



1. ELIGIBILITY

Any person desirous of availing incubation facilities has to incorporate a private/public limited company under the Indian Companies Act and apply in the prescribed format (Annexure-1) along with the required documents. No application for incubation can be entertained if the applicant has not incorporated a private/public limited company under the Companies Act. The companies promoted by the Faculty of ITM/ ITM U shall be governed by Faculty Entrepreneurship Policy as approved by the Institute. Companies promoted by students are eligible to apply for incubation provided, the student is not actively engaged with the company beyond any engagement which may be permitted by the Institute. A company if it is promoted by regular Government staff or employee shall be granted incubation only upon submission of “No Objection Certificate” from the competent authority or employer. However, companies having employees as shareholders are eligible to apply for incubation. Any company that is engaged or proposed to be engaged in imparting educational courses and/or training programs including vocational programs or is planning to undertake such activities during or after its incubation at ITM & ITM U is not eligible for incubation and their application will not be entertained.

2. ADMISSION PROCEDURE

2.1 : Submit Executive Summary or Business Plan

As a first step in the admission process, the prospective company should submit an Incubation Application containing the business plan, Certificate of incorporation and Memorandum & Articles of Association. IDEAPAD shall present the executive summary to an internal review committee for comments on technical and business feasibility of the idea.

Evaluation Criteria: The following evaluation criteria will apply

- Strength of the product idea in terms of its technology content, innovation, timeline and market potential
- Profile of the core team/ promoters
- Intellectual Property generated and the potential of the idea for IP creation.



- Financial/ Commercial Viability and 5 year projections of Profit & Loss Account, Balance Sheet and Cash Flows
- Fund requirement and viability of raising finance
- Marketing strategies
- Break-even period
- Commercial potential, demand and requirement in India
- Scalability

2.2 : Presentation to Evaluation Committee of IDEAPAD

If the initial evaluation of the business plan / executive summary is accepted, the applicant will be required to make a presentation on the Business plan to the evaluation committee constituted by IDEAPAD. The committee will communicate its decision to the applicant.

2.4 : Research & Due Diligence

IDEAPAD as deemed necessary will perform due diligence of the company, the management team, the industry, and current and future competitive elements facing the business. Any subsequent requirement/ information from the applicant will have to be furnished to IDEAPAD. IDEAPAD may at its discretion seek advice from various government bodies like CSIR, DST, MSME, etc.

2.4. Non-Disclosure

IDEAPAD, ITM U & ITM will adhere to strict confidentiality throughout the application process.

3. Infrastructure and Services of IDEAPAD

Upon admission to IDEAPAD, the infrastructure facilities detailed above in Business Plan will be offered to the incubatee on a chargeable basis with specific request from the incubatee. The applicable charges will be decided by IDEAPAD.

4. Mandatory Mentorship

One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of ITM & ITM U. Thus every company that is offered incubation at IDEAPAD has to select one faculty from ITM/ ITM U who shall act as mentor of the Incubatee and guide the company on product development. The incubatee has to offer a minimum of 1% share equity to the mentor as a consideration of mentorship.



Industry Mentor: IDEAPAD has created a database of Industry mentors. Every incubatee company may select one Industry mentor within six months from the date of joining incubation centre. In case the incubatee opts for an industry mentor the incubatee company has to offer a minimum 1% of equity to the mentor as a consideration of mentorship.

5. Tenure of Incubation

Companies will be permitted to stay in the incubator for a period of two years. Two extensions may be granted for 6 months each at a time at the sole discretion of the Institute.

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

- Completion of two years" stay (if no extension granted)
- Underperformance or non-viability of business proposition as decided by IDEAPAD on case to case basis
- Irresolvable promoter's disputes as decided by IDEAPAD on a case to case basis
- Violation of any ITM and ITM U policy
- 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.
- Change in promoters'/ founders' team without concurrence of IDEAPAD.
- Any change of more than 50% of equity ownership without prior approval of IDEAPAD.
- Any other reason for which IDEAPAD may find it necessary for an incubatee company to leave. Not with standing anything written elsewhere, IDEAPAD's decision in connection with the exit of an incubatee company shall be final and shall not be disputed by any incubatee company.

6. Periodic Assessment

The incubatee company has to submit an yearly audited statement of profit and loss account and unaudited quarterly statements about the activities. However, incubatees may be asked to provide more frequent updates to IDEAPAD.



7. Intellectual Property

Product Ownership Rights for Technologies Developed at Institute

a. When institute facilities or funds are used substantially and when IPR is developed as a part of curriculum/academic activity, IPR is to be jointly owned by inventors and the institute.

- I. Inventors and institute could together license the product/IPR to any commercial organization, with inventors having the primary say.

License fees could be either/or a mix of

- 1) Upfront fees or one-time technology transfer fees
 - 2) Royalty as a percentage of sale-price
 - 3) Shares in the company licensing the product
- II. Institute may not be allowed to hold the equity as per the current statute, so SPV may be requested to hold equity on their behalf.
 - III. If one or more of the inventors wish to incubate a company and license the product to this company, the royalties would be no more than 4% of sale price, preferably 1 to 2%, unless it is pure software product. If it is shares in the company, shares will again be 1% to 4%. For a pure software product licensing, there may be a revenue sharing to be mutually decided between the institute and the incubated company.
- b. On the other hand, if product/ IPR is developed by innovators not using any institute facilities, outside office hours (for staff and faculty) or not as a part of curriculum by student, then product/ IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties or use the technology the way they deem fit.

