in>, <director@iiitk.ac.in>, <office@iiitk.ac.in>
Cc: Navin Kumar SO-IIITs <navin.kumar.nacwc@nic.in>

Sir,

With reference to mail dated March 5th, 2019 on the subject mentioned above regarding adoption of EPC mode of contract management for the Civil Works undertaken at the Institute. EPC has been mandated for all engineering works at MHRD Institutions

An updated status of the steps taken towards implementation of EPC may be submitted to this Ministry urgently.

-------- Original Message --------
From: **PraveerKumarSaxena US** <praveersaxena.edu@nic.in>
Date: Mar 5, 2019 5:59:10 PM
Subject: Implementation of Engineering, Procurement and Construction (EPC) Mode of Civil Works
To: director@iiita.ac.in, pnagabhushan@iiita.ac.in, pnagabhushan@hotmail.com, director@iiitm.ac.in, deshmukh.sg@gmail.com, director.jbp@gmail.com, bmnitr@gmail.com, director@iiitdm.ac.in, registrar@iiita.ac.in, dr.fa@iiita.ac.in, registrar@iiitm.ac.in, ramphaldwivedi.8766@gmail.com, pankaj@iiitm.ac.in, pkgupta_67@hotmail.com, registrar@iiitm.ac.in, registrar@iiitdmj.ac.in, swapnali@iiitdmj.ac.in, rizwan@iiitdmj.ac.in, chidam@iiitdm.ac.in, guna@iiitdm.ac.in, vc@smvdu.ac.in, vc.sanjeev@smvdu.ac.in, director@iiitk.ac.in, office@iiitk.ac.in
Cc: Prashant Agarwal <prashant.ag@gov.in>, Navin Kumar SO-IIITs <navin.kumar.nacwc@nic.in>

To
The Director,
CF-IIITs,

Sir,

Please find enclosed a copy of letter No. 54-1/2019-TS.I dated 05.03.2019 on the above mentioned subject.

With regards,

(Praveer Saxena)
Under Secretary to the Govt. of India
MHRD, D/o. HE
Technical Section - I

-

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With regards

NAVIN KUMAR
Section Officer(IIITs)
Technical Section - 1,
D/o Higher Education,
M/o Human Resource Development,

Shastri Bhawan,
New Delhi-110001.

Tel.: 011-23388253
E-MAIL-ID- navin.kumar.nacwc@nic.in

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Reverence
Monika Choudhary

(A S O)
IIITs

--

Reverence
Monika Choudhary
(A S O)
IIITs

--
(Swapnali D Gadekar)
Acting Registrar & Secretary (BOG)
PDPM IIITDM Jabalpur

3 attachments

Lett dtd 05-03-2019 - to all Dir of IIITs - Implementation of EPC mode of Civil Works.pdf
287K

Model-EPC-Agreement-for-ConstructionSector.pdf
2643K

22-Model-Agreement-for-EPC-Civil-works.pdf
91K

F. No.54-1/2019-TS-1
Government of India
Ministry of Human Resource Development
Department of Higher Education
Technical -I Section

Shastri Bhawan, New Delhi
Dated: 5th March, 2019

To,

The Directors of all IIITs

Subject: Implementation of Engineering, Procurement and Construction (EPC) Mode of Civil Works-reg.

Sir,

I am directed to refer to discussions held during monthly Infrastructure Review Meetings taken by the Secretary; Department of Higher Education during which necessity for adoption of the Engineering Procurement and Construction (EPC) mode of contract management has been emphasized in MHRD institutions included IIITs. In this regard, a Model Agreement for EPC Civil Works prepared by NITI Aayog is enclosed herewith for being implemented. In case of any clarifications or requirement of training in this regard, the same may kindly be intimated to the Ministry.

Yours faithfully

(Praveer Saxena)
Under Secretary (IIITs)

Encl.: As above

Overview of the framework

Large investments, public as well as the private, will be needed in various infrastructure sectors to meet the growing needs of the Indian economy. The public sector would continue to play an important role in building infrastructure and would need to ensure efficient and timely construction of projects within the agreed costs. Towards this end, it would be necessary to adopt a modern contractual framework in the form of a standardised Engineering, Procurement and Construction (EPC) contract based on international best practices.

