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# Policy for Collaborating with Startups

Version: 1.0 Date: 28<sup>th</sup> June, 2023



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## Document Revision History

| Revision date | Revision Description | Version Number | Revision Made By |
|---------------|----------------------|----------------|------------------|
| 28.06.2023    | Initial Release      | 1.0            | -                |

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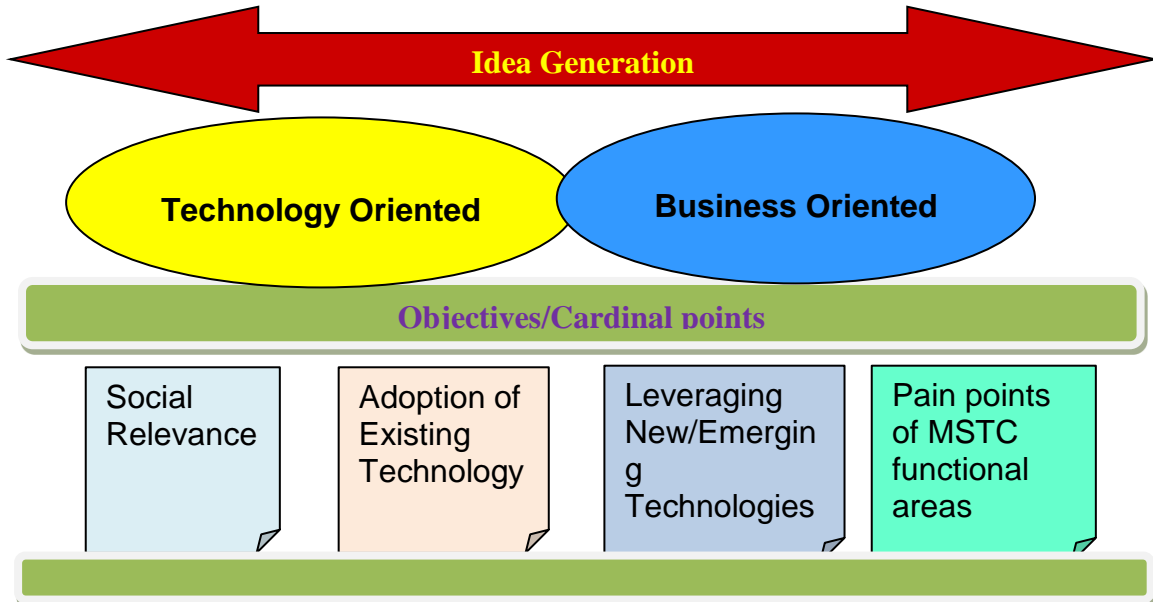
### 1.0 Overview:

Startups India is a flagship initiative of the Government of India, intended to build the eco-system for nurturing Startups in India (Refer section 4.0 - References). MSTC has taken up a mission based on this Government vision to stimulate this Start up revolution in India by providing Incubation, Nurturing and Fostering of worthy Ideas. In line with the above mission and to cater to the need of ever-changing business environment, MSTC Limited needs to adopt a suitable *Startup policy* for adoption. The idea is to have this policy guide in formulating strategies for engaging with different startup agencies directly or through academia in the country (like IITs, other premier educational institutes, research institutes etc.).

### 2.0 Purpose:

The purpose of this initiative can be any of the following:

- i) To identify and tap new business opportunities for the company.
- ii) To take leverage of the emerging and futuristic technologies.
- iii) To cope with changes in the external/internal context of business.
- iv) To identify areas/use cases, which can benefit society at large, thus having some social relevance.
- v) To address the current bottlenecks or pain points of the functional areas on both - operational efficiency and technological sector for the current business verticals of the company.



### 3.0 Policy:

#### A. Initiation and Sponsorship:

- i) **Budget** : A budget needs to be setup initially for the startup projects related to R&D, Innovation, or emerging technologies. This budget shall be in accordance with MoU guidelines where DPE advised that 2% of PBT may be allocated for R&D purposes. Approval shall be taken from the Board for the

allocated Budget and this Budget shall be the upper ceiling for the spending towards R&D projects. However, if the allocated fund was not used for the given year, the remaining fund for ongoing project may be carried forward in the next 3 years.

- ii) **Identification of Projects and Startup:** One inter-disciplinary committee (to be termed as *start-up committee*) shall be formed by CMD which shall be responsible for identification of Projects where the start-up initiatives are to be taken up along with the selection of Start-ups based on the policy as described in Section 3.B of this document.
- iii) **Disbursement of Fund:** Milestone based fund disbursement shall be adopted for disbursing the fund among approved projects. The *start-up committee* shall identify the project milestones, evaluate the progress made and approve the disbursement of payment.
- iv) **Modes of Funding/sponsorships:** The funding/sponsorships by MSTC can be in combination of any of the following such as – Money, Equipment, Manpower and other administrative resources at any locations.

