



IIITD
Innovation &
Incubation Center

Policy and Guidelines

2019

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About IIITD Innovation & Incubation Center

IIITD Innovation & Incubation Center aka IIITDIC Delhi is created for fostering innovation by supporting & promoting technology based startups and providing an ecosystem for their growth by Incubating in the Center. IIITDIC is founded in June 2017 as section 8 company in IIIT Delhi. The Incubation Center is actively involved in developing the paradigm of entrepreneurial mindset & environment of ideating, creating and commercializing the ventures at the institute or any other startups aligned to the core theme of center. The main objectives of IIITDIC are:

1. To promote innovation and assist start-up companies by establishing and providing physical infrastructure
2. To provide incubation and acceleration services to innovation and start-up companies by facilitating technology and management consulting services and guidance.
3. To promote entrepreneurial activities and create culture of entrepreneurship and innovation leading to start-up companies

The Incubator primarily focused in incubating start-up in technology domains so that start-up can leverage expertise of IIIT Delhi by associating with some mentors from faculty, research scholars or any other peer startup. Start-up should be benefitted by incubation in the center is main goal of IIITDIC. Preferred thrust areas for the Incubation are:

1. Artificial Intelligence and Machine learning
2. Data Science and Big Data
3. Image Processing and Computer Vision
4. Mobile Computing and IOT
5. Human Computer Interaction and Design
6. Wireless Technologies
7. Cyber Security
8. Computational Biology
9. Digital Humanities and Social Science

Offerings & Services

IIITDIC provides **Incubation** and **Pre-Incubation** support in various kinds and services as per need based requirement. It provides a common working platform in terms of guidance, mentoring, value based collaboration, physical co-working spaces and facilities for virtual incubatee. The overall services are essentially categorized in two subsets viz. facilities and services which extends to infrastructural, technological, mentorship and knowledge-based support and services. Incubation center does not hold any equity apart from incubation charges except in the cases of seed funding and deferred payment or any other exception cases. **Alumni Fellowships** are provided to alumni if they wishes to start their own company. Incubation Center doesn't hold any equity though financial support is provided on monthly basis of a period of 12 months.

Facilities

1. **Infrastructural support** in terms of an air conditioned co-working space, with round the clock operations, institutional security and availability of facility management team for any instant need.
 - a. *Co-working Space*: Ergonomically designed round the clock temperature controlled fully operational dedicated and co-working format Incubation Units are available for the Incubatee. The Incubation units are designed with plug and play facility with high speed wireless and wired connectivity along with dedicates storage facility. Meeting and conference rooms are available for brainstorming and discussions.
 - b. *Conferencing Facility*: Meeting rooms with audio and video conference facilities are available and can be booked online. Start-up can utilize the facility of large conference halls of IIIT Delhi based on availability and as per rules of IIIT Delhi.

- c. *Tinkering Labs*: Access to Tinkering lab, research and specialized labs which have specialized hardware (design, PC making, laser cutting, UAV's etc.) 3D printers and proprietary software etc. Facilities for prototyping are available.
 - d. *Library*: Well-established 24/7 library services are accessible with access to research papers and international journals database.
 - e. *Eatery*: A shared pantry is available with refrigerator, heating flask and water cooler for startups. Mess providing food and snacks, 24X7 cafeteria, juice corners, Mother dairy outlet, Bikano outlets and coffee shops are available at discounted rates fixed for IIIT Delhi.
 - f. *Miscellaneous*: Hostel facilities are available on request depending on availability. Incubatee can participate and attend various expert sessions and talks and other course works. Startup can participate in workshop and expert sessions of IIIT Delhi.
2. **Industry compatible IT infrastructure** comprising of dedicated lease line high speed internet connectivity having complete wireless setup with high dedicated bandwidth. All the necessary IT devices are always made available on request.
- a. Meeting room and video conferencing facilities are also available
 - b. Specialized hardware and computing devices made available as per request
 - c. Server space and Application testing infrastructure would also be provided depending on the requirement.
 - d. Photocopier, office phones and desktop computers (as per need & availability) are provided
 - e. Software licenses would be made available as per requirement

Services

The Center will provide Business Mentorship, technical Mentorship and financial advisory and mentorship services. It will further also work towards knowledge management and outreach, exposure to incubatee.

