

Policy and Guidelines for
DIAT INNOVATION & INCUBATION CENTRE



DEFENCE INSTITUTE OF ADVANCED TECHNOLOGY (DU)

PUNE- 411025

The goal of **DIAT INNOVATION& INCUBATIONCENTRE** at **DIAT (DU), Pune** is to promote technology based entrepreneurship and thereby facilitate practical application of knowledge for public use. The scope of this document is to define the policies and procedures for the operational matters related to the **DIAT IIC** at **DIAT (DU), Pune**. It covers the following processes:

1. Eligibility
2. Admission procedure
3. Infrastructure and Services provided to incubates
4. Mandatory Mentorship
5. Period of Incubation/ Exit
6. Intellectual Property evaluation
7. Seed funding
8. Consideration
9. Conflicts of interest
10. Disclaimer
11. Agreements
12. Auditing/Accounting & Compliances norms

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to DIAT IIC to update themselves from time to time on amendments in Incubation policy and procedures. DIAT 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

Admission to DIAT IIC is open to:

- i. Faculty members /Students /alumni
- ii. Any general public with a technology/ Innovative idea.

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 (attached herein as Annexure-1) along with 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 Faculty of DIAT shall be governed by Faculty Entrepreneurship Policy as approved by the Institute (attached herein as Annexure-2).

Companies that are promoted by students enrolled for full-time Degree at an educational institute shall not be offered incubation if student is holding Executive position, however companies promoted by students are eligible to apply for incubation provided student is not actively engaged with the company beyond any engagement which may be permitted by the Institute.

2. Admission Process

Based on the initial scrutiny of affirmative assessment, applicants will be asked to submit a formal application for admission in to DIAT IIC. The application form can be collected from the office of DIAT IIC or can be downloaded from its website. All the applicants shall have to read and agree to the “terms and conditions” of the incubation, their applications shall be processed only when they agree to the “terms and conditions” of DIAT IIC.

i. Business Plan

The business plan is expected to cover the basics of the business, namely, value proposition, products and services, market analysis, competition analysis, funding requirements, capital structure, milestones and timelines, development and marketing plan, organizational structure, team, risk analysis, break-even period and projected financials. Applicants may give any additional information as they think would help in the assessment of their proposal.

Based on the documents submitted, the application will be screened by an expert team for assessing the suitability of the proposal for further evaluation by expert members regarding its potential for incubation. Business Plan will be reviewed by experts having technical, business and financial expertise.

ii. Evaluation Criteria

Some representative criteria to be applied for evaluation (not limited to these)

1. Strength of the product idea in terms of its 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. Financial/ Commercial Viability and 5 year projections of Profit & Loss Account, Balance Sheet and Cash Flows
5. Funds requirement and viability of raising finance
6. Time to market
7. Break-even period
8. Commercial potential, demand and requirement in India
9. Scalability

If the initial evaluation of the business plan / executive summary is positive, DIAT IIC will arrange a meeting at IIC with the company founders, during which the company will be expected to present a presentation describing critical aspects of the business plan to an evaluation committee. The presentation will be followed by questions. After the presentation, a final decision will be made regarding the company's entry into the incubator. The company will be informed of final decision execution of the Minutes of the said Meeting. Such presentation through video conferencing is also permitted.

3. Infrastructure and Services of DIAT IIC

- i. Upon admission to DIAT IIC, the following facilities will be offered to the incubate companies on an individual basis:
 - a. Office space
 - b. Computers – up to two. More than two can be availed at market rates.

- c. Printer
- d. Internet connection
- e. Phone connection
- f. Standard Furniture as decided by DIAT IIC.
- g. Common infrastructure: DIAT IIC provides a common pool of hard and soft infrastructure to be shared by all incubate companies. Following resources are provided:
 - i. Fax machine
 - ii. Photocopying machine
 - iii. Library: Management Books, Subscription to IT, Business, Management and Trade journals and newspapers
 - iv. Meeting/Conference room with projection equipment
 - v. Tele or Video conferencing facilities
 - vi. Institute infrastructure: DIAT IIC may facilitate access to institute infrastructure or Laboratories as per norms of DIAT.
 - vii. Common secretarial pool/staff
- ii. Intern Support: Also, to provide support in management, incubates will be assigned an Technology Management student, if desired.
- iii. Services: DIAT IIC may associate with professionals for accounting, IP, legal and management expertise on a part-time basis. Incubate companies can avail of their services. Any direct services provided to an incubate would have to be paid for by the incubate to the service provider.

4. Mandatory Mentorship

- a. An incubate company has to take a faculty advisor as a mentor on technology issues.
- b. Specialized mentors are also available to the companies to assist with particular strategic areas or to provide project-oriented consultation. These arrangements may begin as a pro bono arrangement with an option for both parties to graduate to a paid relationship.
- c. Mandatory Mentorship: One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of DIAT, thus every company that is offered incubation at DIAT IIC has to select one faculty from DIAT who shall act as mentor of the Incubate and guide the company on product develop. The incubate has to offer minimum 1% of share equity to the mentor as a consideration of mentorship.

