XLRI Council for Entrepreneurship Excellence and Development (XCEED)

Incubation Policy

&

Procedures

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Introduction

About XLRI

XLRI, the first management school of independent India came into being in 1949 and since then, has been a pioneer in nurturing and building leaders of the future. Pursuit of academic excellence and fostering whole-person integral growth of students has been the hallmark of XLRI for over seven decades.

XLRI has always had and maintains a global outlook and we were amongst the first management schools in India to internationalize our academic programmes. True to its vision, XLRI strives to offer an education which does not just culminate in a mere degree, but one that inspires future business leaders to respond to the unmet needs of the society.

A key characteristic that sets XLRI students apart from other management schools is MAGIS - a quest for the best, never to settle down for mediocrity and always aspire to excel. They relentlessly strive for more, for something better than the best. Instead of wishing circumstances to change and become different, MAGIS-driven persons either make them happen or make the most of them; instead of waiting for the golden opportunity, they turn all that they touch into gold.

About XCEED

XLRI Council for Entrepreneurship Excellence and Development, also known as XCEED, a Section 8 company, was established to build an ecosystem of support for budding entrepreneurs. XCEED believes in fostering innovation and entrepreneurship by incubating and supporting startups and facilitating their growth.

XCEED aims to establish collaboration with Government agencies, corporates and knowledge hubs for nurturing startups. We have an incessant desire to contribute to the growth of India by enabling incubatees to commercialize and scale up their ideas and solutions, thereby creating jobs and economic growth of the country.

Apart from business and technical assistance, the incubated startups also benefit with affiliation to XLRI XCEED, it's repute, it's link with government and non-government bodies, network through its alumnus and a huge pool of esteemed mentors of XLRI faculty.

XCEED is involved in:

i. Providing incubation and an ecosystem for growth to startups by mentoring, guiding and providing them access to its infrastructure, network, collaborated government bodies and funding institutes.
ii. Encouraging activities leading to promotion of entrepreneurship.
iii. Organize workshops, training and awareness programs on entrepreneurship.
iv. Promote and facilitate innovation.
v. Provide infrastructure and links with other incubation hubs

XCEED's Vision and Mission are:

Mission

We're here to support bold thinkers and doers. Our mission is to help entrepreneurs turn their ideas into thriving businesses by offering the right mentorship, resources, and community. We believe in growing together—supporting startups as they tackle real-world challenges and make a lasting impact.

Vision

We envision a future where every great idea has the chance to succeed. XCEED aims to be more than just an incubator—we're building a community of founders, mentors, and changemakers who push boundaries and create businesses that matter. Our goal is to see startups from XLRI and beyond shape industries, inspire innovation, and transform lives.

About this document

XCEED is endowed with the responsibility of identifying promising startups and nurturing them to commercialize and scale up their ideas and solution. This policy document shall serve as a guideline in the process of incubation and growth process of a startup.

This document outlines the policies and procedures of XCEED as an incubator and its incubation process. This policy is approved by the Governing council and is subject to periodic review and amendments. It is the responsibility of the incubatees of XCEED to update themselves from time to time on amendments in this Incubator policy and procedures. Updated policy document will be available on XCEED website at xceed.xlri.ac.in/incubation-policy.

XCEED reserves the right to make an exception of any or all of the terms of policy and procedures for a particular incubate, promoter or any other stakeholder on a case-to-case basis.

Any changes in this document, addition, deletion, modification, rephrasing, etc. are to be approved by GC adopting a due process of meeting to discuss the changes and adopting them with a consensus. Approved modifications and implementation of any procedure in this document shall be done by Manager Incubation.

XCEED Governing Council (GC)

The Governing Council of XCEED constitutes of:

1. XCEED - Board of directors
2. Project Coordinators
3. CEO XCEED
4. XCEED Executive Committee
5. Manager Incubation

Formation of committees

The governing council can approve the formation of committees which will provide general guidance, mentoring, network access and support for incubator staff and incubated startups. "Annexure – A" details the list of committees that can be formed by the Governing Council.

