

(FOR CIRCULATION TO ISBA MEMBERS ONLY)

GUIDE

**Recommendation Process of Startups by Incubators
under
Startup India Action Plan**

PREPARED & CIRCULATED BY



**Indian Science & Technology Entrepreneur Parks and Business Incubators Association
(ISBA)**

This document is a guide that can be used by the Incubators that are members of ISBA for carrying out the recommendation process of Startups under the Startup India Action Plan. These are suggestions and Incubators are free to modify / adopt the suggestions to suit their requirements.

INTRODUCTION

Under the Startup India Action Plan, it has been directed that Startups that intend to get “Recognition” need to obtain a “Recommendation Letter” from Incubators which can be any of the following:

- Incubator established in a post-graduate college in India
- Incubator recognized by Government of India
- Incubator funded by Government of India or State Government

In order to provide the recommendation letter, the Incubators need to perform the required due diligence and assessment in order to ensure that **Startups Qualify** as per the guidelines already issued by the Department of Industrial Policy & Promotion, Govt. of India.

DEFINITIONS

An entity shall be considered a “Startup” if it satisfies the following conditions:

It should be a **Private Limited Company (including a One Person Company)** or **Registered Partnership Firm** or **Limited Liability Partnership** and should further satisfy the following criteria:

- a. Should not be more than 5 years from the date of its incorporation/ registration, and
- b. If its turnover for any of the financial years has not exceeded INR 25 crore, and
- c. It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

Additional criteria:

- i. The entity should not have been formed by splitting up or reconstruction of a business already in existence or created as subsidiary of an existing company or foreign entities
- ii. A proprietorship or a public limited company is not eligible as startup

REQUIREMENTS TO BE FULFILLED BY A STARTUP:

- a) Startup will have to provide a COMPLETE application form along with all relevant documents to the Incubator – failing which applications will not be considered by the Incubator
- b) Startup will agree to personally visit or interact with the Incubator as per the requirements stipulated by Incubator
- c) Startup will agree to sign the Undertakings that are given to it by the Incubator and the need of such Undertakings will be explained adequately by the Incubator to the Startups

List of documents to be furnished along with Application Form:

- 1) Copy of incorporation certificate issued by ROC or registered partnership deed as applicable
- 2) A self attested copy of audited account statements from the date of inception
- 3) A self attested copy of Income Tax Returns filed from date of inception
- 4) Undertaking duly signed by Founder(s) / Promoter(s) of Startup on Rs. 10/- stamp paper (non-judicial)*
- 5) Other documents as listed in the application form

***SAMPLE UNDERTAKING TO BE TAKEN FROM A STARTUP (on Rs. 10/- non judicial stamp paper)**

I / WE have read the above guidelines as well as the appended Gazette 180(E) and Startup India FAQ's.

I / WE hereby declare that all the information provided by me / us is true and correct. I / WE have not hidden any information that could impact the decision of _____ (name of Incubator) to give this recommendation letter.

I/We hereby declare that our startup has not been blacklisted/debarred by any agency/state government/central government authority for any issues related with the directors/company.

I / WE understand that in case our Startup is recommended, it is based on the information furnished by me / us and in case there is any significant deviation in core offering and other changes in the venture, I / WE would keep the Incubator / DIPP informed.

I/WE recognize that the Recommendation given by the Incubator will be used solely for the purpose of uploading on the Startup India portal and not used for any other purpose.

NOTE FOR STARTUPS:

Startups are free to approach reapply again to the incubator after incorporating the changes that might help it to get the recommendation or they are free to approach another incubator for obtaining recommendation.

REVIEW BY INCUBATORS

As per the Startup India Action Plan, the Incubators need to consider the following before issue of recommendation to a startup:

An incubator is required to validate if the entity under review is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize: a) A new product or service or process; OR b) A significantly improved existing product or service or process that will create or add value for customers or workflow.

The following activities are not considered as a valid case for issuing a recommendation/ support/ endorsement letter: a) Products or services or processes which do not have potential for commercialization; OR b) Undifferentiated products or services or processes; OR c) Products or services or processes with no or limited incremental value for customers or workflow.

SUGGESTED STEPS TO BE TAKEN UP BY INCUBATORS

- a) Incubators can decide the Sectors and States in which they would receive startup applications – a Statewise / Sectorwise list will be provided shortly to enable startups to approach Incubators
- b) Incubators may also if necessary publish a “negative list” or types of startup ventures that they would not consider– a suggested list could include Perpetual Motion Equipment, Basic Research activities, basic web services, routine products / services already in market etc...)
- c) Incubators are to keep the “Review” points mentioned above while assessing startups.
- d) Incubators shall have the right to accept an application for processing. Incubators would complete the process within a period of THREE weeks after receiving complete application forms. A further extension of the time may be added by the Incubator on a case to case basis. The judgement of the Incubator will be considered final and not disputable. To the extent possible Incubators would give justifications for a “NOT RECOMMENDED” case.
- e) Incubators are free to decide whether they wish to recommend startups that are not Incubated by them.
- f) Incubators should include a “Disclaimer” in the recommendation letter.

SAMPLE OF DISCLAIMER

_____ (Name of the Incubator) has made the decision to give recommendation to the startup purely based on information submitted. Any misrepresentation or incorrect information if found out will be reported to DIPP.

CHARGE PLAN (as suggested by ISBA for its members)

Incubators could adopt any of the following, depending on their convenience:

***CHARGES/FEE: (As per DIPP)**

Application will be examined by pool of experts therefore fee will be Rs. 10,000/- only (Ten thousand) – Non refundable in both the cases (Approved or Disapproved).

Note: The Demand Draft will be in favour of “**Krishna Path Incubation Society-TBI**” payable at Ghaziabad.

For any query please contact on Mobile no.:

1. Shri Satendra Kumar, General Manager, TBI-KIET, Ghaziabad - +91-9999017712
2. Shri Bhudev, Counsellor, TBI-KIET, Ghaziabad - +91-9756277542

Note: Kindly post filled an application form to the following address:

General Manager

Technology Business Incubator-KIET

KIET Group of Institutions

13 KM Stone, Ghaziabad-Meerut Road, NH-58, Muradnagar

Ghaziabad, U.P. PIN-201206

*Fee revised on the basis of e-mail send dated 24/06/2016