A modern EPC framework is a pre-requisite for efficient delivery

Need for EPC contracts

The various departments and undertakings of the Central Government as well as the State Governments have hitherto been undertaking construction projects through the conventional item rate contracts where the Government provides the detailed design as well as the estimates of quantities for different items of work (Bill of Quantities). Payments to the Contractor are made on the basis of measurements of the work done in respect of each item. Experience shows that item rate contracts are prone to excessive time and cost overruns, besides recurrent disputes involving large claims. The reasons for their poor performance include inadequate project preparation and estimation coupled with allocation of several construction risks to the Government. For these reasons, the item rate mode of contracting has long been discarded in the developed countries as well by the private sector in India. The structure currently in vogue is in the nature of turnkey contracts where the responsibility for design, procurement and construction is assigned to the Contractor. Such contracts are typically known as EPC contracts.

Item rate contracts are outdated

Model EPC Agreement

The aforesaid drawbacks of item rate contracting are addressed by the EPC approach that relies on assigning the responsibility for investigations, design and construction to the Contractor for a lump sum price determined through competitive bidding. The objective is to ensure implementation of the project to specified standards with a fair degree of certainty relating to costs and time while transferring the construction risks to a private sector Contractor.

With a view to enabling a transparent, fair and competitive roll out of projects, a model EPC Agreement has been evolved. This Model EPC Agreement incorporates international best practices and provides a sound contractual framework that specifies the allocation of risks and rewards, equity of obligations between the Authority and the Contractor, precision and predictability of costs, force majeure, termination and dispute resolution, apart from transparent and fair procedures.

The Model EPC Agreement incorporates best practices

The Model EPC Agreement specifies the required design and performance standards and allows the Contractor to design and construct the project using best practices and innovation to optimise on efficiency and economy as compared to the rigidity of the item rate contract that relies on a rigid design provided by the project authorities. The Contractor also has full freedom to plan the construction schedule for efficient use of its manpower, equipment and other resources while payments are linked to specified stages of construction as compared to payment for individual items or units specified in the item rate contracts. Awarding contract for a lump sum price ensures predictability and financial discipline, both for the Contractor and the Authority. Moreover, clearly stated obligations and risks of the respective parties help in achieving timely completion of the project while minimising disputes.

Technical parameters

Unlike the normal practice of focussing on construction specifications, the technical parameters proposed in the Agreement are based mainly on output specifications. Only the core requirements of design, construction and operation that have a bearing on the quality and safety of the project are to be specified and enough room is left for the Contractor to innovate and add value.

Technical parameters based on output specifications

In sum, the framework focuses on the 'what' rather than the 'how' in relation to the works to be delivered by the Contractor. This would provide the requisite flexibility to the Contractor in evolving and adopting innovative designs without compromising on quality of the works.

Contract Price

The Contract Price is a fixed lump sum amount for construction of the project. The Contract Price is subject to adjustment on account of changes in the relevant price index as well as changes in law or changes in the scope of the project since the Contractor cannot be expected to bear or manage the risks arising out of such changes.

Contract price to be lump sum

Contract period

The contract period is normally determined on a project-specific basis depending on the nature and volume of construction work involved. The Contractor shall be liable to damages for any delay beyond the specified date of completion, subject to the damages not exceeding 10 per cent of the contract price. However, the Contractor shall be entitled to time extension arising out of delays on account of change of scope and force majeure or delays caused by or attributable to the Authority.

Time extension only for specified event or circumstance

Selection of Contractor

Selection of the Contractor will be based on open competitive bidding. All project parameters such as the contract period, price adjustments and technical parameters are to be clearly stated upfront, and short-listed bidders will be required to specify

Competitive bidding on single parameter will be the norm

only the lump sum price for the project. The bidder who seeks the lowest payment should win the contract.