Incubation - Process, regulations and compliances

1. Definition of a Startup as per DPIIT
2. Types of Incubation
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4. Incubation Application, Selection and Admission procedure
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1. Definition of a Startup as per DPIIT

G.S.R. 127(E). — This notification is being issued in supersession of the Gazette Notification No. G.S.R. 364(E) dated April 11, 2018, as modified vide Gazette Notification No. G.S.R. 34 (E) dated January 16, 2019.

Definition: An entity shall be considered as a Startup:

i. Up to a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.

ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.

iii. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

2. Types of Incubation

1. **Incubatee Fellow**
2. **Incubatee**
3. **Virtual incubatee**

1. Incubatee Fellow

Incubatee Fellow may include only XLRI students, XLRI alumni and XLRI faculty.

2. Incubatee

Incubatee means any person who has a registered company/limited liability partnership/registered partnership firm as per the Companies act of India and is desirous of incubation.

3. Virtual Incubatee

Virtual Incubation is a concept of incubation that provides an opportunity to an incubatee to use XCEED as a platform for developing innovative business solutions without being physically located at XCEED premises.

3. Eligibility criteria – Annexure - B

a. Incubatee Fellow

Only XLRI students, staff, alumni or people associated through extension of services of XLRI, desirous of availing pre-incubation facilities can apply for Incubatee Fellow Program. He/she shall be called an

Incubatee Fellow and will have to submit the required documents and fulfill the criteria as mentioned in subsequent points.

b. Incubatee

i. Any one desirous of availing incubation facilities must be incorporated as a company under the Indian Companies Act and apply by filling the online form available on XCEED's website along with the required documents. No application for incubation shall be entertained if the applicant has not incorporated as a private/public limited company under the Companies Act.

c. Virtual Incubatee

i. Virtual Incubation provides an opportunity to an incubatee to use XCEED as a platform for developing innovative business solutions without being physically located at XCEED Jamshedpur or Delhi-NCR premises. Product development activities will be coordinated and managed by faculty mentor/s. XCEED is open to virtual incubation and shall offer the usual business and management support needed to incubate the startups on pay per use basis. Virtual incubators will have to pay ₹5000/year (Rs. Five Thousand only per year) as the registration fee.

4. Incubation Application, Selection and Admission procedure – Annexure - C

A. Application for incubation

All applications must be submitted online. Forms are available on XCEED website xceed.xlri.ac.in/incubatio-application-form. Along with the form, applicants must also submit their Business plan, Certificate of Incorporation, Memorandum and Articles of Association, Infrastructure and support required.

B. Selection – Selection process will be done in two phases – Annexure - C

1. Phase 1 (A) – Selection criteria and evaluation

A. Phase 1 (A) - Selection criteria

A start-up applying to the Incubation Program at XCEED will be evaluated, preferred and selected based on the criteria mentioned in Annexure – C.

B. Phase 1 (B) – Application Evaluation

Applications which clear the selection criteria as mentioned in Annexure – C will be reviewed by XCEED's Selection Committee constituted by its Governing Council or by the Selection committee formed on the recommendation of the Governing Council along with experienced and qualified professionals from relevant industry sectors.

XCEED will have a sole discretion whether to admit or reject a proposal for incubation and the decision of XCEED in this regard shall be final. XCEED is not bound to give any reason in case a proposal is rejected.

2. Phase 2 – Presentation, Selection and Induction – Annexure - C

i. **Final presentation**
ii. **Question and Answer Session**
iii. **Recommendation**
iv. **Terms of Incubation Agreement**
v. **Due diligence and Research**

vi. **Admission to incubation**

5. Infrastructure and services provided to incubatees – Annexure D

XCEED shall provide a shared workspace and necessary common use infrastructure for the proper functioning of the Startup.

In due course, XCEED may associate with professionals for seeking accounting, IPR, legal, management and other expertise on a part-time basis and the incubated companies can avail their services. Any direct services provided to an incubatee by such service providers would have to be paid for by the incubatee. XCEED does not guarantee the quality of service provided by such third-party professionals/entities as per the satisfaction of the startups and the startups need to use their discretion before availing of their services or getting into an agreement with them.

