

## Startup Policy

of



# IIM

भारतीय प्रबंध संस्थान विशाखपट्टणम  
Indian Institute of Management Visakhapatnam

*To be implemented by:*



**IIM Visakhapatnam Foundation for Incubation,  
Entrepreneurial Learning & Development**

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## 1. Vision and Objectives of the Incubator of the Institute

- 1.1 Indian Institute of Management Visakhapatnam (the Institute or IIMV), through its Section 8 Company, IIMV Foundation for Incubation, Entrepreneurial Learning and Development (IIMV-FIELD) is keen on promoting innovation and entrepreneurship by encouraging and supporting the students, faculty members, alumni of the Institute, and start-up entrepreneurs across the nation to translate their ideas and concepts into business models and make their products/services ready for commercialization. Supporting such endeavors feeds well into the broader objectives of the Institute under the IIM Act 2017, and Government of India mission of Atma-nirbhar Bharat.
- 1.2 Towards this extent, IIMV draws upon the National Innovation and Startup Policy, 2019 (NISP-2019) of the Ministry of Education, Government of India (GOI).

## 2. Eligibility for Incubation

- 2.1 The following criteria are considered as per the Dept. for Promotion of Industry and Internal Trade (DPIIT), GOI startup recognition<sup>1</sup> for eligibility of IIMV-FIELD Startups.
  - 2.1.1 **Company Age** - Period of existence and operations should not be exceeding 10 years from the Date of Incorporation.
  - 2.1.2 **Company Type** - Incorporated as a Private Limited Company, a Registered Partnership Firm, or a Limited Liability Partnership
  - 2.1.3 **Annual Turnover** - Should have an annual turnover not exceeding Rs. 100 crores for any of the financial years since its Incorporation
  - 2.1.4 **Original Entity** - Entity should not have been formed by splitting up or reconstructing an already existing business.
  - 2.1.5 **Innovative & Scalable** - Start-up idea should be innovative and such start-up entity should work towards development or improvement of a product, process, or service and/or have scalable business model with high potential for creation of wealth & employment.

## 3. Admission Process

3.1 The admission to the IIMV-FIELD as an incubated venture could be done via two mechanisms.

### 3.1.1 Admissions under Government incubation or CSR support schemes:

- 3.1.1.1 If the applicants have applied under a given scheme, then the process of screening, shortlisting and selection will get guided by the respective schemes, as may be outlined in the bipartite agreement between IIMV-FIELD and the project granting agency. The magnitude and nature of the funding support, and the period of incubation would be primarily guided by the scheme. However, unless the scheme mandates otherwise, the incubation period shall be for minimum period of 6-12 months, in one or more instalments, up to a maximum of three years from the first date of incubation.

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<sup>1</sup> <https://www.startupindia.gov.in/content/sih/en/startup-scheme.html>

### **3.1.2 Other Admissions: If the applicant has applied for incubation support:**

- 3.1.2.1** Founders will be asked to send their business plan and supporting documents in a pre-defined template/format. Based on the documents submitted, a Selection-cum-Evaluation Committee<sup>2</sup> (SCEC) will do further evaluation for potential incubation. The SCEC will meet at least once every quarter and take up the applications for consideration.
- 3.1.2.2** The incubated ventures after showing progress, become eligible to apply for prototyping funding support. Such support is subject to the availability of funds and would only be given on loan/equity basis. All such investment decisions would be made by the Investments Committee<sup>3</sup> (IC). Based on the stage of the startup, the IC would propose the funding support, its extent, nature, and tenure. If equity is the preferred mode of funding support, it could be considered subject to a minimum of 1% equity stake (of the total outstanding shares) with a fixed exit clause that will be applicable for all the incubated ventures.
- 3.1.2.3** Credentials of the founding team, technical feasibility and commercial viability of the proposal and potential for large value impact such as social and/or strategic impact; employment and/or revenue generation; and which can bring visibility to the incubation center, would get preference. IIMV-FIELD would strive to bring equity and diversity, subject to fulfilment of the mandatory requirements for incubation support.
- 3.1.2.4** Both registered and unregistered companies will be allowed for incubation support. However, the unregistered companies should get registered within 9 months after being accepted for incubation at IIMV FIELD. However, this requirement may get relaxed for the ventures incubated under government schemes, provided the scheme guidelines permit such relaxation.

## **4. Services Offered at Incubation Center**

### **4.1 Support provided to selected ventures:**

- 4.1.1** Regular review & mentoring by IIMV-FIELD team/mentors, alumni, and industry experts.
- 4.1.2** Mentorship, training, and consulting support from IIMV faculty.
- 4.1.3** Generous prototyping and commercialization support to select ventures - both at ideation and prototype stage.
- 4.1.4** Shared/dedicated workstation with office infrastructure & shared support services.
- 4.1.5** Opportunity to be part of capacity building, networking, and fund-raising events/workshops at IIMV-FIELD.
- 4.1.6** Access to the knowledge resources of IIMV such as library resources - books, journals, periodicals and databases, student consulting through business competitions and live projects.
- 4.1.7** Media coverage and networking opportunities
- 4.1.8** Access to Professional Services - Legal, IP, Web/App Development, etc.

