



**CEDI INCUBATION POLICY & PROCEDURE**  
**AMENDMENT**

**07<sup>th</sup> SEP 2020**

**Applicability:**

This document contains the Policy and Procedures for operational matters related to following incubation activities:

**TYPE of INCUBATION at CEDI**

**CAT 1: PRE-INCUBATION:** Proof of Concept

**CAT 2: INCUBATION:** Physical/Virtual

**CAT 3: ACCELERATOR:** Scale-up support with Industry collaboration

The policy therefore is applicable to all CEDI supported entities and teams, which include start-ups, companies and individual teams supported with the preferred stage of startup in any of the following:

1. Ideation
2. Validation
3. Early Traction
4. Scaling up
  - i. Under pre-incubation programs (Pre-incubatees)
  - ii. Under Physical and Virtual incubation (Incubatees/ Companies/ Incubatee companies)
  - iii. Under seed support programs of CEDI
  - iv. Under accelerator programs with/without post program follow-on support
  - v. Using co-working space without formal incubation support
  - vi. Under co-incubation program

Reference to start-ups, companies and teams under each of the above supported categories are interchangeable.

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to/associated with BI to update themselves from time to time on amendments in BI policy and procedures. CEDI reserves the rights to make an exception of all or any of the terms of policy for a particular company or a promoter on a case to case basis.

**1. Eligibility**

1.1 Admission to BI for incubation is open to Technology start-ups with preference to be given to start-ups having affiliation with NITT community which includes:

- Faculty members
- Students



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- Alumni
- NITT's R&D partners (sponsors of R&C projects),
- NITT's partner universities (having R&C collaborations in place), and
- Government agencies associated with NITT's research and innovations.
- Permanent staff of NITT
- Technology / IP from NITT
- Applicants supported under any program managed by CEDI

Focus of CEDI for incubation of proposals/business ideas shall be on the following basis:

- IP and Product Based Start-ups
- Proposals with clear Market/ User validation
- Proposals with potentials for strong identifiable involvement or interaction with NITT faculty and other colleges
- Proposals which will have high growth potential, social and strategic impacts,
- Proposals supported by any of Government of India (central/state) initiatives, where CEDI support is a requirement.

1.2 Certain programs may have their own eligibility norms and criteria for selection which will be as defined by the particular program.

1.3 Applications for admission to BI will be made in the name of registered entity within the meaning of the Companies Act, 2013. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/ founders must ensure that the company is registered within a period of three months from the date of approval of the application for admission in BI.

## 2. Admission Process

Based on the merits of the case, the following processes could be adopted for evaluation of the idea/business plan for incubation/support purposes.

### 2.1 Two levels of Selection process: Incubatees

are selected based on two steps:

- LEVEL 1 *Technical round*** (Comprising of experts from the domain, investor, industry, established entrepreneur, potential, client/user CEDI team & senior members)
- LEVE 2 *Financial/Business round*** (Comprising of experts from the domain, investor, industry, established entrepreneur, potential client/user, CEDI team & senior members).



2.2 In case of pre-screened and previewed business ideas/cases by government grants/competitions, on their approval, the same may be directly admitted as per program requirements.

Incubation approval is subject to completion of satisfactory review process. CEDI will have a sole discretion whether to admit or reject a proposal for incubation and the decision of CEDI in this regard shall be final. CEDI is not bound to give any reason in case a proposal is rejected.

### **3. NITT**

If any venture involves Intellectual Property (IP) transfer and/or NITT Faculty involvement and/or usage of labs from NITT for incubating a start-up and/or for any other program, the following process will be followed:

3.1. IP and Faculty involvement from NITT: Approval required from:

- a. Dean FA - NOC for starting a venture/association as an equity holder/mentor/advisor
- b. Dean R&C - Approval of IP license/transfer in case NITT IP is involved. Even if there is no NITT IP, NOC from Dean R&C is required for starting a venture/association as an equity holder/mentor/advisor

IP transfer/ IP licensing/ permission to use IP will be in favour of only the registered entity.

3.2 NITT lab usage: If NITT labs are envisaged to be used during the course of association with CEDI, explicit approval should be obtained from NITT including from the faculty-in-charge whose labs are going to be used. In addition, with view to ensure safety and security of all concerned, all compliances and procedures for lab usage should be strictly adhered to.

### **4. IP from other sources:**

4.1 If IP of any other organization or institution is involved, NOC from the said organisation or institution should be obtained.

In any of the above cases, if there are anyone/ team who has worked on the IP and if any of them is not part of the start-up, an NOC shall be obtained from such members for usage of the IP in the startup.

### **5. Incubation Support**

#### **DETAILS OF FACILITIES**

##### **5.1. Physical infrastructure:**

- Furnished Office Space/co-working space
- Shared resources: Meeting rooms, Conference rooms, Pantry
- Office productivity equipment: Photocopier, Shredder, Scanner, Projector, video audio conferencing facilities



- Lab: Facilitation for access to NITT Labs/CoE, and or of any other institute/organization. It will be subject to the said organization/ Institute's approval and policy.

5.2. **Utility:**

- Electricity
- Internet

5.3. **Student Internship/HR Support:**

- Student Interns
- Facilitation of HR and Manpower support  
(\*based on its availability at the time of the incubation. Incubator may withdraw the facility if the relationship with the concerned service provider ceases.)