- a. **Technical guidance & advisory** and R&D support will be provided through faculty, research groups, and PhD scholars. All assistance will be provided to commercialize the research outcomes.
- b. **Expert guidance and mentorship** by a curated panel of mentors as well as the advisory committee on various aspects like technology management, idea validation, business plans, team development and support, and strategic execution.
- c. **Business & Management** support available for incubatee in nurturing and formation of core team. It will help in developing communication skills, presentation abilities and overall personality development of incubatee.
- d. **Marketing and outreach** support to help expand the venture through offline / online publicity and digital marketing etc. A team will assist in guiding the various aspects of creative marketing and PR techniques.
- e. **Financial advisory** in terms of modelling and evaluation, advisory for fund raising, valuation of product and various other accounts management support available. Consultants would be provided for registrations, taxation and other company related advisory and guidance.
- f. **Legal support services** like legal and patent advisory to be arranged by the manager of the center. CA and CS consulting facilities are available. IPR consultant and IPR partners facilities are available.

- g. **Exposure** to various entrepreneurial and innovation events, conferences, boot-camps inside as well as outside the institute. Extended support is provided to incubatee and pre-incubatee for conducting and attending events and activities to inculcate entrepreneurial spirit.
- h. **Outreach Activities** are being hosted regularly to motivate and encourage the innovative thought process and buildup entrepreneurial mindset. Center facilitates the Start-ups to participate in different outreach events organized in Delhi NCR in presenting start-ups about their technologies, investor meetups, digital media of Incubation Center etc. Several events are organized in associations with other organizations for promotion of start-ups.
- i. **Knowledge based learning** through lecture series on Entrepreneurship, Innovation, Business and technology by advisors, seasoned entrepreneurs and domain experts and our esteemed faculties.
- j. **Intern Assistance** Extremely well trained students will be made available as interns; for technologies, core team etc, can be employed as per need & requirement in domains of technology, creativity, business etc.
- k. **Grants & Fellowships** and, need based financial services are provided upon thorough examination of the application and decision taken by the advisory committee. Assistance in getting loans would be another support.
- l. **Seed Funding** Support will be provided to start-ups after analyzing the potential and scalability factors.

- m. **Deferred Payment** Provisions for deferring the Incubation charges are also available to minimize the financial burden on start-up on very soft terms.

Incubation Policy and Guidelines

IIITDIC wishes to facilitate the creation of ideas and inventions that benefit society. For managing the operations and activities, it has adopted this Policy to provide guidance and management structure to facilitate the development of entrepreneurship.

The scope of this document is to define the policies and procedures for the operational matters related to the IIITDIC.

The policy is subject to periodical review and amendments. IIIT-D reserves the rights to make an exception of all or any of the terms of the policy for a particular company or a promoter on a case to case basis.

1. All Incubatees have to adhere the policy and regulations of the Institute.
2. On demand of Institute or center, company has to vacate the space. Institute may give a notice of two weeks.
3. All incubatee have to strictly follow the IT policy, Cyber security policy and discipline policy of the Institute. Any mismanagement with Center's resource or Institute resources would not be accepted.
4. A regular check on the performance will be done on all incubated start-ups and accordingly, their term or other support may be extended, if required.
5. Startups are incubated in center without any rent, however, they may have to pay a minimal seat rent as and when the formal processes are in place.
6. Start-ups can bring the interns in the center after formal permission from the Center head. The committee's decision will be final. Once the interns are placed, it's the responsibility of respective startups to inform them about all regulations of IIIT Delhi.
7. Alumni & other Incubatee can attend guest lectures/ talks after sending a formal information to center head.
8. All the resources available in institute can be made available to incubatee as per their requirement only after informing the center head.

9. All incubatee will be required to attend the monthly meeting of the incubation center as and when planned.
10. If the Incubatee raises any funding, they have to inform the center.
11. If an incubatee invites unauthorized person in the center, they are liable to inform beforehand to center head/team.
12. All the information sharing of Institute needs to be adhered by incubatee.

Eligibility for Incubation

1. Any person desirous of availing incubation facilities has to incorporate a private/public private limited company (as defined in the Companies Act, 2013). This condition may be relaxed for recent graduates for initial term; provided they incorporate within 6 months to 1 year of starting at IIITDIC Delhi. The Incubatee has to sign a declaration(s).
2. The companies promoted by Faculty of IIIT Delhi shall be governed by policies for faculty of the IIIT Delhi. The companies promoted by full-time students at IIIT Delhi have to provide a No Objection Certificate and Self declaration about their company interest and IIITDIC will not be responsible for any impact on their academic activities.
3. Incubation unit charges will be discounted by 50% for the student incubatee and 25% for faculty and alumni, provided they hold 50% or more equity in the company and hold position of Director.
4. Other start-ups, not linked with IIIT Delhi, has to be Technology based company and have to establish an association with IIIT Delhi e.g. having a mentor or advisor from IIIT Delhi. Incubation Center will provide all support in facilitating the association. However, Incubation center can incubate and allow time to identify the mentor. Any other exceptions will be decided by the committee.