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<sup>2</sup> please refer Annexure A for composition of the screening-cum-selection committee

<sup>3</sup> Please refer Annexure B for the composition of the Investments committee

- 4.1.9 Preference in funding support in sponsored programs, to the extent possible and permissible.

## 4.2 Capacity Development Programs/Events/Activities for Entrepreneurs

- 4.2.1 Knowledge series by industry experts and Alumni of CFTIs
- 4.2.2 Experience and exposure series by proven and successful start-ups
- 4.2.3 Masterclass by IIMV faculty members on key management concepts
- 4.2.4 “Gyan” or “Masterclass” sessions by faculty of CFTIs
- 4.2.5 Launchpads or Pre-incubation programs
- 4.2.6 Bootcamps
- 4.2.7 Entrepreneurship Development Programs
- 4.2.9 Management Development Programs for management of new or early-stage ventures
- 4.2.10 Faculty or Mentor or Incubator Manager Development Programs
- 4.2.11 Networking and Investor Pitch Events
- 4.2.12 Industry/CXO Lecture Series
- 4.2.13 Workshops & Seminars

## 5. Confidentiality of Information

- 5.1 IIMV-FIELD will adhere to confidentiality requirements throughout the journey of the startup i.e., starting from the application stage, mentoring stage, and graduation/exit stage. Further, finer details of confidentiality of information shall be guided by the relevant clauses of Investment Agreement, which shall be executed in the due course of time.

## 6. Investment Models

- 6.1 There are 4 major business models available for providing incubation services and generating revenue. IIMV-FIELD will follow all the existing investment policies<sup>4</sup>, as outlined:
  - 6.1.1 **Rent Model:** As per this model, startups may be charged rent on a monthly/yearly basis for the infrastructure (co-working spaces, lab facilities, etc.) provided in the Incubation center.
  - 6.1.2 **Equity Model:** As per this model, IIMV FIELD may take equity shares of the startups with a minimum of 1% equity stake (of the total outstanding shares depending upon the stage/valuation of the startup, which would be decided based on the recommendations of the SCEC and the IC) in return for the services provided at/by the incubation center. Depending upon the progress, duration and additional services offered to the startup, an additional equity (say 1-2%) may be added, subject to a maximum of 3 years of incubation. When the startups raise additional funding, IIMV FIELD i.e., the incubator shall be given an exit option by such start-up entity by way of returning the equity investment. Till the venture exits from the Incubation Center

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<sup>4</sup> <https://niti.gov.in/writereaddata/files/Handbook%20for%20Incubator%20Managers.pdf>

or till the venture raises substantial investment from angel investors, venture capitalists, etc., IIMV-FIELD holds the right to decide on maintaining the shares or diluting the shares. If the venture does not raise any investment till a certain time (5 years after incorporation or as decided by the IC), the founders of the company will be liable to buy the shares from IIMV-FIELD at a value (inflation adjusted) as may be decided by the IC.

- 6.1.3 Royalty Model:** As per this model, startups may pay royalty on the revenue earned by them on a monthly or quarterly or yearly basis till a certain time of operations. In general, the royalty is limited to around 5% of sales. The exact percentage may be decided through mutual agreement between the startup, SCEC and the IC.
- 6.1.4 Deferred Debt Model:** As per this model, the services provided to the startup are valued but not charged to the startup during the incubation phase. The charges will be in the form of debt payable by the startup to IIMV-FIELD. The repayment (full or partial amounts) can start after the startup reaches a certain stage i.e., reaches certain amount of revenue, or certain duration after graduation from IIMV-FIELD, subject to a maximum of 10 years after incubation phase. This model depends on the performance of the startup in the long term.
- 6.1.5** The IC, in consultation with the SCEC of IIMV FIELD will take a decision on the case-to-case basis, except for the funded programs where the scheme guidelines would be followed. Decisions would be taken along with the signing of the contract, which shall be executed within two months from the start of the incubation. In case of a disagreement in the suggested terms of agreement, the IC reserves the right to terminate the incubation period, at any time. In such cases, the incubated venture would be asked to pay the rent for two months of incubation, as per the applicable rates under the rent model of IIMV-FIELD. However, looking at financial liquidity, sustainability, and long-term growth perspectives, the IIMV-FIELD Board may issue guidelines to the IC from time to time.

## 7. Support for Students & Faculty at IIMV for promoting the entrepreneurship

### 7.1 For IIMV Students

- 7.1.1** Application inviting students to “Do Your Venture” will be announced at the start of the Term-3. Interested student(s) shall apply before the mid-term examinations of Term-3. An Idea Evaluation Committee (IEC) constituted by the Director (*ex-officio* Chairperson of the Academic Council) would be formed for shortlisting the venture ideas for incubation at IIMV-FIELD. The entire process of selection would be completed before the Term-4 course bidding process. To begin with (for the academic year 2021-22 and 2022-23), only up to a maximum of 10 students (irrespective of the no. of ventures) would be allowed to opt for incubation of their ideas. Those shortlisted may apply for benefits as outlined in section 7.2.1.
- 7.1.2** For promoting the culture of innovation within the student community, the Institute proposes the following support for the in-house, full time flagship MBA (PGP) program<sup>5</sup>.