## B. Selection of Startups:

### a) General:

The following general guidelines which are to be considered for identification, review while selecting startups for collaborative work, outsourcing or other joint activities.

- Startup must be registered at <https://www.startupindia.gov.in>
- Startup must have a business idea to develop a product or a service with market fit, viable commercialization, and scope of scaling.
- Startup should be using technology in its core product or service, or business model, or distribution model, or methodology to solve the problem being targeted.
- Preference would be given to startups creating innovative solution in sectors such as e-Commerce, software product development and application of emerging technologies for enhancing business development, recycling, Iron & Steel sector.
- Shareholding by Indian promoters in the startup should be at least 51% at the time of application to incubator for the scheme, as per Companies Act, 2013 and SEBI (ICDR) Regulations, 2018.
- Screening Committee: The *start-up committee* shall be responsible for the screening process.
- Formal Contract: A formal contract shall be established between MSTC and the party, terms & conditions of which shall be mutually agreed by both the parties.
- A Non-disclosure agreement shall be signed between the parties.

### b) Evaluation Criteria:

The criteria below may be used for assessment of projects/ideas/area of work.

| Point | Criteria           | Details  | Marks (Weightage) |
|-------|--------------------|--|-------------------|
| 1     | Novelty            | USP of the technology, associated IP   | S (15%)           |
| 2     | Need for this Idea | Market size, what market gap is filled up and its benefits to MSTC? How far its practical application relates to MSTC's own Vision-Mission-Objectives? | P (15%)           |

|          |  |   |                |
|----------|--|---|----------------|
| <b>3</b> | Technical Feasibility & Potential Impact & Risk Involved & Mitigation. | Feasibility and reasonability of the technical claims, methodology used/ to be used and validation for product development including demographic & the technology's effect on these, national importance (if any). Potential risks and its mitigation plan are also to be assessed. | <b>Q (20%)</b> |
| <b>4</b> | Team   | Strength of the team, Technical and business expertise.   | <b>T (10%)</b> |
| <b>5</b> | Financial Feasibility  | Commercial/business potential of the submitted plan/product   | <b>V (10%)</b> |
| <b>6</b> | Planning & Presentation  | Overall assessment of clarity of plan, aligning with MSTC's goal, adaptability with changing business scenario etc.   | <b>W (30%)</b> |
|          |  |   | <b>100%</b>    |

Selection can be based on two stages/levels such as:

**Stage-1:** Initial Screening of applications based on any/all the following parameters (Marking in a range of 1 (lowest) to 5 (highest):

1. **Innovation level** – Refer Novelty at **Point 1** of the above table.
2. **Relevance to Business** – Refer **Point 2**
3. **Technical feasibility, Potential Impact, Risk involved & mitigation** - Refer **Point 3**
4. **Team composition** - Refer **Point 4**
5. **Financial Feasibility** – Refer **Point 5**

Marks in Stage-1 can be calculated as:  $(S*0.15) + (P*0.15) + (Q*0.2) + (T*0.1) + (V*0.1)$ .

70% of the total marks for above 5 criteria shall be the qualifying marks for Stage-2 i.e. minimum 49 marks.

**Stage-2:** Presentation & Personal Interaction – After initial screening of applications in Stage-1, the shortlisted applications may be invited for Presentation and Personal Interaction for detailed discussion with the start-up committee.

Based on the **discussions** marking in a range of 1 (lowest) to 5 (highest) can be given based on **any/all** the following parameters:

1. **Innovation level** – Refer Novelty at **Point 1** of the above table.
2. **Relevance to Business** – Refer **Point 2**
3. **Technical feasibility, Potential Impact, Risk involved & mitigation** - Refer **Point 3**
4. **Team composition** - Refer **Point 4**
5. **Financial Feasibility** - Refer **Point 5**
6. **Planning & Presentation** - Refer **Point 6**

Marks in Stage-2 can be calculated as:  $(S*0.15) + (P*0.15) + (Q*0.2) + (T*0.1) + (V*0.1) + (W*0.3)$ . 70% of the total marks for all criteria shall be the qualifying marks for selection of start-ups i.e minimum 70 marks.

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The threshold value of 70% at any stage can be changed by the Startup Committee at its discretion on circumstances such as non-availability of applicants.

