

1. R&D Grant- Guidelines

1.1 Applicability

The government of Karnataka will provide R&D grants in the form of reimbursement to registered KESDM companies for the expenses incurred on R&D for products (and not services) as per the following classification.

Category	Available Grant (as percentage of expenses)
Startups and MSME	25%
Large and Mega Enterprises	10%

The R&D grant will be available to only those companies that are less than 7 years old (from the date of incorporation). This grant is subject to a maximum of INR 2 Crores per company per year and will be in addition to any similar benefits announced by the Government of India. A single company will be able to claim this incentive only twice during the entire policy period.

Additionally, only R&D expenses incurred by the R&D unit(s) located in Karnataka will be considered. For manpower costs, contract employees and consultants will not be considered. Only R&D personnel who are full-time staff and holding a minimum under-graduate degree in engineering or science from India or abroad will be considered.

Irrespective of the amount that gets reimbursed, the R and D grant can be claimed only twice during the policy period. Once the application is processed and reimbursed for a Financial Year, submitting applications again by the same company and for same period, will not be considered.

For design and services companies, only if the IP resides with the Karnataka based ESDM Company, will the company be considered eligible for the R&D grant.

Eligible expenses would include:

- Annual Salaries of R&D staff working on ESDM products
- Capitalized value of the Test equipment and Software tools purchased or purpose-built for ESDM product design, development or testing
- Capitalized value of the Hardware and Software prototype costs for ESDM products
- Compliance and Regulatory testing expenses incurred for ESDM products
- Capitalized value of the Computers, Servers, Workstations and Networking Equipment used for ESDM R&D

1.2 Documents Required

- Duly filled application form for R&D Grant
- Copy of the KESDM Registration Certificate
- Technical and commercial justification for R&D performed (5 pages max)
- Proof of the IP associated with the R&D residing within the company
- Copies of all expense invoices/POs
- CA/Cost accountant certificate for total manpower expenditure in R&D
- Copies of PF statements for R&D employees
- Audited financial statement for the year

1.3 Application Process and Form

After receiving the application, the officer-in-charge will verify the submitted documents. Post satisfying the genuineness of the facts, an internal audit will be done to ascertain the claim and advise on the incentive amount. The application and advice will be then put up for approval to the approval committee, which will examine and approve / disapprove the application.

Form 3 : Application Form for R&D Grant

KESDM Registration Number:		
Name of the Company:		
Date of Incorporation of the Company:		
Details of R&D Expenses Incurred for Last 3 Years (if applicable):		
Details of R&D Expenses: (whichever is applicable)		
1	Expenses Incurred on R&D Personnel:	
2	Capital Expenses on Equipment / Software Procured/Purpose-built for R&D Purposes:	
3	Capital Expenses on Computers / Servers / Workstations / Equipment used for R&D:	
Total Expenses Incurred (along with breakup):		
Details of Claim:		
Previous R&D Grants Sanctioned by KBITS:		
Amount of R&D Expense Claimed:		
List of Documents to be Furnished:		
<ul style="list-style-type: none"> • Copy of the KESDM Registration Certificate • Technical and commercial justification for R&D performed (5 pages max) • Proof of the IP associated with the R&D residing within the company • Copies of all expense invoices/POs • CA/Cost accountant certificate for total manpower expenditure in R&D • Copies of PF statements for R&D employees • Audited financial statement for the year 		

R&D Grant Approval Process