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<sup>5</sup> These guidelines and recommendations are made only for the PGP (flagship) program to begin with. However, based on experience gained, the same could be extended to other academic programs, subject to fine-tuning of guidelines as may be necessary and approval by the competent authority.

**7.1.2.1 Placement Holiday** Student entrepreneurs may be given placement holiday of 2 years (the passing year as per the date of joining the program is considered 0<sup>th</sup> year. Thus, a student scheduled to pass in 20XX can avail the placement opportunity in year 20XX+2) to work, in the interim, on their own startup and come back to campus placements if needed. However, for availing such support, students shall fulfill the following conditions:

- a) Shall sign in for placement holiday facility before the beginning of the 4<sup>th</sup> term.
- b) Shall have an incubated venture at the Institute's Incubation Center under an on-going scheme; or as an adhoc startup.
- c) Shall have registered his/her venture as a legal entity - preferably Limited Liability Partnership or Company or give an undertaking of doing so in the next 6 months.

Notes:

1. The PGP program office would communicate to the parents (legal guardian(s)) of the applicant student.
2. The applicant students shall fulfill the academic requirements of the program and graduate from the program as per the scheduled time (i.e., in two academic years from the year of joining the program). In cases when they fail to do so, they would have to complete the degree requirements in the subsequent year and their placement holiday agreement becomes null and void, and they would have to avail the same in their final year as per the extant Institute Policy on placements obtaining at that juncture.

**7.1.2.2 Decreased credit requirements:** Any student choosing to avail placement holiday will get a maximum of 12 Credits (at a max. of 6 credits per term) of course-load waiver in their overall credit requirement. However, they would have to show continued progress on their chosen venture which would be evaluated by an Expert Committee jointly formed by IIMV and IIMV-FIELD. To get the required relaxation, they would need to get a satisfactory grade in each end of the term evaluations [the evaluations may be completed within one week from the conclusion of the end term examination for that given term]. Students may not avail such relaxation in 6<sup>th</sup> term, as failure to get a satisfactory grade in the venture progress report may jeopardize their graduation outcome. Similarly, the credit-requirement relaxation will not be applicable for first year courses. However, in any given term they will have to do a minimum of 3 credit course on their venture, as a Course of Independent Study (CIS) under "My Venture<sup>6</sup>" category. Such CIS may be done under the guidance of any faculty member of the institute from any discipline, however the work shall be related to their proposed venture only. Faculty, in consultation with the PGP Chair (or any sub-committee formed for such evaluations), will issue the grade for such CIS.

**7.1.2.2.1** Thus, if a student chooses "Do My Venture" option, (s)he will have to do only 82.5 credits from the graded courses. (S)he can complete the remaining credit requirement as "My Venture" CIS (max 2 such CIS in each term allowed in term 4 and 5 only) under the guidance of a faculty member, in each term. The faculty concerned would be the mentor for that given

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<sup>6</sup> A Suitable name may be suggested by the PGP Chair/Committee.

term and would get credit points as per the faculty work norm points for a CIS. S(he) can do a maximum of two such CIS, in either of term 4, or term 5. The faculty mentor, the PGP-subcommittee comprising of at least one faculty member, and a senior functionary from IIMV FIELD, would do the final evaluation of such CIS jointly. However, the PGP committee may decide the final rubrics of such evaluation and composition of such committees, and it should mandatorily have one official from IIMV-FIELD and the faculty guide concerned.

**7.1.2.2.2** Only one CIS is mandatory in Term-4 and Term-5. In place of the second CIS per term, the student may opt for an elective course from those being offered in the respective terms. Also, if more than one student are co-founders of a given venture, all the co-founders need to adhere to the CIS and credit requirements.

**7.1.2.3. Summer Internship Support:** Students who chose to do their ventures would get relaxation from the requirements of mandatory summer internship. They, however, will have to work on their venture and show measurable progress. The IIMV-FIELD would send their feedback to the Placement Office/PGP Office, after evaluation of their effort and progress, in a format that may be prescribed jointly by the PGP Chair and the CDS Chair. However, if the student has already availed the summer internship support from the CDS office, they need to mandatorily fulfill their internship commitment despite having chosen “Do Your Venture” route.

**7.1.2.4. Relaxed attendance requirements:** The mandatory attendance requirement of such students would be relaxed to promote flexibility in working on their ventures. While students are encouraged to attend all the classes, there would be no grade drop between 75-50% attendance percentage. Thus, while the minimum required attendance of 50% is not relaxed, such candidates will not be penalized with the applicable grade drop if the attendance is less than 75% in each course.