6. Mentorship

Mentorship for startups is very critical as mentors nurture, shape and guide the path of growth for the startup. XCEED leverages from the pool of its esteemed faculty members of XLRI and its alumnus along with tie ups with industry experts and corporates with experience in varied sectors to provide the right mentorship needed for success of the startup.

For mentorship:

i. Incubatee Fellow will get a faculty advisor for guidance.
ii. XCEED will provide mentorship to the Incubatee from its pool of esteemed faculty members of XLRI and/or its alumnus as per the specialization they are in and required by the incubatee.
iii. XCEED has collaborated and curated a database of Industry mentors who are experienced in varied industry sectors. An incubatee at XCEED may select one Industry mentor within six months from the date of joining the incubation program. The startup company has to offer a minimum 1% of equity to the mentor as a consideration of mentorship in case they opt for an industry mentor.
iv. XCEED may also provide access to specialized mentors on a case-to-case basis to assist with specific strategic areas or to provide project-oriented consultation. These arrangements may begin as a pro bono arrangement with an option for both parties to move on to a paid relationship arrangement.

7. Period of incubation

a. Incubator Fellow - Pre incubation

This program will be targeted at an individual/team/faculty from within XLRI having an innovative and scalable business idea. Support will be provided through online and offline mode. The period of pre incubation shall be a minimum of 6 months and extendable as per the status quo of the mentorship given and gained. After the completion of Pre incubation period the student/faculty led startup, the Governing Council/Selection committee will review their performance in the past 6 months and recommend discontinuing the program or to induct them into the Incubation program.

b. Incubation Program – Virtual & Non-Virtual Incubation

i. Incubation program is targeted towards individuals who have already incorporated their organization (Private limited/Limited liability/Partnership firm as per the Companies law of India.
ii. Incubation shall be provided through Online and Offline mode or as decided by the Governing Council.
iii. The period of incubation shall be 12-24 months and can be shortened or extended as decided by the Governing Council.
iv. The period of incubation is also governed by XCEED's **EXIT Policy** which is detailed in **Point no 11** below.

8. Periodic Assessment, Compliances & Submission of Information – Annexure - E

An "Internal Review Committee" (IRC), set up by the Governing Council of XCEED will monitor the performance of the incubatees every 3 months or depending on the stage of incubation. The committee will evaluate whether the milestones setup in the business plan is met or not. Additionally, incubatee companies may also be subject to annual assessments. XCEED IRC may also reserve other criteria as it deems fit, to evaluate the performance of the incubatee.
The emphasis of evaluation will be to not only monitor the progress of the milestones, but also to provide the necessary support to achieve the same.

A. Assessment

Periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are as follows:

1. Ideation / Innovation stage
2. Pre-Market Stage
3. Implementation Stage
4. Exit Stage

B. Compliances

Compliances as laid down by the Companies Act 2013 are binding on the Incubate promoters. Incubated companies will give a quarterly report on the compliances adhered as laid down in the Companies Act. Non-Compliance will attract penalty/strict action by XCEED.

C. Submission of information

Startups are required to submit information to XCEED about all the changes and developments taking place in their company from time to time. The information could be but not limited to; change in company name, change in directors, change in promoters and shareholders etc. A written permission from XCEED would be required to get the changes in effect.

9. Seed funding – Annexure - F

a. Objective and Purpose of Seed Fund/Loan

The objective of Seed fund/loan is to provide performing incubatee the monetary boost required to take their operations to the next level.

b. Provisioning of Seed Fund/loan

XCEED may provide seed fund/loan to its incubatees subject to the availability of funds/ grants/ schemes meant for this purpose. Seed fund/loan will be sanctioned only to the registered incubatees based on their credentials and merits.
An incubatee who is desirous of availing seed fund/loan may apply for seed fund after three months from the date of admission in XCEED incubation program. Sanction of seed loan will be decided based on the eligibility criteria as decided by the Governing Council of XCEED. Information regarding available seed fund/loan will be provided only to the incubated startups.
XCEED will have sole discretion to sanction or reject an application for seed loan and the decision of XCEED in this regard shall be final. XCEED is not bound to give any reason in case an application for seed loan is rejected.

c. Guidelines for Seed Fund/Loan

The processing of seed fund/loan is elaborated in Annexure – F.