Risk allocation

As an underlying principle, risks have been allocated to the parties that are best suited to manage them. Project risks have, therefore, been assigned to the private sector to the extent it is capable of managing them. The transfer of such risks and responsibilities to the private sector would increase the scope of innovation leading to efficiencies in costs and services. Accordingly, project risks such as commercial and technical risks relating to design and construction have been assigned to the Contractor. The Authority would, however, be liable to damages for any delays in handing over land, securing environment clearances or shifting of utilities.

Risk alleviation and mitigation are critical to engagement with private sector

Design and Construction

The EPC agreement specifies the dates on which different sections of the project land will be handed over to the Contractor. It defines the scope of the project with precision and predictability to enable the Contractor to determine its costs and obligations. It also lays down a ceiling of 10 percent of contract price to cater for any changes in the scope of the project, the cost of which the Authority shall bear.

Incentives and penalties to ensure timely completion

The Contractor shall carry out survey and investigations and also develop designs and drawings in conformity with the specifications and standards laid down in the Agreement. It will get these checked by a proof consultant and a safety consultant who are to be appointed with the approval of the Authority. The design and drawings would be reviewed by the Authority's engineer to ensure that they conform to the scope of the project as well as the prescribed standards and specifications. The EPC agreement also stipulates provisions for quality control and assurance.

A provision has been made for damages which the Contractor shall pay to the Authority for not achieving the prescribed milestones. The Authority will pay bonus to the Contractor for completion of the project before the scheduled completion date.

Force majeure

The EPC agreement contains the requisite provisions for dealing with force majeure events. In particular, it provides protection to the Contractor against political actions that may have adverse effect on the timely completion of the project.

Contractor will be protected against arbitrary actions

Termination

Termination payments have been quantified precisely. Political force majeure and defaults by the Authority would qualify for adequate compensatory payments to the

Pre-determined termination payments should provide predictability

Contractor and thus guard against any discriminatory or arbitrary action by the Authority. In the event the Authority terminates the agreement on account of any of the specified defaults of the Contractor, the Agreement allows the Authority to forfeit the performance security and retention money of the Contractor.

Monitoring and supervision

Day-to-day interaction between the Authority and the Contractor has been kept to the bare minimum following a 'hands-off' approach. Checks and balances have, however, been provided for ensuring full accountability of the Contractor.

A credible and fair arrangement for supervision is essential

Monitoring and supervision of construction is proposed to be undertaken through an Engineer (a qualified firm) that will be selected by the Authority through a transparent process. Its independence would provide added comfort to all stakeholders.

Milestone based payments

A simple and rational method for estimating interim payments to the Contractor has been provided in the Agreement. It would ensure that payments are made for all works conforming to the Agreement and commensurate with the stages of completion of works. Each item of the project has been further sub-divided into stages, and payment will be made for each completed stage of work.

Defects liability period

Though normally a defects liability period of one year is specified in most contracts, a defects liability period of two years has been specified in the Agreement in order to provide additional comfort to the Authority.

Miscellaneous

The Agreement also addresses issues relating to dispute resolution, suspension of rights, change in law, insurance and indemnity.

An effective dispute resolution mechanism is critical

Multi-sector template

The framework contained in this model Agreement can be used across sectors, such as railways, ports, airports, irrigation and real estate, by making sector-specific substitution of the relevant provisions since the model contract has been formulated mainly by way of a template. With some effort, this template can be used for a variety of construction contracts.

Conclusion

Together with the Schedules, the proposed framework of the Model EPC Agreement incorporates international best practices and embodies an enabling contractual framework for construction of projects in an efficient, economical and competitive environment. It will minimise, if not eliminate, the time and cost over-runs characteristic of the extant item rate contracts. Further, this will enable a faster roll-out of projects with least costs and greater efficiency while minimising the potential for excessive discretion.

F. No. 35-4/2017-TS.I
Government of India
Ministry of Human Resource Development
Department of Higher Education
Technical Section-I

Shastri Bhawan, New Delhi
Dated : 5th September, 2017

To
The Directors,
All IITs.

Subject : Credit Policy on HEFA – reg.