5. A company if promoted by an employee of Govt. / Organization shall be granted incubation only upon submission of 'No Objection Certificate' from the competent authority or employer.
6. All applicants are welcome to apply for the program. However, applicants who are alum of IIIT Delhi or have strong participation by faculty of IIIT Delhi may be given preference. Provision for fellowships are also created for alumni.
7. Virtual Incubation and dynamic incubation provisions are also available.
8. Incubation unit charges are to be paid by start-up in advance with appropriate security deposit. Incubation will always try to accommodate all possible requests of start-up company.

Incubation Admission Procedure

Application is accepted online from the incubation website www.iiitdic.in

Two-Stage selection process is followed for granting the Incubation-

Stage 1: Submit Executive Summary/ Plan

As a first step in the admission process, the prospective company should submit an Incubation Application containing all the details of start-up venture, team members, stage with a Business plan and other document. The submission will be assessed by an internal review committee for comments on technical and business feasibility of the idea.

Evaluation of the proposal will be based on, among other factors, the following criteria:

1. Strength of the product idea in terms of its novelty, technology content, innovation, timeliness and market potential.
2. Profile of the core team/ promoters

3. Intellectual Property generated and the potential of the idea for IP creation.
4. Stage of the Product/Start-up and Time to market.
5. Commercial potential, demand and requirement and Break-even period.
6. Scalability
7. Financial/ Commercial Viability and 5 year projections of P&L, Balance Sheet and Cash Flows.
8. Funds requirement and viability of raising finance.
9. Involvement of IIIT-Delhi faculty, alumni, students.

Stage 2: Presentation

After the initial submissions, the evaluation committee will have a meeting with the company founders, during which the company will be expected to present a presentation describing critical aspects of the business plan to the evaluation committee. The presentation will be followed by Q&A session. After the presentation, a final decision will be made regarding the company's entry into the incubator. The company will be informed of the final decision after the presentation. The presentation through video conferencing is also permitted. Proposals that involve IIIT Delhi faculty, alumni, and students may be given a preference.

Research & Due Diligence:

Throughout the application process, on an as-needed basis, IIITDIC will perform research and due diligence of the company, the management team, the industry, and the current and future competitive elements facing the business. IIITDIC may require further information from the applicant, and may ask the applicant to revise the executive summary and/or presentation.

Result

The applicant is informed of the final decision within 5 weeks of the presentation. If the incubation is sanctioned, the applicant shall enter into the following agreements with the Institute:

1. Incubation Agreement: Contain rules and other incubation norms, consideration, equity holding, etc. (Applicable to all.)
2. Fellowship Agreement: Contains terms for Alumni Fellows
3. Seed-Fund Agreement: Contain rules of disbursement and repayment. (Applicable to incubatee availing seed-fund.)
4. Deferred Payment Agreement: Contain rules of payment deferring facilities (Applicable to incubatee availing deferred payment facility)
5. Technology Commercialization Agreement: Applicable to incubatee using technology or IP developed by IIIT-D.
6. Infrastructure Usage Agreement: Applicable to all incubatee utilizing the office space and other facilities within the campus.

Tenure of Incubation & Exit

The companies are permitted to stay in the incubator for a period of three years, initially for period of eleven months, extended to a period of next eleven months followed by two extensions for seven months respectively at the sole discretion of the Incubation Center. IIITDIC may grant such extension based on the requirements of the incubatee & their performance and availability of facility.

Exit: An incubated company will leave the incubator under the following circumstances:

- 1) On completion of period of stay (maximum two years)

- 2) Underperformance or non-viability of business proposition as decided by IIITDIC on case to case basis.
- 3) Irresolvable promoters' disputes as decided by IIITDIC on a case to case basis.
- 4) Violation of IIIT Delhi policy as listed on www.iiitd.ac.in
- 5) When the company enters in an acquisition, merger or amalgamation or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
- 6) Change in promoters'/ founders' team without concurrence of IIITDIC.

Termination

Incubation Agreement gets terminated automatically after a period of 11 (eleven) months Three further extensions can be granted for (i) eleven (11) months at first instance and two further instances of 7(months) at the second and third instances, at sole discretion of Incubation Center.