10. Equity Allocation

The incubatee company shall allot 5-10% of the equity to Incubator (as decided by the Governing Council) towards incubation and shall be maintained by issuing additional shares or diluting the shares of the Promoters or in any other manner till the Company exits from the Incubator or the Company and Promoters raise investment from an Angel Investor, Venture Capital Fund or any other source. Equity will be decided by the Governing Council of XCEED based on various factors such as duration of the incubation, support needed by the company, financial condition of the company, revenue of the company etc.

If the company fails to raise investment from an Angel Investor, Venture Capital Fund or any other source for a period of five years from the date of the last issuance of shares in favour of XCEED, then XCEED will have the right to sell its holding to the promoters of the company at a value which will be higher of book value and fair value. The directors/promoters of the company will be bound to buy the shares from XCEED as stated above. Investment for the purpose of this section means an investment received in form of equity by the Company from any sources other than its promoters the value of which as well as premium thereon are at least three times more than paid up capital and premium amount respectively.

11. Conflict of interest

When a person plays two separate roles in two different positions and he/she uses one position for his/ her personal benefit in the other role, a situation leading to conflict of interest arises. XCEED endeavours to draw a line between appropriate and inappropriate interactions among its board members, employees, mentors, consultants, affiliates, incubatee companies, their employees, persons connected to them or their promoters, employees and staff, various service providers and suppliers.

Certain situations leading to conflict of interests are explained herein below. However, the list is not exhaustive, and hence situations having actual or potentials for conflicts of interest though not covered in this document will nonetheless be subject to this policy.

a. XCEED or XLRI member is able to influence a departmental decision for acquisition of laboratory and other equipment which could benefit an incubated startup/company in which he/ she is an interested person.
b. XCEED or XLRI member in a position to circumvent prevailing policies for making use of XCEED or XLRI facilities for the benefit of an incubated startup/company in which he/ she is an interested person.
c. XCEED or XLRI member in a position to make use of the suppliers and service providers of XCEED or XLRI for undue advantage of an incubated startup/company in which he/ she is an interested person.
d. XCEED or XLRI member procures consultancy assignments or other business in name of XCEED or XLRI and outsources them to the incubated startup/company in which he/ she is an interested person.
e. XCEED or XLRI member in a position to influence policy decisions of XCEED or XLRI with an intention to benefit an incubated startup/company in which he is an interested person.
f. Use of XLRI students or XCEED or XLRI employees to perform a work for an incubated startup/company without any compensation when the work is not related in any way for their academic pursuits.
g. A person who is interested in one of the incubated startup/company and involved in a decision-making process also affecting other incubated startup/companies leads to situation of conflict of interest.
h. When an incubated startup/company, its promoters, employees and staff or any interested person acts in manner to benefit the incubated startup/company at the disadvantage of XCEED or XLRI.
i. An incubated startup/company, its employees and its staff having access to XCEED or XLRI resources are in position to exploit them by bypassing XCEED or XLRI's policies.

In case of conflict of interests the decision of XCEED and XLRI shall be final and binding upon the parties.

Conflicts between private interests and official responsibilities of all stakeholders must be handled in a transparent manner, and XCEED considers full voluntary disclosure as the best mechanism for managing conflicts of interest. Since situations leading to conflict of interests are inevitable, it is expected that the interested persons follow transparency in their actions based on full disclosure of relevant information by them. Following guidelines are suggested for management of actual or potential conflict of interests and to address disputes arising out of conflict of interests and maintenance of confidentiality:

i. Appropriate disclosure of the conflicting situations involved in a decision or transaction.
ii. Abstaining from participating in decision making process or transactions involving such situations.
iii. Obtaining appropriate approvals to avoid conflicts.
iv. Reporting of the breach of the policy without deliberate intention or knowledge. A committee may be set up by the Governing Council of XCEED to resolve any dispute over such situation causing conflicts of interests.
v. Further during the process of incubation, certain proprietary information may also be exchanged between various parties which are of confidential or sensitive nature. The confidentiality of such information needs to be maintained.