Sir,

I am directed to refer to this Ministry's letter No. 16-2/2017-TC dated 16.08.2017 on the above mentioned subject and to request that all projects which are envisaged to be funded through HEFA may be got approved by your respective Finance Committee and Board of Governors by circulation, which may then be forwarded to HEFA expeditiously.

2. It may be stated that the Board of HEFA is likely to consider all the proposals received for funding under HEFA in the last week of September, 2017.

3. It is therefore requested that the process may be expedited so that the proposals, duly approved in circulation, are received by HEFA well before its Board meeting.
A copy of the HEFA credit policy is enclosed again for ready reference.

Yours faithfully,

(Kundan Nath)
Under Secretary to the Government of India
Ph : 011-23381698

Copy to : Under Secretary(TC), MHRD.

F. No. 16 - 2/2017-TC
Government of India
Ministry of Human Resource Development
Department of Higher Education
Technical Coord.(TC) Section
*****

Shastri Bhawan, New Delhi.
Dated the 16th August, 2017.

To

The Directors of all IITs/ IIMs//NITs/ IISERs/IIITs/SPAs/Other CFTIs
Vice-Chancellors of all Central Universities.

Subject: Higher Education Funding Agency (HEFA) Credit Policy Framework – communicated.

Sir/Madam,

The Higher Education Funding Agency (HEFA) set up by Government for financing the infrastructure in the centrally funded institutions has become operational, with M/S Canara Bank as the Promoter. The Board of HEFA has approved the Credit Policy Framework (**enclosed**) which defines the modalities for financing projects.

2. You are hereby requested to firm up proposal (s) for financing from HEFA after taking the approval of Finance Committee (FC) and Board of Governors (BOG)/ Executive Council (EC). The loan applications may be sent to the following address in the **Format** enclosed along with all the supporting documents expeditiously.

MD & Chief Executive Officer, HEFA,
6th Floor, Naveen Complex,
No 14, MG Road, Banguluru – 560001
Ph: 080-25587405 email: info@hefa.co.in

Encl : As above.

16/8

(R. SUBRAHMANYAM)
ADDITIONAL SECRETARY (TE)
TEL : 23383202

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CREDIT POLICY FRAMEWORK

Higher Education Financing Agency would finance the infrastructure requirements of the higher educational institutions in accordance with the following Credit Policy:

I. Eligible Educational Institutions

1) Eligibility:

Educational institutions satisfying any one or more of the following criteria are eligible for financing:

a) Institution funded by the Central Government covering at least 50% of its expenditure.

b) Institution owned or controlled by Central Government.

c) Institution set up and funded by the Central Government.

Provided further that such institution must be having its own internal resources generated either from fees, consultancies, research project or such other sources of revenue, lease, rent, donations from industry, donations from alumni etc.

2) Format for application:

The format for application for finance shall be as given in Annexure – I. The application shall be signed by the Chief Executive of the institution after taking approval from the Board of Governors or Executive Council.

3) A separate account of the Borrower Institution shall be maintained, so as to monitor the loans sanctioned to the Institution.

II. Fixing of credit limits:

1) The credit limit would normally be 10 times the amount committed to be escrowed by the institution every year from its own internal resources.

2) While deciding on the amount proposed to be escrowed, the institution shall ensure that it shall commit resources only from its internal resources, and shall ensure that such an action would not affect the functioning of the institution.

3) Credit Limit for the institution shall be fixed as above while sanctioning the first loan.

4) In case, the Institution agrees to increase the escrowed amount at a later date, the credit limit would be increased proportionately.

III. Margin:

Normally, margin for the loans shall be maintained at 10%. However, such margin norms may be relaxed/waived on a case to case basis by the Sanctioning Authority.

IV. Security:

Primary/Collateral security may be stipulated by the Board, wherever it is feasible/available.

V. Projects for funding:

Proposals for loan from the Institutions shall be considered only, if it is within the credit limit fixed for each institution.