8. Seed Funding

IDEAPAD may provide seed loans subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loans will be sanctioned only to the registered companies and shall be based on merits of each company. Further, admission to IDEAPAD shall not automatically entitle the companies to seed loan. A company desirous of getting seed loan may submit an application for seed fund after three months from the date of admission in IDEAPAD. Sanction of seed loan will be decided based on the eligibility criteria as decided by IDEAPAD. It would be also subject to the terms stipulated as per the Seed funding Guidelines of IDEAPAD. One of the criteria for approval of the seed loan will be the contribution brought in by the promoters to the capital of their companies. Preference will be given to companies who already have some sources of revenue or some customer



order booking. IDEAPAD will have sole discretion to sanction or reject an application for seed loan and the decision of IDEAPAD in this regard shall be final. IDEAPAD is not bound to give any reason in case an application for seed loan is rejected.

Though seed loan may be sanctioned at the time of approval of the proposal for admission, disbursement shall be subject to satisfaction of IDEAPAD that suitable progress has been made. Notwithstanding anything contrary contained herein the Seed fund sanction and disbursal shall be governed by Seed Fund Guidelines of IDEAPAD.

9. Consideration

IDEAPAD will charge the incubatees for infrastructure and services, seed loan and ITM/ ITM U Intellectual Property. This payment would be in the following form.

- In return for the services and facilities, the institute may take 2% to 9.5% equity/ stake in the startup/company, based on brand used, faculty contribution, the support provided, and use of the institute's IPR (a limit of 9.5% is suggested so that institute has no legal liability arising out of the startup. The institute should normally take a much lower equity share unless its full-time faculty/ staff have substantial shares). Other factors for consideration should be space, infrastructure, mentorship support, seed funds, support for accounts, legal, patents, etc.
- For staff and faculty, the institute can take no more than 20% of shares that staff/faculty takes while drawing a full salary from the institution; however, this share will be within the 9.5% cap of company shares, listed above.
- No restriction on shares that faculty/staff can take, as long as they do not spend more than 20% of office time on the startup in an advisory or consultative role and do not compromise with their existing academic and administrative work/duties. In case the faculty/ staff holds the executive or managerial position for more than three months in a startup, then they will go on sabbatical/ leave without pay/ earned leave.
- In case of compulsory equity model, Startup may be given a cooling period of 3 months to use incubation services on rental basis to make a final decision based on satisfaction of services offered by the institute/incubator. In that case, during the cooling period, the institute cannot force startups to issue equity on the first day of granting incubation support.
- The institute would also provide services based on a mixture of equity, fee-based and/ or zero payment model. So, a startup may choose to avail only the support, not seed funding, by the institute on rental basis.



10. Annual Registration Fee

The incubatee company will turn out to be a legal member of IDEAPAD after enlistment and will be qualified for various benefits and facilities offered by IDEAPAD. The incubatee should pay a sum of Rs. 3000/- (Rupees Three Thousand only) to IDEAPAD towards the annual registration fee to be paid at the time of execution of this agreement and consequently within fifteen days of the beginning of each year counted from the date of the agreement and might keep on maintaining their enrolment as long as they are allowed by the Governing Body of IDEAPAD to have relationship with IDEAPAD as incubatee.

11. Conflicts of interest

In case of conflict of interests the decision of governing body shall be final and binding upon the parties.

12. Disclaimer

IDEAPAD does not guarantee to companies incubated about success and/or feasibility and warrantee of the technology transferred from ITM/ ITM U. ITM/ ITM U or IDEAPAD or any person representing ITM/ ITM U or IDEAPAD shall not be liable for any acts or omissions of the incubatee company. However, in case of any such event the incubatee company shall do all that is required to hold ITM/ ITM U or IDEAPAD any person representing ITM/ ITM U or IDEAPAD harmless from any loss including damage, penalty.

13. Agreements:

All incubatees shall enter into following agreements with the IDEAPAD:

- A. Incubation Agreement: Containing rules and other incubation norms, consideration, equity holding, etc. (Applicable to all)
- B. Seed-Fund Agreement: Containing rules of disbursement and repayment. (Applicable to incubatees availing seed-fund)
- C. Technology Commercialization Agreement: Applicable to incubatee using technology or IP developed by ITM/ ITM U.



14. Auditing/Accounting & Compliances norms

The Incubatee Companies during the period of Incubation at the Centre will mandatorily get their accounts audited and their books of Account are open for Inspection by the empaneled Chartered Accountants of the Centre. Compliances as laid down by the Companies Act 2013 are binding on the Incubatee Companies. The companies will give a quarterly report on the compliances adhered as laid down in the Companies Act. Non- Compliance of the same would be liable to penalty/strict action by the Centre.

15. Virtual Incubation

The virtual Incubation concept is also to be practised by IDEAPAD to promote Entrepreneurship. We have a well established entrepreneurship cell conducting sponsored entrepreneurship camps every year. In this regard, IDEAPAD welcomes ITM/ ITM U alumni and techno-preneurs to open their startups for virtual incubation at IDEAPAD. It is an opportunity for them to use IDEAPAD as a platform for developing ground-breaking business products without being present at IDEAPAD. The product development activities will be coordinated and managed by faculty mentor/s. The annual registration fee for virtual incubatees is the same as discussed above.

Business Plan Template

The following template shows a possible structure for a comprehensive business plan. The business plan must cover all the issues listed in the template.

Recommended Subsections in a business plan:

- a. Introduction / Company overview
- b. Concept / Proposition / Product description
- c. Market opportunity
- d. Competition survey
- e. Development plan and milestones
- f. Marketing plan
- g. Management / Organizational chart
- h. Financials
- i. Risks and de-risking strategies




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