12. Rules & Regulations for Incubatee companies

During the period of incubation, the Incubatee companies will mandatorily get their accounts audited and their books of account will be open for inspection by the empanelled Chartered Accountants of XCEED. Compliances as laid down by the Companies Act 2013 are binding on the Incubatee Companies. The companies will give a quarterly report on the compliances adhered as laid down in the Companies Act 16. Non-Compliance of the same would be liable to penalty/strict action by XCEED. Further:

1. All incubatees are required to observe health and safety standards. No hazardous material can be brought inside the complex. On special cases, when such materials are required for the product development, it must be brought in with prior written approval of XCEED CEO/ authorised personnel by following necessary safety. SOP for handling such material is to be submitted to XCEED while taking permission.
2. All the incubatees are required to keep a first aid kit at the working stations provided.
3. Incubatees are required to inform XCEED about any visitor from abroad, foreign collaboration and/or foreign partner/director, and abide by the rules/procedures in of XCEED. In case of a foreign visitor, the copies of their passport and Visa are to be submitted to XCEED in advance.
4. No incubatee or its employee can display notices or signage except on the provided notice boards and the space provided for such signage.
5. Incubatee should observe that noise levels are kept at minimum and no abnormal noise by any machine or by their employees or visitors should be made. Any complaint of high noise level will result in appropriate action by XCEED.
6. Subleasing of any kind of the space given at XCEED Incubation Centre is not allowed. Non-observance of this rule will result in immediate expulsion.
7. XCEED’s address cannot be used as the address of the Registered Office of the incubatee.
8. No routine sales/marketing operation will be permitted from XCEED premises. The entrepreneurs may carry it out from their registered office.
9. Incubatee should use the internet, computers and all other XCEED provided facilities for business purposes only.

13. Norms for faculty startup

For better coordination of the entrepreneurial activities, norms for faculty to initiate startups should be followed. Only those technologies are taken up for faculty startups which originate from within XLRI.

i. Role of faculty may vary from being an owner/ direct promoter, mentor, consultant or as on-board member of the startup.
ii. Policy on 'Conflict of Interests' must be followed by the faculty members to ensure that the regular duties of the faculty don't suffer owing to his/her involvement in the startup activities.
iii. Faculty startup may consist of faculty members alone or with students or with faculty of other institutes or with alumni or with other entrepreneurs.
iv. In case the faculty holds the executive or managerial position for more than three months in a startup, they will go on sabbatical/ leave without pay/ utilize existing leave.
v. Faculty must clearly separate and distinguish on-going research at the institute from the work conducted at the incubatee startup/company.
vi. In case of selection of a faculty start up by an outside national or international accelerator, a maximum leave (as sabbatical/ existing leave/ unpaid leave/ casual leave/ earned leave) of one semester/ year (or even more depending upon the decision of review committee constituted by the institute) may be permitted to the faculty.
vii. Faculty must not accept gifts from the startup.
viii. Faculty must not involve research of other institutes in activities at the startup and vice-versa.
ix. Human subject related research in startup should get clearance from ethics committee of XLRI.

14. Incentives for XLRI faculty and XLRI student startup

1. For Faculty

a. Permission will be given to faculty to initiate a Startup based on the technology developed in the lab at XLRI.
b. If selected for Incubatee Fellow or Incubation, faculty can take sabbatical leave (need to compensate the salary for the substitute) or other leave up to one semester / a year or more based on committee recommendation. (In case the faculty quits XLRI after the sabbatical leave, the faculty should **Pay back the salary paid during sabbatical period, or a bond should be given to stay back for a minimum period of 3 years).**
c. Based on the grant of patent, the faculty will be rewarded with a Certificate and/or Cash award.
d. Certificate rewards will be given to faculty who are mentoring the student startups within the campus incubation Centre.
e. Remuneration in terms of monetary benefit will be given to faculty mentors as is decided by the Governing Council of XCEED and Director of XLRI.