### C. Approach for Project Execution & Collaboration

The approach for project execution can be any of the following three:

- **Handholding through internal resources-**  
In this approach project execution can be planned jointly by doing things together with MSTC's internal resources. This approach may be suited for those projects which leverage MSTC's core strengths and domain experience. Both academia and start-ups can participate individually or even jointly in this approach.
- **Project proposed by Academia/Research Institutes –**  
In this approach, collaboration can be planned with academia with proven track records such as reputed IITs/IIMs/NITs etc. or reputed Research Institutes. This approach may be suited for those projects which are novel in nature, meets the target plan or product or technology is entirely new and unknown to MSTC. Since MSTC has very little to contribute to such projects, entire/majority of execution of product or plan shall be done by other party with guidance from academia.
- **Project proposed by Start-Up companies –**  
In this approach, collaboration can be planned with startup companies screened through the selection process stated earlier. This approach may be suited for those projects whose plan, product or technology is unique and has a promising potential. Since MSTC has very little to offer to such projects, entire /majority of execution of product or plan shall be done by the startup. However, MSTC can collaborate by offering resources as stated at 3A(iv).

### D. Monitoring & Governance

1. Progress review: Periodic review of project progress shall be measured or examined by the *Startup committee* at the interval mutually agreed upon and as per the milestones to be decided at the beginning.
2. Specific project-based milestones need to be achieved by selected firm for release of payments. The milestones can be as follows – a) Submission of Project & Product Plan with agreed milestones & Schedule, b) Achieving Product Milestone 1, 2, 3 etc. c) Product Integration & successful demonstration etc.

### E. Closure

1. **Knowledge Transfer:** After successful project completion, all the designs, blueprints, write-ups, manuals, and other documentation shall be completely transferred by the party to MSTC.
2. **Intellectual Property Rights (IPR):** Ownership and copyright/IPR of the conceived product/service/process/idea shall be mutually decided at the time of signing contract or agreement.
3. **Profit Sharing:** The formula for sharing profit after successful commercialization of the concept/idea shall be mutually decided between MSTC and the startup/agency at the time of signing contract or agreement.

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4. **Termination:** MSTC shall have the right to terminate the contract and project during any phase of the project if it finds no merit in pursuing the same. In such case also, the party needs to transfer knowledge and materials acquired so far to MSTC.

**F. Limit of Fund allocation project wise**

1. Full allocated budget will not be used in a single project.
2. CMD has the power to approve the funding for the project selected by the Startup Committee.

**4.0 References:**

Some of the startup initiatives of Government of India and other CPSEs are listed below for references:

1. Startup India Hub of DPIIT (Department of Industrial Policy and Promotion, Ministry of Commerce and Industry):  
Startup India Hub is a one-stop platform for all stakeholders in the Startup ecosystem to interact amongst each other, exchange knowledge and form successful partnerships in a highly dynamic environment. DPIIT recognized startups can get the following benefits under the Startup India Initiative: <https://www.startupindia.gov.in/content/sih/en/startup-scheme.html>
2. NMDC Innovation and Incubation Centre (NICE):  
With the focus on fostering, nurturing and incubating start-up companies with new innovative ideas in deep technology, i-TIC Foundation IIT Hyderabad and NMDC Limited joined hands to establish a start-up ecosystem for tech entrepreneurs with collaborative efforts. This idea gave birth to NMDC Innovation and Incubation Centre (NICE). Visit [www.niceprogram.in](http://www.niceprogram.in) for more details.
3. Startup Initiatives at GAIL:  
<https://gailebank.gail.co.in/GSUICBG/index.aspx>
4. Startup Initiatives at ONGC:  
<https://startup.ongc.co.in/>
5. Startup Initiatives at IOCL:  
[https://dpe.gov.in/sites/default/files/IndianOil\\_Start\\_Up.pdf](https://dpe.gov.in/sites/default/files/IndianOil_Start_Up.pdf)  
<https://iocl.com/NewsDetails/40597>  
<http://www.nrdcindia.com/NationalProjectDetail/2>
6. Startup Initiatives at Infosys:  
<https://www.infosys.com/about/innovation-fund/overview.html>  
<https://www.infosys.com/about/innovation-fund.html>
7. Startup Initiatives at C-DAC:  
[https://www.cdac.in/index.aspx?id=project\\_details&projectId=DesignDevelopmentandImplementationofPortalandProjectManagementSystemforChipstoStartup\(C2S\)Programme](https://www.cdac.in/index.aspx?id=project_details&projectId=DesignDevelopmentandImplementationofPortalandProjectManagementSystemforChipstoStartup(C2S)Programme)  
[https://www.cdac.in/index.aspx?id=pk\\_itn\\_spot1275](https://www.cdac.in/index.aspx?id=pk_itn_spot1275)
8. Incubation Initiatives at TCS:  
<https://www.tcs.com/who-we-are/newsroom/tcs-in-the-news/tcs-incubation>