A. Type of Projects for funding:

i. Only projects of the following nature, which propose to create new infrastructure shall be considered for financing:
   - Construction of buildings or facilities therein, required for academic or research purposes, including the requirements for accommodating students/scholars/faculty/staff of the institution. Only the non-recurring portion shall be financed.
   - Setting up laboratories/high performance computing (HPC) facilities/libraries and equipping them, provided further, that the projects are accompanied by detailed plans for utilisation of such facilities. Only the non-recurring portion shall be financed.
   - Research projects that are sanctioned by Ministry of HRD or any other Ministry of Government of India provided further that the Company would meet only the cost of the non-recurring portion of the research project, and the cost of maintenance shall be borne by the institution from the resources generated through such project.
   - Setting up Centres of Excellence (CoE) sanctioned by the MHRD or other Ministries of Government of India, provided that only cost of the non-recurring portion of the CoE project shall be financed

- Campus common infrastructure/facilities including student facility centres. Only the non-recurring portion shall be financed.

ii. The projects executed with the HEFA finance shall be maintained by the internal resources of the Institution.

B. Format for Project Loans:

i. All loan applications shall be submitted only through the online portal of the Company.

ii. The loan application shall contain the following details:

a) Purpose and justification for taking up the project including the details of the number of beneficiaries from the project.

b) Brief details of the project including the area to be constructed, equipment to be procured along with the broad specifications.

c) Cost of the project as per administrative approval by the competent authority, along with cost per sqft (in case of construction) and phasing of the requirement of funds (drawdown schedule) depending on the expected progress of the work.

d) Detailed estimates and designs as per technical sanction by the competent authority.

e) Duration of the project including the stage-wise timelines for completion.

f) Modalities for procurement and execution of the project.

g) Systems for Project Management and Monitoring of quality.

h) Systems for sustenance of the project including resource generation.

i) The institution has to state the method and timelines for selection of Agency(ies) for execution, and soon after such selection, shall furnish details to HEFA along with their bank account particulars for release of funds directly to the concerned agency based on e-request by the institution.

iii. The cumulative exposure@ to the institution, including the project loans already sanctioned and the loan proposed for sanction, shall be within the overall credit limit approved for the institution.

(**@Exposure:** Total of outstanding liability where loans are fully disbursed and outstanding liability + undisbursed portion under partly disbursed loans)

C. Appraisal of the projects

i. The projects shall be appraised based on the following three parameters, which shall run simultaneously, such that the appraisal shall be completed within 4 weeks from the date of submission of the project in the online portal, completed in all respects:
  a) Financial appraisal by the internal team
  b) Technical appraisal by a third party expert, normally from approved panel of Canara Bank or Project Appraisal Group, HO.
  c) Legal appraisal by the empanelled advocates of Canara Bank or by the legal department of Canara Bank.

ii. Cases of project loans where appraisal could not be completed within the specified time limits shall be placed before the Board of Directors along with reasons for the delay.

D. Approval of projects and sanction of loan

i. Upon approval of the Project Loan, sanction will be conveyed to the Institution giving full details viz; the loan amount, term of the loan, repayment schedule for the Principal amount, interest chargeable, and the project completion time.

ii. The sanction shall contain a unique ID for the project loan and shall be reflected against the credit limit approved for the institution.

iii. The maximum period for repayment of the loan would be 10 years.

VI. Pricing of Credit/Rate of Interest:

Pricing/Rate of Interest will be fixed linked to the reference rate at the time of sanction of the loan and the same shall be reset once in 2 years.

VII. Regulatory guidelines:

Exposure norms shall be fixed in conformity with regulatory guidelines of RBI, upon receipt of NBFC licence from RBI.

VIII. Documentation:

Upon sanction of the loan, the institution shall execute the documents prescribed by HEFA/legal counsel appointed by HEFA/legal section of Canara Bank.

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IX. Release of funds

1) Funds shall not be released in advance to the Institutions, even after sanction of the loan. Funds shall be released only based on the progress of the project and on electronic request by the institution.
2) Wherever applicable, funds have to be released directly to the implementing agency. The Borrower Institution has to send an online electronic request for transfer of funds from the amount sanctioned for the project to the implementing agency or the identified vendor.
3) Only after receipt of payment advice from the Borrower Institution, the eligible amount will be remitted within 24 hours electronically to the Bank Account of the implementing agency/identified vendor.
4) The responsibility of carrying out due diligence before issuing a request for release of funds lies with the institution. It shall be the responsibility of the Institution to ensure that the process laid down in their Statutes and the guidelines issued by the Government are followed scrupulously.

