

Research & Due Diligence:

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

Non-Disclosure:

TIIC adheres to strict confidentiality throughout the application process. However, TIIC will not sign any "non-disclosure" agreements.

Time:

The approval process can take as long as forty five days. The length of the approval process is largely dependent on the preparedness of the prospective company.

After successful completion of the admission process, the time between approval and the actual move-in date is flexible, due to varying conditions such as space requirements, paper work, etc.

Documents to be Submitted:

A company or a team of founders desirous of being incubated in TIIC should submit the following documents:

1. Business Plan/ Executive Summary
2. Intellectual Property declaration worksheet
3. Application for seed fund (if required)
4. Statement of infrastructure requirements

The details expected are – office space (in sq feet), number of PCs (maximum of 5), any special lab facility needed, if the proposed company wants to be closely coupled to any lab in the institute, furniture requirements, telephone, connectivity and alike. R&D Support required from IIITM, Gwalior, if any

5. Statement of Purpose (what benefits and values do the promoters see from getting incubated in TIIC)
6. Schedule – proposed date of moving in and anticipated duration of stay

Infrastructure and Services :

Upon admission , the following facilities will be offered to the incubatee companies on an individual basis:

- * Office space: Company dependent
- * Personal Computers – up to five, depending on the team size
- * Printer
- * Internet connection
- * Phone lines (Intercom) – Each company will pay the rentals and bills
- * Furniture
- * Accommodation (One room in hostel)

Common infrastructure:

A common pool of hard and soft infrastructure to be shared by all incubatee companies. Following resources are provided:

- * Fax machine
- * Photocopying machine
- * Document Scanner
- * Library: Management Books, Subscription to IT, Business, Management and Trade journals and newspapers
- * Meeting/Conference room with projection equipment
- * Teleconferencing facilities

Institute infrastructure: Facilitate access to institute infrastructure as per norms of Institute.

Services: will associate with professionals for accounting, IP, legal and management expertise on a part-time basis. Incubatee companies can avail of their services. Any direct services provided to an incubatee would have to be paid for by the incubatee to the service provider.

Intern Support: Also, to provide support in management, incubatees will be assigned an MBA student or M. Tech. student, if desired.

Mentoring and Advisory Services

1. Strategic Checkups: The Head will meet with company CEOs at least once per month for strategy reviews and discussion of operational issues.
2. Each incoming company is offered a "CEO Mentor." This is a person with extensive business experience or specific industry insight who will advise the company on a limited basis regarding matters of particular importance to the company.
3. A faculty advisor is also associated with the incubatee as a mentor on technology issues
4. All companies would be provided access to consulting by professionals.

Market Research and Consulting: partner organizations provide consulting and market research services to incubatees. Services may include:

- * Market research and opportunity identification
- * Valuation of Businesses
- * Competitor Research
- * Market analysis and sizing
- * Customer Search

Any specialized consultancy work for a specific company has to be paid for by the incubate directly. However, TIIC may provide certain services to all incubates, which it may choose to bear the complete cost of. However, it would be sole prerogative of TIIC to choose who would pay for these specialized services.

- * Electronic Research
- * Marketing plan formulation
- * Consulting on strategies at various stages: Launch, Growth and Harvest of businesses.

4. Tenure of Incubation: Companies will be permitted to stay in the incubator for a period of three years. Two extensions may be granted for 6 months each at a time at the sole discretion of the Advisory Committee of TIIC.

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

Completion of three years' stay (if no extension granted)

Underperformance or unviability of business proposition as decided by TIIC on case to case basis

- Irresolvable promoters' disputes as decided by TIIC on a case to case basis
- Violation of any policy of IIITM, Gwalior
- Raising substantial investment (Rs 10 lakhs or more)
- Number of employees of the incubatee exceeds 20
- When the annual revenues of the incubatee exceeds Rs 2 crore or the Profit After Tax exceeds Rs 50 Lakhs
- 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
- Incubatee plans for a public issue
- Change in promoters'/ founders' team without concurrence of TIIC.
- Any change of more than 50% of equity ownership would require a prior approval of TIIC
- Any other reason for which TIIC may find it necessary for an incubatee company to leave

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

Periodic assessment:

A committee set up by TIIC will evaluate the performance of incubatees 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 seed money loan for the specified purposes and its ability to repay the loan. Further seed fund disbursement 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 Modeling
- * 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 Institute
- * Full scale business Graduation
- * Post incubation Survival

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

6. Intellectual Property: Promoters should fill an IP declaration worksheet at the time of admission.

If some Institute IP is being used, the worksheet should contain the following details.

1. Intellectual Property that is being transferred from Institute to the company. This can be a patent, software code, copyright, design registration, developed product, and alike.
2. If any seed grants have been used in developing the technology which will go into the product(s) of the proposed company.
3. If any students have worked on the technology and if their work will be incorporated in the product(s).
4. If funds from Government agencies (DST, MIT, BNRS, DBT) have been used in the development of technology. If yes, what was the understanding with the funding agency in terms of sharing the IP.

5. If collaborative work with faculty members (who are not promoters) is being incorporated into the product(s).

6. If any Institute's infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s).

7. If any consultancy projects were executed in the proposed area.

8. An agreement with Institute that the IP has been assigned to the company for commercialization.

The entrepreneur would have option of first purchasing the rights of IP from Institute and then being incubated or assigning equity to Institute

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 TIIC. Also, any IP developed during the stay would be maintained in the register.

Notwithstanding anything written above, Intellectual Property Rights will be governed by the Intellectual Property Policy of Institute.

7. Seed Funding: TIIC may provide seed loan subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loan will be sanctioned only to the registered companies and shall be based on merits of each company. Promoters/ founders whose companies are not registered at the time of application shall not be eligible to apply for seed loan. Further, admission to TIIC shall not automatically entitle the companies to seed loan.