5.4. **Seed fund and grants:**

- Upfront cash of Rs. 2.5 lakhs for physical/ virtual incubation
- Potential for additional seed support in form of equity/convertible instrument/loan subject to CEDI's investment guidelines from time to time,
- Facilitation for Government funding programs  
(\*Subject to eligibility and selection process)

5.5. **Advisory, Mentoring and coaching:**

- Mentoring will be considered on case to case basis with an understanding
- Trainings and workshops
- Free advisory from CEDI Team & Experts- legal, CA, IP, fund raising. Areas may be added/ removed during the incubation. The supported entities however will have to pay for specific transactions.

5.6. **Network:**

- Facilitation for business, professionals and expert network
- Facilitation for investors network
- Facilitation for industry connection
- Showcasing opportunities
- NITT network of alumni and experts

5.7. **Ecosystem advantage:**

- Experiential learnings in incubator
- NITT ecosystem- technical resources and interactions, students, library, easy access to IP
- CEDI- NITT brand
- Media visibility
- Address for incorporation (for resident supported entities under physical incubation)



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## Notes:

1. Virtual Incubatees will be provided all the above incubation support except physical office space.
2. Physical incubation: The Incubatee will have to deposit Rs. 30,000/- (Rupees Twenty-five thousand only) with CEDI as non-interest bearing returnable security deposit. The said amount will be returned at the time of vacating the Incubator after deducting outstanding dues if any.
3. The supported entity shall pay for the usage of photocopier on actual basis.
4. The ownership of all assets and facilities so provided as a part of supported entity supports and facilities rests with Incubator or CEDI as the case may be.
5. Pre-incubatees will be provided all the above incubation support expect for funding

# No cost for electricity/internet consumption or any utility or service is charged separately to the incubatees. However, CEDI retains a right to limit the free electricity/internet consumption and other utility, beyond which charges will become payable by the Incubatee.

## 6. Seed Support

For funding, CEDI supported entities may apply by way of Seed Support Application through a call-for-applications, which will be considered by investment committee. The seed support shall be in the form of equity/convertible instrument/loan. Additional investment will be subject to terms and conditions as per CEDI 's guidelines from time to time.

## 7. Periodic Monitoring and Assessment

CEDI will periodically evaluate the performance of its incubatees and pre-incubatees. Incubatee companies will submit information to CEDI in a prescribed format. They will also be subject to an annual assessment by a committee comprising of external experts if necessary.

A CEDI supported entity which has taken seed support will have to submit additional information as may be asked by CEDI. The un-disbursed portion of the seed support will be adjusted subject to the performance of the entity.

It is mandatory for the Incubatee companies to submit a copy of their audited annual reports within a period of 7 days from the date of their finalization.

## 8. Information Submission

Incubatees and pre -incubatees companies/ teams will submit information to CEDI about all material changes or developments taking place in their companies from time to time. Such information could be (but not limited to) change in name of the company, change in business or product profile, change in directors, promoters or shareholders, acquisition of a new office, additional equity or debt investments.



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CEDI may require incubatee companies to submit other information as it deems fit. Prior concurrence of CEDI should be obtained for effecting such changes.

Besides the above, as CEDI is government recognized technology business incubator, it may be called upon by any government organization/institution to share information regarding the incubated companies. CEDI, may, accordingly, call for such information. CEDI will take the responsibility not to share/disclose any company specific details without prior permission of said company but may use the information for consolidation purposes only when reporting.

## 9. Consideration

In lieu of support and services to be provided by CEDI-NITT, the CEDI supported entities will be subject to consideration

- Rental / Incubation/Mentoring fees
- Equity and Loan Options
- Pledge of shares as interim measure

For any specific additional support or extension of incubation, additional consideration may be charged on case to case basis.

CEDI may dilute the consideration terms on a case to case basis when companies have achieved significant milestones as to revenues/investments at the time of making an application for incubation.

## 10. Tenure

Tenure in CEDI would depend on terms of particular program. Companies under formal incubation will be permitted to stay in CEDI, to begin with, for a period of 18 months. Further extension if any will be for another 18 months based on satisfactory performance review, the rental charges where physical incubation is provided will be levied as per prevailing market rates. Any stay beyond the total of 36 months is subject to CEDI Board approval and will entail additional consideration, which terms will be decided at that point of time.

## 11. Exit (Graduation)

Incubatee companies will leave the incubator under the following circumstances:

- Completion of stay for eighteen months, unless the stay is extended by CEDI.
- Underperformance or non-viability of the business proposition: criteria for the same will be decided and applied by CEDI on the case to case basis.
- Irresolvable disputes between promoters/ founders. CEDI will decide the position or point when disputes are deemed to be irresolvable.
- Change in promoters'/ founders' team or business profile of the company without concurrence of CEDI



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- When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in substantial change in the profile of the company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue.
- Non-compliance of terms of CEDI's terms and conditions
- Any other reasons which CEDI may find it necessary for an incubatee company to leave BI.

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

## 12. Disclaimer

The CEDI supported entity will understand and acknowledge that CEDI intends to provide supports and services to the Company in good faith to pursue its objective to promote entrepreneurship by converting innovative technologies to commercialization by incubating and supporting new enterprises. It is understood that by agreeing to provide various supports and services, CEDI does not undertake responsibility for:

- Ensuring success of a supported company, its products/ process/ services or marketability,
- Ensuring quality of support and services provided by CEDI to the complete satisfaction of the incubatee companies or their promoters/ founders.
- Ensuring quality of services of the consultants engaged by the supported entities through CEDI/NITT network. supported entities will have to apply their judgements before associating with them.

The supported entities agree that CEDI/NITT or their employees shall not be held liable for any reason on account of the above.

Support by CEDI under its programs or programs of state or central government does not tantamount that CEDI or the concerned departments are co-promoters of the supported incubatees or teams. However, startups may give visibility to such support.