**7.1.2.5. Year Break:** If the student chooses to take a break from study for working full-time on his/her venture, it shall be allowed, with a maximum break of one year. Such breaks shall be awarded only after completion of the first year of coursework requirements. However, the student shall strictly join back the program in the second year in the subsequent academic year. S(he) will be considered an alumnus of the batch with which (s)he completes the requirements of the degree. However, such provisions will not be available for students who are (required to go) on slow track. The conditions for joining back in the subsequent academic year would be the following:

- a) Incubation of the venture at IIMV-FIELD or any other recognized Incubator under any centrally funded technical institution.
- b) Certificate of incorporation of their venture.
- c) Certified quarterly progress report from the Incubator

Note: Such students would still be eligible for the 6-credit course waiver, for term-4 and term-5.

- 7.1.2.5. **Seed/Prototyping Fund Support:** IIMV FIELD with support from IIMV (the host institute) will explore possibilities of creating a seed or and prototyping fund support for startups with a preference given to student and alumni startups.

## 7.2 For Faculty Members<sup>7</sup>

- 7.2.1 Participation in startup related activities would be considered as a permitted activity of the full-time faculty of the institute.
- 7.2.2 Faculty may get associated with a startup for short durations in the capacity of startup mentors. Such activities of the faculty will be recorded by IIMV-FIELD and reported in the prescribed format to the Coordinator (Academics & Research) [or similar functionary] of IIM Visakhapatnam on a regular basis to be counted under the Faculty Work Norms. Suitable guidelines for accounting for such work points, and the list of permitted activities will be notified by the competent authority, from time to time.
- 7.2.3 Apart from being involved with the startup in the capacity of mentor, faculty is also allowed to be an owner, promoter, consultant, or as a board member of the startup. However, in any case, the faculty concerned shall not hold any executive position in such ventures.
- 7.2.4 Faculty members may take shares *in lieu* of charging for their consulting-cum-advisory work for the startups (sweat-equity). However, the allocated shares shall not exceed 9.5% of the total outstanding shares of the company. Any time spent with the incubated venture (e.g., as consultant) will be treated under the “Professional Activities” of the terms and (service) conditions of employment of faculty and the corresponding guidelines and norms will apply. This applies to the income generated from the exit from such ownership or equity holdings.
- 7.2.5 Faculty may get associated with the venture by assuming a non-executive board positions. The guidelines under the FWN shall apply. Any sitting fee involved shall come under the purview of “Professional Activities” as stated above.
- 7.2.6 Faculty members may also involve themselves in the start-up by providing capital investment in return for shares. The faculty concerned may retain all shares thus allotted and the transaction will be treated purely as a private commercial transaction of no concern to the Institute. In such cases, the faculty concerned must sign a “No Conflict-of-Interest” disclosure. However, this is applicable only for the period when the startup is incubated at IIMV-FIELD. For investments made in such firms after the end of incubation period at IIMV FIELD, the investment will be treated as completely a private (personal) investment of the faculty concerned and that need not be disclosed to the institute.

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<sup>7</sup> [https://mic.gov.in/assets/doc/startup\\_policy\\_2019.pdf](https://mic.gov.in/assets/doc/startup_policy_2019.pdf)



The startups in which a faculty member has invested capital will not be allowed to claim work units or compensation for any advisory and mentorship rendered by them for such ventures. Also, such activities shall be treated as personal-work, and they shall do the same without compromising any of their institutional (IIMV's) academic, research and administrative work responsibilities, duties, and commitments.

- 7.2.7** There shall be no overlap or double counting any time, for the time spent or work done by the faculty for the startups, i.e., as regards counting under FWN, Professional Activities etc., whether the benefit is in monetary or non-monetary terms.

Notes:

- a) Notwithstanding anything contained herein, the regulations and service conditions of the Institute and; the MoA and the AoA of the IIMV-FIELD; the guidelines, advisories, and rules of the GOI as regards the nature and extent of involvement and investment in ventures (for-profit or not-for-profit) shall apply at all times to the faculty of the Institute.
- b) Formulation of Rules governing the implementation of the Policy (after it is approved for the first time by the Board of IIM Visakhapatnam), would be taken up and approved as stated herein, prior to implementation.
- c) Due provisions shall be built-in to ensure that conflicts of interest and/or related-party transaction issues do not arise. Provisions for due voluntary disclosures shall be put in place and Corporate good-governance principles would be drawn upon.
- d) The Rules would also ensure that no liability (financial, legal etc.) devolves on IIMV or IIMV-FIELD on account of the actions (by design or ignorance) of the incubated ventures or of the faculty investing in or being associated with the ventures.
- e) The Rules would be vetted by the Company Secretary of IIMV-FIELD and by a corporate lawyer identified by IIMV, followed by the Central Government Standing Counsel based at Visakhapatnam.
- f) The Rules would thereafter be approved at the level of Academic Council of the Institute and the Board of IIMV-FIELD.