5. Period of Incubation/ Exit

Companies will be permitted to stay in DIAT IIC for a maximum period of three years. A nominal monthly charge will be levied to the company. DIAT IIC may, at its own discretion, permit companies to extend their stay for a maximum period of another 12 months. Companies will have to pay the charge at the prevailing market rate for the extended period, which would be for the facilities being used by them.

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

- Completion of Three years stay (if no extension granted)
- Underperformance or non-viability of business proposition as decided by DIAT IIC on case to case basis
- Irresolvable promoters' disputes as decided by DIAT IIC on a case to case basis
- Violation of any DIAT 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 DIAT IIC.
- Any change of more than 50% of equity ownership would require a prior approval of DIAT IIC.
- Any other reason for which DIAT IIC may find it necessary for an incubate company to leave.

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

6. Intellectual Property Evaluation

- a. The company should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubated company.
- b. In case the incubated company is desirous of using the Intellectual Property of DIAT like patent, software code, copyright, design registration, developed product, etc, then the company shall make such request in writing to DIAT IIC. The terms and conditions for such IP licensing shall be decided by the Institute as per rules governed by DIAT IP Cell.
- c. The company shall inform if any students have worked on the technology and if their work will be incorporated in the product(s).
- d. The company shall inform if any IP has been generated as a result of the collaborative work with faculty members (who are not promoters) and is being incorporated into the product(s).
- e. The company shall inform if any DIAT infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s).
- f. The company shall inform of the agreement, if any, with DIAT that the IP has been assigned to the company for commercialisation.
- g. The entrepreneur would have the option of first purchasing the rights of IP from DIAT and then being incubated or assigning equity to DIAT in lieu of the direct payments to the Institute.
- h. 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

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

- i. **Notwithstanding anything written above, Intellectual Property Rights will be governed by the [Intellectual Property Policy](#) of DIAT.**

7. Seed Funding

DIAT IIC 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. Further, admission to DIAT IIC shall not automatically entitle the companies to seed loan.

A company desirous of getting seed loan may submit an application for seed fund after admission in DIAT IIC. Sanction of seed loan will be decided based on the eligibility criteria as decided by DIAT IIC. It would be also subject to the terms stipulated as per the Seed funding Guidelines of DIAT IIC.

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. DIAT IIC will have sole discretion to sanction or reject an application for seed loan and the decision of IIC in this regard shall be final. DIAT IIC 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 DIAT IIC 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 DIAT IIC.

8. Consideration

DIAT IIC will charge the incubates for infrastructure and services, seed loan and DIAT Intellectual Property. This payment would be in the form of service charges and equity share as per following details. Liability free (paid-up), equity of 3% would be assigned to DIAT for providing incubation facility, infrastructure services in all cases.

9. Conflicts of interest

In case of conflict of interests the decision of Institute shall be final and binding upon the parties. The faculty member should submit conflict of interest disclosure statement (Annexure II) before joining IIC

10. Periodic Information Submission

DIAT IIC will evaluate the performance of incubate companies periodically. Incubate companies have to submit the information to DIAT IIC on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts.

Incubate companies have to submit information to DIAT IIC about all material changes or developments taking place in their companies from time to time. Such information could be change in business or product profile, change in directors, promoters or shareholders, additional equity or debt investments. Prior concurrence of DIAT IIC should be obtained for effecting such changes.

11. **Disclaimer**

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

12. **Agreements**

All incubatees shall to enter into following agreements with the Institute:

1. Incubation Agreement: Containing rules and other incubation norms, consideration, equity holding, etc. (Applicable to all)
2. Seed-Fund Agreement: Containing rules of disbursement and repayment. (Applicable to incubates availing seed-fund)
3. Technology Commercialization Agreement: Applicable to incubate using technology or IP developed by DIAT.

The Incubate 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 empanelled Chartered Accountants of the Centre. Compliances as laid down by the Companies Act 2013 are binding on the Incubate 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 liable to penalty/strict action by the Centre

- Non Adherence to the first warning of the non-compliance by the said Incubate Company will attract penalty of Rs. 1000 which will be billed with the facilities due.
- An action against the Non Adherence to the second warning by the Incubate Company will make the Company ineligible to apply for Seed fund at the Centre
- An action against the Non Adherence to the third warning in the form of notice to vacate the residential premises allotted to them

13. **Terms & Conditions**

The Licensee shall not cause any disturbance, annoyance, nuisance, damages to IIC or the peaceful functioning of other units in other premises in IIC, DIAT (DU) Campus and shall not create any obstructions in the common areas. No acts subversive of discipline or those which may tarnish the name or reputation of DIAT IIC or DIAT (DU) shall be indulged in by the incubate DIAT IIC shall always be in possession of the licensed premises and shall have full right to control the access to the Licensed Premises and structures therein

or any part thereof, incubates shall allow persons and vehicles entering and leaving DIAT IIC to be examined by the staff of DIAT IIC or any agency authorized by DIAT IIC for the purpose of checking and security measures.