X. Verification of Assets and Inspection of Security:

The Unit/Project shall be inspected at the time of first disbursement and final disbursement.

XI. Repayment of the loans sanctioned:

1) As soon as the loan is sanctioned, the institution shall open an escrow account with HEFA's Bankers and authorize institution's bankers to escrow the committed portion from their regular internal resources account to the escrow account.
2) The Principal portion of the loan would be automatically recovered from the escrowed amount committed by the institution, as per the schedule communicated at the time of sanction of the loan.
3) Payment of interest on these loans would be serviced through the normal grants released by the Government to the institution.

XII. Review of Borrower Accounts:

A list of Special Watch Accounts, where the overdues persist/continue for more than 30 days will be generated and followed up for recovery at Monthly intervals. Loan accounts where 2 consecutive instalments fall overdue shall be reviewed individually and necessary remedial measures would be initiated. Details of such accounts (where 2 consecutive instalments are overdue) shall be placed before the Board for review on quarterly basis.

XIII. Validity of Sanction:

Sanction shall be valid for a period of 1 Year. In case, no part of loan is availed within the validity period of sanction, the sanction shall lapse. However, the validity can be extended for a further period by the sanctioning authority.

XIV. Monitoring of Projects

1) Institution shall submit Project Implementation Progress Report (PIPR) duly certified by a Chartered Accountant/Statutory Auditors of the institution shall be submitted at quarterly intervals during the implementation period.
2) The progress of all the projects sanctioned and under implementation shall be monitored and reported to the Board once in a quarter.
3) The Board after monitoring/review of the project (s) from time to time may take a decision to stop further funding, if the project is not being implemented as per the laid down plans. The Institution shall abide by the decision of the Board in this regard.

XV. Sanctioning Authority:

Irrespective of the quantum of finance, the powers to sanction loans to the institutions vests with the Board. Office Note recommending for sanction of the loan shall be placed before the Board by the Managing Director and CEO of the Company.

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ENABLING EXCELLENCE

Annexure – I

Format of Application to HEFA

1. Name of the institution:
2. Nature of the institution: (Pl see the eligibility conditions):
3. Address of main and other campuses:
4. Date of Establishment
5. TAN NO
6. PAN NO
7. The Principal functionaries of the institution:

Name	Designation	Date from which functioning	Contact details(Mobile, email)

8. Abstract of the annual accounts for the last 3 years, Estimates for current year & Projections covering the proposed repayment period:
(Annexure I)

9. Cash flow statements for the last 3 years & projected cash flows for the proposed repayment period:
(Annexure II)

10. The details of funding from the Government during the last 3 years:

Rupees in Crores

Year	Amounts in grants received	Amount spent

11. Amount proposed to be escrowed to HEFA for the next 10 years:

12.Details of ongoing Projects:

Name of project	Cost of project	Means of finance	Period of execution	Expected date of completion	Present status

13.New Projects requiring funding from HEFA: (Rupees in crores)

Name of project	Cost of the project		Term Loan required	Period for execution	Repayment Sought	Status of the project (Admin/Tech approvals)
	For Bldgs/Civil structure	For Equipments				

14. Present Bankers

Name of the Bank	Address	IFSC Code

15. Exposure (Existing& Proposed)

A. With Other Banks

Name Of the Bank	Loan Sanctioned	Present Liability	Purpose Of Loan

B. With HEFA

Loan Sanctioned	Present Liability	Purpose Of Loan

(Signature of the Director/Vice-Chancellor of the Institution)

Checklist (Documents to be enclosed)

A. KYC documents of Institute (Copies of PAN/TAN, Resolution to borrow, Letter from MHRD)
B. KYC documents of authorised signatories (Copies of ID Proof, Address Proof, PAN Card etc)
C. Detailed project report (DPR)
D. Balance Sheet for last 3 years, Current Year estimates & projections covering the proposed repayment period.
E. Income and expenditure for last 3 years, Current Year estimates & projections covering the proposed repayment period.
F. Cash flow statement for last 3 years, Current Year estimates & projections covering the proposed repayment period.
G. Cash flow statement - Month wise for first 3 years of repayment term - to know the pattern of cash flow for fixing periodicity of repayment.
H. Statement of loan account with other banks (if any) for the past one year.
I. Copies of Office Notes placed before internal committees i.e Building committee, Finance committee etc.
J. Copy of the project approval from the Board of Governors or Executive Council.