## **8. Assessment of Ventures**

- 8.1** The Incubation Center will develop a detailed review cum mentorship plan for the startups, which are incubated under the government schemes, and the existing entities granted admission in IIMV-FIELD. Startups will be advised to submit the progress of their ventures on a fortnightly, monthly, or quarterly basis in the format as may be prescribed by the Incubation Center management team. The start-up entities will be subject to assessment by the Expert Committee on a regular basis, duly taking into consideration, their performance evaluated by mentors, industry leaders, and faculty. A start-up entity which has taken seed fund, grant

from the government or CSR funding will need to submit additional information as may be sought by the Incubation Center, as per the policy guidelines and MoU signed between IIMV FIELD and the organization or the Dept./Ministry concerned. The un-disbursed portion of the seed loan will be adjusted, subject to the performance of the company.

- 8.2 Startup founders need to be in constant touch with the incubation team and give updates about the changes and developments in their ventures i.e., changes in venture names, registration of ventures, changes in founding team, etc. The SCEC and the IC will work (formed as per annexures A & B) in tandem, to evaluate the performance and to determine the disbursement of funds accordingly.

## 9. Graduation of Ventures

- 9.1 The exits of the startups incubated under the government schemes/programs will be guided according to the respective programs (as mentioned in the relevant contractual agreement).
- 9.2 For other startups, Incubation Agreement gets terminated automatically after a certain duration (say 12 months) or as per the termination-period mutually agreed upon at the beginning of the incubation. Further extensions may be granted two times of six months each at the second and third instances, depending on the performance, requirement and acceptability to the startup and the discretion of SCEC of IIMV-FIELD.
- 9.3 If startups raise investments from angel investors/venture capitalists, they may leave the incubation unit based on mutual consent. However, if such startup wishes to continue, they shall be allowed to complete their term, provided the scheme under which they are incubated allows so.
- 9.4 If a startup reaches certain scale and size and cannot be recognized any longer as such under the DPIIT Startup recognition (or IIMV-FIELD startup eligibility criteria), they will graduate from the incubation unit.
- 9.5 If a startup is acquired or merged with other startups or organizations, which results in major change in the business model of the company, team of founders or directors, they will get terminated from incubation unit.
- 9.6 Startups will be terminated from the program if they fail to meet the performance expectations of IIMV FIELD.
- 9.7 Any other criteria as may be outlined by the IC as per the suggestions of the Board of Directors of IIMV-FIELD may necessitate graduation or exit of the start-up, voluntary or involuntary.

## 10. General Terms & Conditions

- 10.1 Agreements may be signed between the startup and IIMV-FIELD on a case-to-case basis; such as Incubation Agreement, Non-Disclosure agreement (NDA), Equity agreement, etc.
- 10.2 IIMV-FIELD will not hold or be responsible for any accrued liability of any startup due to any of its activities, at any stage in the incubation period.
- 10.3 IIMV-FIELD will not force any startup to issue equity from the start of incubation support. Startups may be given certain time (say 3-4 months) to experience the services offered by the incubation team and only then decide on the equity sharing model between the startup and IIMV-FIELD.

## **11. Amendments**

- 11.1** The PGP Ordinances approved for the first time by the Board in its meeting on 28/9/2018, stand amended to the extent of this Policy.
- 11.2** The powers and functions of the Academic Council (Regulation 25 of the Institute, BoG-approved and gazette- notified on 26/3/2021) stand amended to the extent of this Policy.
- 11.3** The service conditions of the faculty (Regulations 9 and 10 of the Institute, BoG-approved and gazette-notified on 26/3/2021) stand amended to the extent of this Policy.
- 11.4** The power to change the Policy (after it is approved for the first time by the BoG of IIM Visakhapatnam), shall vest with the Chairperson (BoG) of IIM Visakhapatnam, acting on the joint recommendations of the Director of IIMV [ex-officio Chairman of the Academic Council of the Institute] and the Chairman of the Board of IIMV-FIELD [Chaired by a Member of the BoG of IIMV].

## **12. Saving Clause**

- 12.1** Where any doubt or dispute arises as to the interpretation of any of the provisions of this Policy, the matter shall be referred for decision to the (i) the Chairman of the Board of IIMV-FIELD in the case of the incubated ventures; (ii) the Director of IIMV (Chairperson of the Academic Council) in the case of students; and (iii) the Chairperson (BoG) of IIMV in the case of the faculty. The Chairperson (BoG) of IIMV shall also be the appellate authority in case of (i) and (ii).
- 12.2** No act of the Institute or the Board or a Committee or the Company (IIMV-FIELD) constituted by the Competent Authority or any other body set-up under this Policy shall be invalid merely by reason of: any vacancy or defect in the constitution thereof; or any irregularity in its procedure not affecting the merits of the case; or any defect in the selection, nomination or appointment of a person acting as a member thereof.
- 12.3** The Chairperson (BoG) of IIMV, may, if it is considered so necessary and expedient, make such provisions or take such (remediation) measures for removal of difficulties arising from the implementation of this Policy; or effect improvements therein.

## Annexure-A

### Selection-Cum-Evaluation Committee.

The IIMV-FIELD Board would constitute a Screening-cum-Selection Committee (SCEC), every year. The Committee may meet at least once in a quarter to review the available proposals for incubation support from the applications pool (other than those under government programs). The Committee may lay down the process for final selection of the incubated venture. Based on its assessment, the Committee would send its recommendations to the COO of IIMV-FIELD for extending incubation support.