The Licensee shall use the licensed premises only for the purpose for which it was allotted and also take care not to store any combustible materials or articles prohibited under law. The Licensee shall not use the license for any purpose other than the one for which it is now permitted, without the previous written consent of DIAT IIC.

The incubates shall not, without the previous written permission of DIAT IIC, alter, improve or make structural alteration to the licensed premises permitted to be used by the Licensee and it is not obligatory on the part of DIAT IIC to give such permission if in their opinion such alteration/ addition/removal are not required to be done.

This agreement can be terminated by giving 30 days written notice of termination by either party to the other. Further, if the Licensee violates any of the conditions hereinabove mentioned or such other rules and regulations framed by DIAT IIC or DIAT (DU) from time to time, DIAT IIC shall have every right to terminate the agreement and evict the Licensee from the premises forthwith. Notwithstanding the period mentioned herein or any of the clauses contained herein, DIAT IIC shall always have the right to terminate this license arrangement at any time without assigning any reasons whatsoever the License hereby agrees to abide by all such decisions without raising any objections.

Business Plan Template

The following template shows a possible structure for a comprehensive business plan. The shown sequence is not mandatory; however the business plan must cover all the issues listed in the template.

Recommended Subsections in a business plan:

1. Introduction / Company overview
2. Concept / Proposition / Product description
3. Market opportunity
4. Competition survey
5. Development plan and milestones
6. Marketing plan
7. Management / Organizational chart
8. Financials
9. Risks and de-risking strategies



DIAT INNOVATION & INCUBATION CENTRE
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APPLICATION FORM FOR MEMBERSHIP IIC

1. Name of the Applicant: (Please attach copy of Memorandum and Articles of Association of the Company)
2. Address of registered office:
3. Authorized capital
4. Share/Equity distribution
5. Name of Directors and Promoters:
6. Name of faculty Mentor:
7. BUSINESS/ IDEA DETAILS
8. Title of your Business/Technology proposal for Incubation:
9. Brief Description of the Product/Services/Technology business you plan to incubate in DIAT (DU)
10. Brief description of the R&D efforts and other technological inputs you hope to resource from DIAT (DU) (Please also indicate names of faculty member(s), dept./centers of the Institute you plan to associate and equipments facilities to be used)
11. Have you interacted with the concerned faculty and has he/she/they consented to collaborate with you?
12. Why do you want to locate in the DIAT (DU)?
13. Infrastructure requirement for space, workstations or PCs:

14. List any special requirements for usage of DIAT (DU) laboratory facilities:
15. Specify requirement of Mentoring and other professional services/ support:
16. Indicate how your business might benefit from access to DIAT (DU)'s human and physical resources.
17. Have you prepared a Business Plan? If yes, please submit a copy.
(Please look at the web-site for the suggested format).
18. Please indicate your sources of funds
19. Profile of your Company
(Type of business, details as date of registration etc. ,membership of stock exchange if any, key personnel/associates, specific achievements etc.)
20. Profile of Directors and Promoters: (Attach brief resume)
21. Please give names and address of up to 3 referees who are acquainted with your career profession/ achievement.
22. Any other detail which would help in evaluating your proposal



Declaration

We hereby declare that we have read and understood the terms & conditions of the Incubation Agreement of Defence Institute of Advanced Technology (DU) Pune (DIAT (DU)) including provisions relating to transfer equity and seed-capital guidelines, provided to me by the DIAT IIC office, and agree to sign the same once our company is approved for the incubation at DIAT (DU). We shall follow the rules and regulations of Incubation Centre and DIAT (DU), Pune. The declaration and facts in the application are true and best to our knowledge and nothing material has been concealed.

Applicant/Director

Applicant/ Director

Signature

Signature

Name:

Name:

Company Common Seal

Attachments

- MOA &AoA of applicant company:
- Business plan
- Certificate of incorporation
- Resume of Promoters

COMMITTEE OF INNOVATION & INCUBATION CENTRE

Following committee will evaluate the potential for Incubation of start-up:

- i. Vice Chancellor – Chairman
- ii. Director CTP
- iii. Dy Director CTP-MS
- iv. Dean (SR)
- v. Dean (Acad)
- vi. Member from any other incubation centre
- vii. Subject expert
- viii. Finance officer- DIAT
- ix. Members co-opted (case to case basis)
