INDIAN INSTITUTE OF TECHNOLOGY GANDHINAGAR

INCUBATION POLICY OF THE INSTITUTE

(As approved by the Board of Governors in its 15th meeting held on 02 December 2014)

The Board in its 7th meeting held on 27 June 2012 approved that the procedures and policies of SIDBI Innovation and Incubation Centre (SIIC) at IIT Kanpur be followed by the IITGN Incubation Centre (IIC) till such time that IITGN comes up with its own document of policy and procedures. Further, the Board in its 15th meeting held on 02 December 2014 has decided for the creation of non-profit Section 8 company "IIT Gandhinagar Innovation and Entrepreneurship Centre" (IIEC). As and when this separate legal entity IIEC comes into existence, it will be free to formulate its own procedures and policies. Till such time, the Institute will follow the following Incubation Policy, as approved by the Board in its 15th meeting held on 02 December 2014 (herein 'incubator' refers to IIC or IIEC, as the case may be):

1. Adoption of an explicit goal of incubation to be "nurturing high growth technology startups that generate commercial and social impact".
2. Inclusion of programmes to support entrepreneurs to build business plans and minimum viable products (MVPs) and support the scale-up of lab-stage technologies to product validation stage as part of the overall incubation framework. These activities will enable the incubator to support potentially higher risk/higher value companies and social enterprises and create a high quality deal source for the incubator. Based on the extent of support received by the founders through these programs, incubator may receive equity of upto 4% of the company incorporated by them.
3. Financial support to incubatees may include both debt and equity.
   a. Equity financing for each incubates may not exceed Rs 25 lakhs.
   b. Debt financing will have interest rate of 1-5% per annum depending on the risk profile of the company. To encourage entrepreneurship, upto initial Rs. 5 lakhs of debt to an incubatee will be given without guarantees. Any debt above that provided to incubatees will be based on a lien on the assets of the company. Debt financing for each incubatee including any deferred payments will not exceed Rs 25 lakhs.
4. In case the incubatee is a registered company, incubator may receive 4% of equity of the company for incubation and mentoring services provided subsequent to incorporation. For avoidance of doubt, this equity does not include the equity mentioned in Point 2 above.
5. Total equity taken by incubator in exchange for incubation, financing, technology inputs and services provided may not exceed 15%.
6. All equity received by incubator will be on a non-diluted basis until company receives cumulative third party equity financing of Rs 2 crores. Thereafter, incubators percentage of issued shares will be diluted equally along all other investors.
7. Adoption of admission, evaluation, funding and exit criteria will be modified from time to time to accommodate the objectives and programmes identified above.

8. To encourage a collaborative atmosphere among incubatees, they will not hire employees of each other without permission from current employee or incubator.
9. Explicit adherence of incubatees to the ethical values and principles governing the Institute will be required.
10. Clear explicit guidelines will be evolved and implemented to manage conflict-of-interest and IP related issues.
11. The Institute may also provide one year pre-incubation support to its alumni, faculty and others on a case to case basis.