RESOURCES · LEGAL TEMPLATE

Incubation Agreement — Category B

Template agreement executed between VJ Hub and VJ-affiliated external founders — alumni beyond three years, ex-employees and VJ-network entrepreneurs.

Template only. This is a reference version of the Category B Incubation Agreement. The executed document, with completed schedules and signatures, is issued by VJ Hub post-selection.

1. Recitals

WHEREAS:

A. Vignana Jyothi ("VJ") is a not-for-profit educational society established in 1993 and has promoted innovation and entrepreneurial development through VJ Hub.

B. The Incubator has been established to foster deep-tech, innovation, translational research, startup incubation, value engineering, and commercialization of technological advancements.

C. The Incubatee is categorised as a VJ-affiliated external founder startup eligible under Category B (Alumni > 3 years, Ex-Employees, VJ-Network Entrepreneurs) of the Incubator's policy framework and seeks incubation support from the Incubator. Funding source shall be founder funded or from non-grant sources; subject to review and approval by the Incubation Committee, with an equity-equivalent stake of not less than 2% as agreed with the Incubatee.

D. The Parties desire to enter into this Agreement to govern the terms and conditions of incubation support.

NOW THEREFORE, in consideration of the mutual covenants herein, the Parties agree as follows.

2. Definitions

Unless the context otherwise requires:

- **"Incubation Services"** means services provided by the Incubator under this Agreement.
- **"Facilities"** means office space, shared resources, laboratories, makerspaces, utilities, meeting rooms, and infrastructure.
- **"Funding Agency"** means any investor, government authority, CSR entity, accelerator, or grant provider.
- **"IP"** means intellectual property including patents, trademarks, copyrights, trade secrets, know-how, designs, software, and proprietary technology.
- **"Joint IP"** means intellectual property jointly created by the Incubatee and VJ faculty/staff/students.
- **"Incubation Committee" / "IC"** means the committee constituted under Incubator policy.

3. Purpose

The purpose of this Agreement is to establish the terms and conditions under which the Incubator shall provide incubation support and allied services to the Incubatee, including but not limited to infrastructure, mentorship, institutional ecosystem access, faculty engagement, research collaboration, strategic guidance, and other assistance intended to facilitate the growth, development, and advancement of the Incubatee's business, innovation, or enterprise.

4. Term

4.1 Duration

This Agreement shall commence on the Effective Date and shall remain in force for a period of:

a. ____ (18–24 months) from the Effective Date; or

b. the duration specified under any applicable funding arrangement, grant, term sheet, incubation programme, investment instrument, or scheme governing the

Incubatee,

whichever is earlier, unless terminated earlier in accordance with the provisions of this Agreement.

4.2 Extension of Term

The term may be extended beyond the initial period solely at the discretion of the Incubator, subject to (a) performance and progress review of the Incubatee; (b) status and stage of intellectual property development; (c) achievement of funding, investment, grant or business milestones; and (d) recommendation of the Incubation Committee. Any extension shall be valid only if expressly approved by the Incubator in writing.

5. Incubation Services

5.1 Infrastructure Support

Office space, co-working space, dedicated cabins or workstations; internet connectivity, utilities and basic office furniture; meeting rooms, conference rooms and common areas; and — where specifically permitted — use of the institutional address for correspondence or registration. Ten (10) hours of free makerspace use per incubatee, at concessional tariff thereafter.

5.2 Technical and Research Support

Access to laboratories, makerspaces, workshops, testing areas and prototyping facilities; faculty mentorship, technical guidance and academic support; and facilitation of research, experimentation, innovation and product development activities.

5.3 Business Development Support

Introductions to potential investors, funding agencies and financiers; access to networking events and startup ecosystems; facilitation of industry collaborations and strategic partnerships; and mentorship, advisory sessions and structured business development programmes.

5.4 Compliance and Administrative Assistance

Facilitation of startup recognition/registration including DPIIT support; assistance in IP identification, filing coordination and related advisory support; and general regulatory, legal and compliance guidance relevant to startup operations.

6. Fees and Deposit

6.1 Incubation Fees

The Incubatee shall pay the applicable incubation charges determined by the nature of space/facility allotted:

a. INR 3,000/- per seat per month; or
b. INR 40/- per square foot per month for non-air-conditioned space; or
c. INR 45/- per square foot per month for air-conditioned space,

together with all applicable taxes including GST and other statutory levies. The Incubator reserves the right to revise the fee structure upon prior written notice.

6.2 Security Deposit

A refundable security deposit shall be paid prior to commencement of occupancy: INR 10,000/- where the allocated space is up to 200 square feet, and INR 25,000/- where it exceeds 200 square feet.

6.3 Payment Terms

All monthly fees, charges and applicable taxes are payable on or before the 5th day of each calendar month in advance, by bank transfer, cheque, demand draft, online payment or such other mode as prescribed.