Agreement may also terminate forthwith on or prior to the term of the Agreement as follows:

By the Incubator

1. In the event that any default in payment of Incubation service charges or any financial fraud is played by the Startup, by giving an advance notice of 10 (ten) working days;
2. At any time the board of IIITD Innovation & Incubation Center decides to end the agreement, by giving an advance notice of one month.
3. Any violation of any Statute, rules and regulations of IIIT Delhi/ Incubator on

case to case basis, by giving an advance notice of one month;

4. Any other reason for which Incubator may find it necessary for the Startup to leave, by giving a notice of one month.

By Both Incubation Center and Startup

By mutual written consent of the Startup and the Incubation Center

By the Startup

By giving an advance notice of One (1) month to the Incubator in writing.

Notwithstanding anything written elsewhere, the IIITDIC's decision in connection with the termination of an incubated company shall be final and shall not be disputed by any company.

Intellectual Property

The Promoters should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubated company.

- 1) In case the incubated company is desirous of using the Intellectual Property of IIIT Delhi like patent, software code, copyright, design registration, developed product, etc. then the company shall make such request in writing to IIITDIC. All IP created by students or faculty of IIIT Delhi is considered property of IIIT Delhi. The terms and conditions for such IP licensing shall be decided by the Institute as per recommendations of Committee.
- 2) The company shall inform if work of any students or faculty (who are not promoters) will be incorporated in the product(s).

- 3) The incubatee would maintain a register with the details of any IP (patents, licenses, copyrights, etc.) that has been brought into the company prior or during their stay at IIITDIC. Also, any IP developed during the stay would be maintained in the register.

Performance Monitoring

A committee set up by IIITDIC will evaluate the performance of incubatee every 3 months. The emphasis of evaluation will be on checking if the milestones specified in the business plan are met. For a company which has taken seed fund loan, additional checks will be done on the financial health of the company in terms of its order booking, expenses, profitability, utilization of fellowship and seed money loan for the specified purposes and its ability to repay the loan. Further seed fund disbursal will be dependent on the progress shown in previous appraisal.

Periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are:

A. Ideation / Innovation stage

- Concept development / Opportunity spotting
- Product Development
- Market assessment / Competition analysis
- First level Business Planning / Business Modelling
- Founding Team
- Intellectual property protection
- Seed Funding

B. Pre-Market Stage

- Proof of Concept/ Prototyping

- Product Development and enhancement
- Financial Assistance Required
- Test marketing
- Full scale business planning including production, sales and sourcing

C. Implementation Stage

- Full scale Business Planning
- Pitching for Venture Funding
- Scaling up operations
- Large scale commercialization
- Mature Team Formation

D. Exit stage

- Going National / Global
- Exit options for IIITDIC
- Full scale business Graduation
- Post incubation Survival

The incubatee may be asked to provide more frequent updates to IIITDIC.

Seed Investment Policy

Eligibility

Seed Investment is not an automatic right for the incubated company. It is subject to fund availability and qualifying the eligibility criteria as established.

For availing the seed investment from the Incubation Center, the applicant has to qualify the following criteria:

1. The applicant should be a private limited company incorporated under the Indian Companies Act.

2. The Applicant should be an incubated company for a period not less than 3 months as on the date of seed investment application.
3. The Applicant should have a paid-up capital not less than 1 Lakhs.

Process

The seed investment shall have following stages:

Application: Any incubated company desirous of obtaining seed investment and meeting the eligibility criteria shall make an application to the Incubation Center in an approved format.

Evaluation: The incubation center shall constitute a committee comprising of experts in technology domain, financial experts, business experts or any other person deemed fit to evaluate the seed investment application. The seed investment application may be evaluated on following criteria:

1. Technology innovation
2. Business model innovation
3. Market addressed
4. Customer feedback
5. Scalability & potential
6. Competitor evaluation & pricing

Sanction: The Board of the Incubation Center based on the Evaluation Committee recommendations may approve the investment which shall not exceed rupees ten lacs for any incubated company.

Disbursement: The Committee shall approve the release of investment linked to milestone and conditions deemed fit to ensure the proper utilization.

Periodic Assessment: The incubation Center shall evaluate the performance of incubatee every quarter. The emphasis of evaluation will be on checking if the milestones specified in the incubation application have been achieved or not. The assessment will be done on the financial health of the company in terms of its order booking, expenses, profitability, and utilization of seed money investment for the specified purposes and its ability to repay the investment. Further seed fund disbursement will be dependent on the progress shown in previous appraisal.