For funded programs, the SCEC would be formed based on the scheme guidelines, but to the extent possible, members of the SCEC would feature in such committees, as may be decided by the respective Program Director(s) in consultation with the COO, IIMV FIELD.

The composition of the SCEC is as follows:

1. One Industry Expert
2. One faculty member from the Entrepreneurship area of IIMV
3. A minimum of one faculty member from related area(s) of IIMV or other CFTIs
4. One successful Entrepreneur graduated from any CFTI-associated incubator.
5. Respective Program Director(s) or nominee(s), in case of funded programs
6. COO, IIMV-FIELD (Member-Convener)

Note: Members to be mutually exclusive. The Chairman of the SCEC shall be as may be nominated by the CEO of IIMV-FIELD who reserves the right to change the composition of the SCEC, anytime.

## Annexure-B

### Investment Committee

The Investment Committee (IC) would be responsible for the judicious and rational distribution of the existing resources to the incubatee startups - from the funded programs or otherwise. The IC would meet every quarter or on need basis to evaluate the seed money requirement of the startup. It would evaluate the requests for funding proposals and approve the seed money support and the terms and conditions for the same. It may also evaluate the utilization of the seed support and liquidation decisions of the seed money at the time of exit/graduation of the startup from the IIMV FIELD.

For funded programs, the IC may get reconstituted based on the requirements of the scheme guidelines, based recommendations of the respective Program Director(s).

The composition of the IC is as follows:

1. One faculty member from the Finance area (preferably with expertise in valuation), from any CFTI
2. At least one faculty member from IIMV (preferably from the Finance, Strategy and/or Entrepreneurship Areas)
3. One successful Entrepreneur graduated from any CFTI-associated incubator.
4. One Industry expert in startup funding, financing, banking, investments, valuation etc.
5. Respective Program Director(s) or nominee(s), for funded programs.
6. CFO, IIMV-FIELD - (Member Convener)
7. COO, IIMV-FIELD (invitee).

Note: Members to be mutually exclusive. The Chairman of the IC shall be as may be nominated by the CEO of IIMV-FIELD who reserves the right to change the composition of the IC, anytime.

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**Proposed Policy on Creation of “Innovation Fund” by IIM Visakhapatnam  
at  
IIMV Foundation for Entrepreneurial Learning & Development (IIMV-FIELD)  
for  
financing and sustaining entrepreneurship development activities.**

**1.0 BACKGROUND**

- 1.1 One of the objectives of IIM Visakhapatnam enshrined in the IIM Act, 2017 is *“to educate and support leaders who can contribute as professional managers, entrepreneurs, and stewards of existing and emerging enterprises in the private, public, and social sectors”*.
- 1.2 Accordingly, IIM Visakhapatnam is proposing an IIMV Startup Policy (IIMV-SP), towards implementing the recommendations of the “National Innovation and Startup Policy (NISP) 2019 of the Ministry of Education (MoE), Govt. of India (GOI) [**attached as Annexure**] that seeks to promote innovation and entrepreneurship in higher education institutions in the country.
- 1.3 The IIMV-SP, after clearance by the Academic Council of the Institute in the meeting scheduled on 21/6/2021, and the Board of IIMV-FIELD (in that order) would be taken before the FIAC and the BoG of the Institute, for approval.
- 1.4 A key recommendation of NISP-2019 is creating an "Innovation Fund" by every institution of higher education in the country for supporting incubation and related facilities and activities, including of students and faculty. The highlights of the recommendations are:
- (a) Creating own resources: 1% fund of the total annual budget  
*“Investment in the entrepreneurial activities should be a part of the institutional financial strategy. Minimum 1% fund of the total annual budget of the institution should be allocated for funding and supporting innovation and startup related activities through the creation of separate 'Innovation fund'.”*
  - (b) Raising fund from diverse sources (State and Central Agencies)
  - (c) Incubation fund-support under CSR [Section 135 of the Companies Act, 2013]
  - (d) Sponsorships, Donations from Alumni Network
- 1.5 The proposed “Innovation Fund” would be administered by IIMV-FIELD, towards fulfilling the objectives of the Institute under the IIM Act as well as those of NISP-2019. The Company is separately working on resource mobilisation under items (b), (c) and (d) above. This proposal is for seeking institutional support under item (a) above, to part-fund the entrepreneurship development activities.

**2.0 PROPOSAL**

- 2.1 Creating an own-resource fund would provide a steady stream of finances to further and sustain the Institute’s entrepreneurial endeavours and promote innovation and startup culture in the student community. It will also feed into the NIRF ranking of the Institute under the “Graduation Outcomes” pillar (15% weight) that measures Entrepreneurship Outcomes. Furthermore, entrepreneurial activities promote innovation, empower youth with creative ideas and give fillip to the “Make in India” and “Atmanirbhar Bharat” missions of the Central Government. Entrepreneurship development generates goodwill in the society, as startup success stories fetch the Institute the gains better image and identity; vibrancy and visibility; prestige and popularity; status and standing. In turn, it aids good “perception” about the Institute, which is also a key pillar in NIRF ranking (10% weight).