A company desirous of getting seed loan may submit an application for seed fund simultaneously with submission of the application for admission in TIIC. Sanction of seed loan will be decided based on the eligibility criteria as decided by TIIC. It would be also subject to the terms stipulated under specific grant or scheme as the case may be.

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. TIIC will have sole discretion to sanction or reject an application for seed loan and the decision of TIIC in this regard shall be final. TIIC 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 TIIC Head that suitable progress has been made.

The seed fund will be treated as a soft loan. The following terms apply for seed fund provision:

1. Up to Rs 5 lakhs of seed money will be given to a company. This is the upper limit. Companies will usually be given a much smaller amount unless there is a strong justification for releasing this quantum of investment.

2. The release of funds would be company specific.

, Letters of Intent, Strategic Alliance agreements, invoices for services rendered, and alike. 3. The loan will carry an interest rate of three percent per annum and is repayable at the end of three years from disbursal. The company may choose to repay the loan in cash or to convert half the loan amount into equity as outlined in the Consideration Section.

4. Company will submit its current balance sheet, profit and loss statement and any other material to substantiate its loan application. The application should be substantiated by providing the outstanding client orders

5. Company will submit projected Balance Sheet, Profit and Loss Account and calculation of working capital requirements

6. Every 12 months or at the end of financial year (whichever is earlier), a balance confirmation certificate and a Promissory Note for the balance outstanding shall be taken by Institute

In case the incubatee company defaults in repayment of the loan within the due period, the Steering Committee will review the performance of the incubate company and advise/recommend for the extension of the time period of the loan repayment, or to take appropriate legal action, or of writing off the loans to the Advisory Committee of the TIIC. On the advice of the Advisory Committee of the TIIC, the competent authority of Institute will initiate appropriate action.

8. Consideration: TIIC will charge the incubatees for infrastructure and services, seed loan and Institute's Intellectual Property. This payment would be in the form of service charges and equity share as per following details.

Consideration for infrastructure and services: For a company with office space of 250 sq feet and 2 PCs, the service charge comes to minimum of Rs 5533/- per month as per the following calculation:*

Office rent at Rs 8/sq.ft per month for 250 sq.ft.	2,000
PC rental at Rs 1000 per PC per month (2 PCs)	2,000
Printer at Rs 200 per month(inkjet)	200
Internet connection per login per month	200
Electricity charges including air-conditioning	On actuals
Telephone Bills	On actuals
Accommodation (Studio Apartment - 1)	1,000

* Advisory Committee may change the rates from time to time.

The incubatees would have option of deferring 50% of the rent till the time they exit from institute. For the deferred amount an interest rate of 3% would be charged to incubatee. However, the incubatee would need to provide a personal guarantee for the total sum deferred and interest (at 3% per annum) thereof. This amount would have to be paid back at the time of exit or converted to equity. The price for conversion would be as per the guidelines for seed fund.

Additionally 3% equity would be assigned to Institute for providing infrastructure services in all cases.

Consideration for Institute's Intellectual Property: As per the Intellectual Property Policy of Institute.

Consideration for seed fund: The seed fund is provided as a soft loan and the incubatee are expected to pay back the seed money at 3% per annum simple interest rate. The incubatee would need to provide a personal guarantee to the extent of seed loan and interest thereof.

Half of the financial support given to the incubatee company would have to be returned and the remaining 50% would be converted into equity at the time of valuation. The entrepreneur would have the option of paying it back in cash also. 50% seed loan may be converted into equity as per following details:

- Based on the valuation of the company at the time of exit OR

Electricity charges including air-conditioning	On actuals
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Telephone Bills	On actuals
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Accommodation (Studio Apartment - 1)	1,000
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- Based on the valuation of the company at the time of exit OR
- Cost contribution (in case no valuation of the company is conducted or agreement reached on valuation): institute and the promoters would share the equity of the company as per the investments made by them. For E.g. if the promoters have contributed Rs 85 Lakh and Institute Rs 15 Lakh, Institute will get a 15% stake in the company.

The repayment of the loan and the interest amount will start after three years of the disbursement of the first installment and will be recovered/repaid within the next three financial years in quarterly installments or as soon as the company makes operating profits and is in a position to service the loan, which ever is earlier.

Other Considerations: Access to institute infrastructure (labs, library etc) and faculty expertise would be charged as per the defined institute's rules and regulations.

Any consultant that is hired directly by the incubatee would have to be paid for directly.

Institute will have a right to put suitable number of Directors (negotiated with the incubate) on the Board of Company. Institute will nominate members on the board of company whose powers and duties would be the same as if he were a nominee director of a financial institution. However, the nominee director shall not stand as a guarantor either to Institute or any other party. The said director shall stand indemnified by the company at all times of any liability for any legislation or act for the time being in force.

Equity Disposal by institute.: institute would have the first right to sell-off its equity stake in the company. When the incubatee raises funds in any form (Angel Investment, VC fund, acquisition etc) where equity transaction would take place, Institute would sell its equity to the buyer.

In case, no such transaction takes place within five years of exit of the company from institute, the promoters would undertake to buy-back the entire equity stake of Institute at a price which is highest of the following:

* Book Value of the shares

* Price that will give Institute a net return of 12% p.a. compounded annually (for the investments made in seed fund)

* Market Price of the shares as defined by independent valuation

Rules regarding to the employees recruitment in the company:

The following rules are applicable on any company incubated through TIIC:

1. The company has to appoint 75% of it's employees requirement from the institute students.
2. In case the company requires any higher grade officer or any experienced employee than it may go to recruit employee from outside.
3. The company has to place the institute students on the basis of year-wise bond