6.4 Delay Penalty / Interest

Delay beyond fifteen (15) days from the due date attracts interest at eighteen percent (18%) per annum, calculated monthly, without prejudice to the Incubator's right to suspend services or terminate for non-payment.

7. Obligations of Incubatee

Throughout the term the Incubatee shall:

- **Lawful use** — use the facilities solely for lawful, legitimate and approved business, research, development or innovation purposes;

- **Discipline and conduct** — maintain professional conduct within the premises and ensure its employees, contractors and visitors do likewise;
- **Safety / EHS / ESG** — comply with all environmental, health, safety, fire prevention and waste management norms;
- **Records** — maintain true, accurate and updated records, books of account and business documentation;
- **Statutory compliance** — comply with all applicable laws, tax, labour, IP and licensing requirements;
- **Branding** — not use the name, logo or branding of the Incubator, VJ or VNRVJIET without prior written consent;
- **Faculty association** — where applicable, involve at least one faculty member from the relevant VJ/VNRVJIET institution in technical guidance, mentoring or research collaboration.

8. Reporting and Assessment

8.1 Reporting Obligations

- annual business / performance / progress reports;
- periodic technical progress reports;
- periodic financial and operational updates;
- utilisation certificates and supporting documents for grants/funding received; and
- such additional data or declarations as mandated by any funding agency, regulator, investor, donor, CSR contributor or governmental body.

8.2 Assessment and Review

The Incubator may conduct half-yearly, annual, milestone-based or ad hoc reviews, inspections and audits of performance, utilisation of facilities, compliance status and milestone achievement. The Incubatee shall cooperate fully.

9. Intellectual Property

9.1 Pre-Existing IP

All IP owned, developed or acquired by the Incubatee prior to the Effective Date, or developed independently without material contribution from the Incubator, remains its sole and exclusive property.

9.2 Joint Development and Collaborative IP

Where any faculty member, employee, researcher, student or mentor of the Incubator, VJ or VNRVJIET makes a material contribution to IP created during incubation, such IP shall be treated as jointly developed. The Parties shall execute a separate IP Matrix / Addendum covering ownership, inventorship, filing responsibilities, commercialization rights, licensing, royalty sharing, equity participation and revenue sharing. Until executed, neither Party may independently commercialize such Joint IP.

9.3 Funding / Investor / Grant Restrictions

Where IP is developed using grants, investments or financial assistance subject to IP conditions, those conditions shall prevail and the Incubatee shall comply fully.

9.4 Limited Licence to Incubator

The Incubatee grants the Incubator a non-exclusive, royalty-free, revocable, non-commercial licence to use its name, logo, business description and publicly available achievements for accreditation, institutional reporting, promotion, statutory disclosures, funder reporting and showcasing success stories — without disclosing confidential information.

10. Confidentiality

Each Party shall maintain strict confidentiality over all business, financial, technical, commercial, strategic or trade-secret information disclosed by the other, and shall use it solely for performance of this Agreement, applying at least the same degree of care used for its own confidential information. These obligations survive termination.

11. Representations & Warranties

The Incubatee represents and warrants that it is duly organised, holds all necessary licences and registrations, and has full power, legal right and authority to enter into and perform this Agreement, duly authorised by all necessary corporate or internal approvals.

12. Limitation of Liability

All business decisions and outcomes remain solely at the Incubatee's own risk and responsibility. To the fullest extent permitted under applicable law, the aggregate liability of the Incubator, VJ and VNRVJIET arising out of this Agreement shall be limited to the total incubation fees paid by the Incubatee during the twelve (12) months preceding the claim. Neither Party shall be liable for indirect, incidental or consequential losses.

13. Termination

Either Party may terminate this Agreement for cause upon material breach, insolvency, misrepresentation, misuse of facilities, or non-compliance with policies, subject to any cure period specified in the notice. The Incubator may also terminate on non-payment of dues or discontinuation of the programme.

14. Consequences of Termination

On termination the Incubatee shall clear all outstanding dues, vacate and hand over the allocated premises in good condition, return all Incubator property and confidential material, and complete all exit formalities prescribed by the Incubator. The security deposit may be adjusted against outstanding dues or damages. Termination is without prejudice to accrued rights and obligations, and clauses relating to IP, confidentiality, indemnity and dispute resolution shall survive.

15. Indemnity

The Incubatee shall indemnify, defend and hold harmless the Incubator, VJ, VNRVJIET and their officers, trustees, employees and representatives against all claims, losses, damages, liabilities, penalties, costs and expenses (including legal expenses) arising from any act, omission, negligence, misconduct, breach or default by the Incubatee, its personnel or representatives, or from its use of the premises, facilities and services.