ANNEXURE - III (Balance Sheet- format) - Checklist Item - D

NAME OF THE EDUCATIONAL INSTITUTION:

BALANCE SHEET FOR THE LAST 3 YEARS, CURRENT YEAR ESTIMATES AND PROJECTIONS COVERING THE PROPOSED REPAYMENT PERIOD

	ABS 31-03	ABS 31-03	ABS 31-03	ESTIMATES FOR CFY 31-03	Proj. (YR-1) 31-03	Proj. (YR-2) 31-03	Proj. (YR-3) 31-03	Proj. (YR-4) 31-03	Proj. (YR-5) 31-03	Proj. (YR-6) 31-03	Proj. (YR-7) 31-03	Proj. (YR-8) 31-03	Proj. (YR-9) 31-03	Proj. (YR-10) 31-03
SOURCES OF FUNDS														
UNRESTRICTED FUNDS														
(a) Corpus														
(b) General Fund														
(c) DesignatedEarmarked Funds														
+														
+														
RESTRICTED FUNDS														
LOANS/BORROWINGS														
(a) Secured														
(b) Unsecured														
+														
+														
CURRENT LIABILITIES & PROVISIONS														
TOTAL														
APPLICATION OF FUNDS														
FIXED ASSETS														
(a) Tangible Assets														
(b) Intangible Assets														
(c) Capital Work-in-progress														
+														
+														
INVESTMENTS														
(a) Long Term														
(b) Short Term														
CURRENT ASSETS														
LOANS, ADVANCES & DEPOSITS														
TOTAL														

ANNEXURE - II (Income & Expenditure Statement -format) - Checklist Item - E

NAME OF THE EDUCATIONAL INSTITUTION:

INCOME AND EXPENDITURE ACOUNT FOR THE LAST 3 YEARS, CURRENT YEAR ESTIMATES AND PROJECTIONS COVERING THE PROPOSED REPAYMENT PERIOD

	ABS 31-03	ABS 31-03	ABS 31-03	ESTIMATES FOR CFY 31-03	Proj. (YR-1) 31-03	Proj. (YR-2) 31-03	Proj. (YR-3) 31-03	Proj. (YR-4) 31-03	Proj. (YR-5) 31-03	Proj. (YR-6) 31-03	Proj. (YR-7) 31-03	Proj. (YR-8) 31-03	Proj. (YR-9) 31-03	Proj. (YR-10) 31-03
INCOME														
(a) Academic Receipts/Fees														
(b) Grants and Donations														
(c) Income from Inv estments														
(d) Other Incomes														
+														
+														
TOTAL (A)														
EXPENDITURE														
(a) Staff Payment & Benefits														
(b) Academic Expenses														
(c) Administrative and General Expenses														
(d) Transportation Expenses														
(e) Repairs and Maintenance														
(f) Finance Costs														
(g) Other Expenses														
+														
+														
TOTAL (B)														
Balance being excess of Income over Expenditure (A-B)														
Transfer to/from Designated Fund														
(a) Building fund/Others (Specify)														
+														
+														
Balance being Surplus/Deficit carried to General Fund														