- 2.2 In the WSP-1 and WSP-2 editions of the Women Startup Policy programs, the IIM Visakhapatnam (and now IIMV-FIELD) extended/offered incubation facilities and mentoring, knowledge transfer, master classes, structured interactive sessions, networking, and hand-holding support to a total of 45 entrepreneurs. Of them, 34 entrepreneurs have succeeded in their ventures and generated a revenue of about Rs. 260 lakh so far and provided employment to about 145 personnel. Under the Technology Incubation and Development of Entrepreneurship (TIDE 2.0) scheme of MeitY-GOI, the Institute extended EiR (Entrepreneur-in-Residence) support to three entrepreneurs with a grant of about Rs.2.66 lakh each. Similarly, Proto-type Grant Support was extended to two entrepreneurs for a sum of Rs.7.0 lakh each. Two startups were provided with all other facilities, except the financial support. Apart from this, IIMV-FIELD had trained more than 1000 entrepreneurs through Master Classes and Workshops on various aspects of entrepreneurship and venture management.
- 2.3 Thus, the Institute is slowly, steadily, and successfully expanding its footprint in entrepreneurship development and making a mark for itself. All the cited activities are now being channelized through IIMV-FIELD, after the incorporation of the Company on 17/7/2020.
- 2.4 Among the notable achievements of the incubated startups are:
- **TIDE 2.0 (1<sup>st</sup> cohort)**
    - ***Snazzy Care Pvt. Ltd.***
      - Snazzy makes the client's teeth straightening journey as comfortable and as affordable as possible by using invisible braces or clear aligners. The team of two entrepreneurs designed the system in a way the client can stay at home and get the same professional attention as with a top orthodontist by using tele-dentistry. Throughout the journey, the patient and the orthodontist are in touch through an App, making the process digital, smooth, and affordable.
      - Snazzy raised a fund of USD125,000 from Y-Combinator, the American seed money startup accelerator that launched more than 2,000 companies.
    - ***Inovmac Private Limited***
      - The three-member founding team of Inovmac offers a solution using machine modularity and IoT with that provides visibility on machine failures for quick resolution of issues, thus, reducing machine's downtime.
      - Inovmac won CHUNAUTI - NextGen Startup Challenge - A national contest conducted by STPI (Software Technology Parks India) with an envisaged seed support of Rs.25.0 lakh.
    - ***ProSafe***
      - The three-member founding team (the Institute's PGP students) at ProSafe are working on a tech-enabled solution in the form of a digital pill which, when consumed by a subject at the time of distress, can act as the broadcaster of the real time location of the victim to their emergency contacts and also with the police authorities who will be in the loop too. All this would be accomplished by using an App connected to the pill.
      - Prosafe are winners at the KPMG Ideation Challenge 2020 (Regional Round) and emerged as National Finalists.
    - The incubated companies have already filed for three technology patents; one design patent. Three trademarks are registered.
  - **WSP (1<sup>st</sup> cohort)**
    - ***Prakirti Biotech Pvt. Ltd.***
      - The company provides solutions to produce clean fuels and sustainable waste management. It plans to install membrane technology for biogas upgradation to bio-CNG, at a pilot/commercial scale. It aims at developing an indigenous technology which is efficient, sustainable, and economic wherein, bulk-waste generators can treat their waste at source, eliminating the need to send the waste to landfills. The bio-CNG obtained can be used by the waste generator for captive use as a green vehicular fuel or as piped natural gas for

cooking. Thus, the objective of this venture is to provide cleaner environment for future generation.

- The Company won seed support of USD10,000 from Shell Foundation

○ **FYSI WORLD**

- FYSI WORLD offers natural apparel and eco-friendly products manufactured using waste from banana trees. Handmade banana-fiber products and apparels have rich medicinal values that help in leading a healthy life. The venture is exploring the integration of waste-management and sustainable practices, resulting in improvements in overall environmental preservation, local employment, increase in farmers’ income, weavers’ income, women empowerment, and enhanced quality of life.
- FYSI received a seed-support of Rs.18.0 lakh under the Rashtriya Krishi Vikas Yojana (RKVY) - Remunerative Approaches For Agriculture and Allied sector Rejuvenation (RAFTAAR) scheme and is now incubated at NIAM (National Institute of Agricultural Marketing under the Ministry of Agriculture and Farmers’ Welfare).

○ **Rashsa’s Originals**

- The company is promoting a vegan healthcare brand that provides plant-based products, which address the health issues of everyday life. The products are hand-made, unique in their formulations and made without the use of any chemicals, synthetics, artificial fragrances, colors, and preservatives.
- The entrepreneur received the Emerging Women Entrepreneur 2020 Award from the “India SME Forum”.

○ **Sattva Naturals**

- The store offers a range of organic products procured directly from the cultivators and has been successful in striking a chord with the consumers. Not only did Sattva register to be the largest retailer of millets in the city of Visakhapatnam, but most importantly, the largest repository of organic and natural foods in the city.
- The entrepreneur received the Women Empowerment Award from Andhra University and is clocking monthly income of Rs.2.50 lakh.