Terms and Conditions

1. The incubated company desirous of availing seed-fund shall submit a seed investment application duly signed by the promoters and directors.
2. The incubated company shall compensate for any loss or damage due to any act or omission by the incubated company, its promoters, directors or employees to Incubation Center or IIIT Delhi.
3. Any Intellectual Property that is solely created by the incubated company using investment from the Incubation Center shall be owned by the incubated company. However, the IIIT Delhi's IP Policy shall apply in case:
 - i. There is contribution from any faculty/students/staff from IIIT Delhi
 - ii. The IP was developed using funds, facilities and laboratory/equipment of IIIT Delhi and the company has not paid the charges for such utilization.

Notwithstanding anything contrary contained herein, the statute, rules and regulations of IIIT Delhi shall prevail over this policy.

- 4 **Consideration:** The incubation center shall charge cash and non-cash consideration from the incubated companies against the services and facilities.

a. Cash Consideration:

Facility	Charges
Charges per Incubation Units	Standard Incubation charges
Common Facility charges	As per specified rate list
Any other	As requested at the time of providing service

b. Non-Cash Consideration:

The startup may be face resource crisis including financial crunch and the incubation center as a part of its objective of supporting the incubated company may defer the payment due towards the center in case the incubated company expresses its inability to pay the dues. However, the center may take equity against such dues. All the equity against seed investment shall be held in the name of “IIITD Innovation & Incubation Center”

Facility	Equity
Incubation permission at Incubation Center	Upto 50% of Incubation service charges for maximum of 2%-5% of promoter’s non-dilutable equity. This non-dilutable equity shall be maintained in proportion to the promoter’s equity i.e. if promoters increase their shareholding then they shall have to give additional shares to IIITD Innovation & Incubation Center to maintain the proportionate equity, however this clause shall not apply in case of any third-party investment in the company.
Any unpaid dues or deferred payment	1% of the promoters’ non-dilutable equity for each 1 lakh or part thereof. Committee can recommend after recording with specific reason, equity sharing at any other rate.

- The entire funding may also be sequenced in sub-steps which are pegged to mutually accepted goals achieved by the firm. These steps could be decided on a case to case basis.

Valuation

A mutually accepted valuation of the firm has to be achieved for funding and investment in equity. There are many factors affecting the valuation of the startup, some of which are listed below:

- i. Team size, number of seats taken, and time of the promoters
- ii. Technology and intellectual property rights owned by the company
- iii. Valuation in past funding, if any
- iv. Investment made by promoters in the business including both tangible and intangible assets
- v. Market characteristics and traction in market
- vi. Product (or service) characteristics
- vii. Current/ forecasted market size and revenues
- viii. Profits projections
- ix. Risk arising from many factors such as competition and alternate technologies/products

EXIT

- 1 The exit policy for the debt investments/debt component of investment must be designed to protect the investment without causing the failure of startup.
- 2 The exit policy with respect to equity investment or equity component of investment must take into account the following:
 - i. The Incubation Center shall have the first right to sell the equity held by it when a third party invests by buying the existing equity of the startup from the promoters.
 - ii. The Incubation Center shall have the first right to sell equity in an IPO/FPO which has a component of existing equity on offer.
 - iii. The Incubation Center shall have the right to sell the equity to a third party through private placement with a prior communication of the sale to the startup.
 - iv. Any sale of equity amounting to change in control of the company to another management/promoters or company must be communicated to the Incubation

Center in advance. The Incubation Center must be included as a party in these negotiations. The valuation of the equity in such transactions must be approved by the Incubation Center for the deal to go through. These include, but are not limited to, mergers, acquisitions and sale of majority interest in the company.

- 3 Six months before the exit, the incubatee will communicate to the Incubation Center desire to exit and specify one of the option with respect to the investment in the company of the Incubation Center:
 - a) Value the investment as investment plus 1.5% per month from the first date of disbursement of seed fund
 - b) Continue the investment with the consent of Incubator as it is until a third party invest in the company at which point the Incubation Center the company will take a decision whether to continue or exit.
 - c) Get a mutually agreed valuation done by independent party

The valuation amount can be paid in one installment at the time of the exit or agreed number of installments within twelve months of the exit. Such amount will be charged at interest at the rate equivalent to State bank of India fixed deposit rates for one-year duration.

Disclaimer

IIITDIC, does not guarantee success and/or feasibility of the technology transferred from the Institute. IIITDIC/IIIT-D or any person representing them shall not be liable for any acts or omissions of the incubated company. However, in case of any such event the incubated company shall do all that is required to hold IIITDIC / IIIT-D or any person representing them harmless from any loss including damage, penalty.

Incubation Application Form: <http://tiny.cc/Incubation>

Seed Investment Support Application: <http://tiny.cc/seedsupport>