16. Non-Solicitation

During the term and for a period thereafter, the Incubatee shall not solicit any employee, consultant, faculty member, mentor or student of the Incubator, VJ or VNRVJIET, except with prior written approval. The Incubator shall be entitled to injunctive relief for any breach of this clause.

17. Force Majeure

Neither Party shall be liable for delay or failure in performance arising from a Force Majeure Event. The affected Party shall use reasonable efforts to mitigate and resume performance. If the event continues for a prolonged period, either Party may terminate by written notice.

18. Governing Law & Dispute Resolution

This Agreement is governed by the laws of India. The Parties shall first attempt amicable resolution; failing which disputes shall be referred to arbitration under the Arbitration and Conciliation Act, 1996. The **seat and venue of arbitration shall be Hyderabad, Telangana**, and proceedings shall be in English. Subject to arbitration, courts at Hyderabad shall have exclusive jurisdiction.

19. General Provisions

This Agreement constitutes the entire understanding between the Parties and supersedes prior discussions. Amendments must be in writing. The Incubatee may not assign its rights without prior written consent; the Incubator may assign to any affiliate, successor or statutory authority. Nothing herein creates a partnership, joint venture or employment relationship. Invalidity of any provision shall not affect the remainder. Notices shall be in writing to the addresses stated above.

20. Special Conditions

20.1 Applicability

This clause applies wherever the Incubatee receives, or becomes eligible to receive, any funding, grant, investment, subsidy, seed capital, debt or equity participation through or facilitated by the Incubator (a "Funding Source").

20.2 Reporting and Utilisation

The Incubatee shall comply strictly with all reporting, utilisation, disclosure, audit, monitoring, milestone and certification requirements of the Funding Source, including CSR regulations, government scheme guidelines, investor mandates and statutory reporting obligations. Non-compliance constitutes a material breach.

20.3 Separate Funding Documentation

The Incubatee shall execute such sub-grant agreements, sanction letters, term sheets, shareholders' agreements, share subscription agreements, investment agreements or other financing documents as may be required as a condition precedent to receipt of funding.

20.4 Prevailing Effect

In the event of conflict, the provisions of a Funding Document shall prevail solely in respect of matters concerning that funding; the remainder of this Agreement continues in full force.

20.5 Right to Suspend / Recover Funding

a. suspend further disbursement of funding;

b. demand refund or recovery of amounts disbursed;

c. revoke funding approval; and/or

d. terminate the Incubatee's participation in the relevant programme.

20.6 Exit / Graduation

Exit and graduation shall take place only after a successful final report, IP status report and fund utilisation report (if funded), approved by the Manager, VJ Hub, and successful completion of continued engagement for 3–5 years.

SCHEDULE

Schedule A — Faculty Mentor / Advisor

Where the Incubatee is assigned or mentored by any faculty member, advisor or institutional representative, details shall be recorded here, along with the scope of faculty support and its limitations.

SL. NO.	NAME OF MENTOR	INSTITUTION / DEPARTMENT	ROLE / SCOPE	EFFECTIVE DATE
1	—	—	—	—
2	—	—	—	—
3	—	—	—	—

SCHEDULE

Schedule B — Space / Facility Allocation

Records the allocated premises, facilities provided and conditions of use.

SL. NO.	TYPE OF SPACE	LOCATION / IDENTIFIER	AREA / SEATS	RATE	EFFECTIVE DATE
1	—	—	—	—	—
2	—	—	—	—	—
3	—	—	—	—	—

SCHEDULE

Schedule C — Milestones / KPIs

Sets out business and operational milestones, the review and monitoring cadence, and consequences of non-performance — which may include additional support, revision of benefits, suspension of privileges or termination of incubation support.

SL. NO.	MILESTONE / KPI	TARGET	TIMELINE	REVIEW CADENCE
1	—	—	—	—
2	—	—	—	—
3	—	—	—	—
4	—	—	—	—

SCHEDULE

Personal Guarantee & Indemnity by the Promoters

In favour of Vignana Jyothi Foundation for Entrepreneurial Excellence ("VJFEE"). The Promoters irrevocably, jointly and severally undertake that on any default by the Incubatee in payment of fees, dues, charges, penalties or damages under this Agreement, they shall forthwith on demand pay and satisfy the same in full, together with interest at twelve percent (12%) per annum compounded quarterly from the due date until realisation. The Promoters further indemnify VJFEE against all claims, losses, damages, penalties and legal expenses arising from any act, omission, negligence or default by the Promoters or the Incubatee's personnel, or from use and occupation of the incubation premises. This guarantee remains valid until all obligations of the Incubatee are fully discharged.

GUARANTOR(S)

Signature: ______________________

Name: ______________________

Address: ______________________

WITNESSES

1. Signature: ________ Name: ________

2. Signature: ________ Name: ________

Ready to apply as a Category B startup?

Submit the Incubation Request Form to begin the review process.

Start Application →