**3.0 CORPUS OF INNOVATION FUND**

3.1 It is proposed that IIMV-FIELD create a Corpus of “Innovation Fund” from the contribution by the Institute following the recommendations of the NISP-2019 of the MoE-GOI.

3.2 From the Board-approved BE/RE of IIM Visakhapatnam, the following picture emerges:

(Rupees in Lakh)

	Year 2021-22 (BE approved by the Board)	Year 2020-21 (RE approved by the Board)	Year 2019-20 (RE approved by the Board)
Board-approved Revenue Expenditure Budget of IIM Visakhapatnam (BE or RE as the case may be)	5,110	3,353	3,212
Proposed allocation to the “Innovation Fund” of IIMV-FIELD: 1.0% of Board-approved BE or RE.	51	34	32

- 3.3 It is therefore proposed that 1% of the Board-approved BE for the Year 2021-22 (as above) be created as “Innovation Fund” by the Institute and given as a Grant to IIMV-FIELD, which will be administered by the latter to enhance entrepreneurship development activities. This allocation would be reflected in the RE of 2021-22.
- 3.4 Hereafter, through the yearly allocations of 1% of BE or RE, as the case may be, as Grants by the Institute, IIMV-FIELD would build and maintain the non-lapsable Corpus Fund.
- 3.5 The corpus so created, would be utilized by IIMV-FIELD for the following indicative activities. The proposed allocation *inter se* among the activities is also indicative. The actual heads of expenditure and allocations would be approved by the Board of the IIMV-FIELD.

Sl #	Heads	Proposed % Allocation
1	Prototyping Fund/Seed Support for Students & Alumni**	40%
2	Mentorship & Capacity Development Programs on Ideation & Entrepreneurship	20%
3	Incubation Support (Shared Services & Facilities)	15%
4	Support for Prototyping Lab Equipment / Supplies	15%
5	Administrative & Miscellaneous Expenses	10%

\*\*Seed support will be in the form of soft loans, convertible debt or equity.

- 3.6 The audited Annual Report (along with Annual Accounts) of IIMV-FIELD would be brought before the FIAC and the Board of IIMV Visakhapatnam every year. This would, inter alia, evidence the nature and extent of utilization of the Corpus - “Innovation Fund” by the Company, towards advancing the entrepreneurship development activities as envisaged by the Institute.

#### 4.0 CONCLUSION

- 4.1 The annual contribution as proposed above by the Institute towards innovation and entrepreneurship development will go a long way in ensuring the sustainability of IIMV-FIELD and its endeavours, helping the Institute stand out in the league of management institutions, as regards fulfilment of objectives enshrined under the IIM Act, as well as the larger national development goals identified by the MoE, GOI.

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# IIM

भारतीय प्रबंध संस्थान विशाखपट्टणम  
Indian Institute of Management Visakhapatnam

Extract of the Minutes of Fifteenth Meeting of the Board of Governors held on Friday, the 02 July 2021 at 1100 Hrs. via Video Conference (Virtual-Mode Meeting)

**Item-12:**

**Consideration & Approval of IIMV Startup Policy & Budgetary Support for IIMV-FIELD**

The Board resolved that:

(a) The Institute Startup Policy be and is hereby approved with the proviso that:

- i. No relaxation in attendance be permitted for students even if they are opting for working on their entrepreneurial ventures, as they would be choosing such a career option consciously and hence are expected to devote time, effort and energy to their ventures over and above their commitment to studies.
- ii. The Selection-Cum-Evaluation-Committee and the Investment Committee proposed in the Policy be manned largely by entrepreneurs who have passion, better instincts and intuition to assess the bankability of ideas. They will also have better risk-appetite and hence are ideally suited to encouraging the startups.
- iii. The Institute and IIMV-FIELD explore partnering with other Centrally Funded Technical Institutions like IITs, which can bring the required technical knowledge to the table, in addition to the management inputs of the Institute. This ensures greater technological and engineering support to the incubated ventures. There will also be greater due-diligence on the technical feasibility front, for the product or service offerings envisaged by the incubated companies.

(b) The contribution of 1% of the Board-approved BE for the Year 2021-22 and 2022-23 towards "Innovation Fund" to be given as a Grant to IIMV-FIELD, for the latter to build, maintain and administer a non-lapsable Corpus Fund for financing entrepreneurship development and promotion activities, be and is hereby approved with the proviso that:

- i. The allocation for 2021-22 be reflected in the RE of 2021-22.
- ii. The amounts of subvention in the form of Grant as above, be limited to Rs.51.00 lakh and Rs.63.75 lakh for the Years 2021-22 and 2022-23 respectively, as per the projected fund requirements in the budgets of the Company for the said years.

  
Kaleem V Khan

Senior Administrative Officer &

सचिव, गवर्नर मंडल

Secretary, Board of Governors

भारतीय प्रबंध संस्थान विशाखपट्टणम  
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