ANNEXURE - III (Format of Cash Flows - Yearly) - Checklist Item - F

CASH FLOW STATEMENT FOR THE LAST 3YEARS, CURRENT YEAR ESTIMATES & PROJECTIONS COVERING THE PROPOSED REPAYMENT PERIOD

NAME OF THE INSTITUTION															
	Pre-Startup	ABS 31-03	ABS 31-03	ABS 31-03	ESTIMATES FOR CFY 31-03	Proj. (YR-1) 31-03	Proj. (YR-2) 31-03	Proj. (YR-3) 31-03	Proj. (YR-4) 31-03	Proj. (YR-5) 31-03	Proj. (YR-6) 31-03	Proj. (YR-7) 31-03	Proj. (YR-8) 31-03	Proj. (YR-9) 31-03	Proj. (YR-10) 31-03
1. CASH ON HAND [Beginning of month]															
2. CASH RECEIPTS/INFLOWS															
(a) Academic Receipts/Fees															
(b) Grants and Donations															
(c) Income from Investments															
(d) Other Income															
+															
+															
3. TOTAL CASH RECEIPTS [2a + 2b + 2c + 2d =3]															
4. TOTAL CASH AVAILABLE [Before cash out] (1 + 3)															
5. CASH PAID OUT/OUTFLOWS															
(a) Staff Payments & Benefits															
(b) Academic Expenses															
(c) Administrative and General Expenses															
(d) Transportation Expenses															
(e) Repairs & Maintenance															
(f) Finance Cost															
(g) Other Expenses															
+															
+															
6. TOTAL CASH PAID OUT [Total 5a thru 5g]															
7. CASH POSITION [End of month] (4 minus 6)															

ANNEXURE - V (Format of Cash Flows - Monthly) - Checklist Item - 6

[illegible]

NAME OF THE INSTITUTION

FIRST YEAR

	Pre-Startup	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
1. Cash on hand (Beginning of month)														
2. CASH RECEIPTS/INFLOWS														
(a) Academic Receipts/Fees														
(b) Grants/Donations														
(c) Income from Investments														
(d) Other Income														
+														
+														
3. TOTAL CASH RECEIPTS (2a + 2b + 2c + 2d + 2)														
4. TOTAL CASH AVAILABLE (Before cash out) (1 + 3)														
5. CASH PAID OUT/OUTFLOWS														
(a) Staff Payments & Benefits														
(b) Academic Expenses														
(c) Administrative and General Expenses														
(d) Transportation Expenses														
(e) Repairs & Maintenance														
(f) Finance Cost														
(g) Other Expenses														
+														
+														
6. TOTAL CASH PAID OUT (Total 5a thru 5g)														
7. CASH POSITION (End of month) (4 minus 6)														

SECOND YEAR

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
1. Cash on hand (Beginning of month)													
2. CASH RECEIPTS/INFLOWS													
(a) Academic Receipts/Fees													
(b) Grants/Donations													
(c) Income from Investments													
(d) Other Income													
+													
+													
3. TOTAL CASH RECEIPTS (2a + 2b + 2c + 2d + 2)													
4. TOTAL CASH AVAILABLE (Before cash out) (1 + 3)													
5. CASH PAID OUT/OUTFLOWS													
(a) Staff Payments & Benefits													
(b) Academic Expenses													
(c) Administrative and General Expenses													
(d) Transportation Expenses													
(e) Repairs & Maintenance													
(f) Finance Cost													
(g) Other Expenses													
+													
+													
6. TOTAL CASH PAID OUT (Total 5a thru 5g)													
7. CASH POSITION (End of month) (4 minus 6)													

THIRD YEAR

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
1. Cash on hand (Beginning of month)													
2. CASH RECEIPTS/INFLOWS													
(a) Academic Receipts/Fees													
(b) Grants/Donations													
(c) Income from Investments													
(d) Other Income													
+													
+													
3. TOTAL CASH RECEIPTS (2a + 2b + 2c + 2d + 2)													
4. TOTAL CASH AVAILABLE (Before cash out) (1 + 3)													
5. CASH PAID OUT/OUTFLOWS													
(a) Staff Payments & Benefits													
(b) Academic Expenses													
(c) Administrative and General Expenses													
(d) Transportation Expenses													
(e) Repairs & Maintenance													
(f) Finance Cost													
(g) Other Expenses													
+													
+													
6. TOTAL CASH PAID OUT (Total 5a thru 5g)													
7. CASH POSITION (End of month) (4 minus 6)													