2. For Students

a. Students involved in Incubatee Fellow or Incubation program will be exempted from compulsory credits (2 credits).
b. Student Innovators/entrepreneurs will be allowed to opt for a startup instead of a project, seminar and or summer internship etc.
c. Student entrepreneurs/innovators will be allowed to sit for the examination with minimum attendance of 50% (For Practical subjects it is left to the discretion of the respective department).
d. Students who are under incubation, but are pursuing some entrepreneurial ventures while studying may be allowed to use their address in the institute to register their company with due permission from the institution
e. Workspace shall be provide for the student entrepreneur at XCEED based on the requirement.

15. Agreements

A. Incubatee Fellow's agreement

i. The student/faculty of XLRI must begin their engagement with a Startup/Company by submitting a proposal through the Head of their Department. The HoD will determine the eligibility of the student/faculty to engage with the Startup/Company. After ascertaining eligibility, Dean (Admin) will forward the proposal to XCEED which in turn will share it with the Selection Committee of XCEED. After the acceptance of the proposal, the student/faculty will be authorized to perform the actions necessary for Incubatee Fellow, including registration of the Start-up, fund raising, team development, product/services development, consulting, market research and development, etc.

ii. Prior to embarking on these activities, an agreement must be signed between the concerned Startup/Company and XCEED to establish the mode and nature of involvement of the student/faculty in the Startup/Company. Such an agreement is necessary with a Startup/Company when:
   1. Its shares are given to the Member or the Incubator (XCEED) as compensation in part or in full for the MEMBER's contribution, and/or
   2. XCEED's IP is licensed to the Startup/Company, which wishes to pay for the same in part or full in the form of shares.

iii. In addition, the Startup/Company must also enter into an agreement with XLRI through the Office of the Dean (Consultancy) if:
   1. The Startup/Company intends to pay cash in part or in full to XLRI for licensing IPR owned by XLRI.
   2. The student/faculty provides consultancy to the Startup/Company or undertakes research-based consultancy as per consultancy norms while on XLRI payroll.

B. Incubation and Virtual Incubation Program Agreements

All Incubatees including Virtual Incubatees, shall enter into the following agreements as decided after discussion with the Governing Council of XCEED:

1. **Incubation MoU/Agreement with XCEED**: Containing rules for admission to incubation and other incubation norms, consideration, equity holding, usage of resources provided by XCEED and XLRI etc. (Applicable to all except Incubation Fellow startups).
2. **Seed-Fund/loan Agreement with XCEED**: Containing rules of disbursement and repayment. (Applicable to incubated startup/company availing seed-fund/loan).
3. **Technology Commercialization Agreement with XCEED:** Applicable to incubatees using technology or IP developed by XLRI or XCEED.
4. **Indemnity Agreement:** Between XCEED and the incubatee company stating that in the event of any loss, damages, costs or charges raised upon XCEED due to actions of the incubatee company employees and/or partners or the project of the incubatee company, the incubatee Company shall indemnify XCEED for any losses, including attorney's fees.

16. Government policies and schemes

XCEED in conjecture with the Startup will work towards finding the right schemes provided by the State and Central government for the benefit of the Startup. Help will be provided to the incubatees in completion of formalities required by the government agencies for availing of such schemes.

17. Workshops and events

XCEED is also involved in conducting regular events, workshops and training. To ensure that the incubatees of XCEED are being upskilled, XCEED will provide access to incubatees for such events, workshops, and training programs that it organizes. The programs may or may not be held at the location of workspace provided to the incubatees. XCEED will only provide access to the event and any other expenses in terms of travel to and from the venue, boarding and lodging, stationery and memorabilia will have to be borne by the incubatees.

18. Usage of XLRI XCEED name

“INCUBATED BY XLRI XCEED”

i. Firms/companies incubated at XCEED may apply for permission to brand themselves as “XCEED Incubated Firms/Companies” or “Incubated by XCEED”. Conditions on terms of use of such branding will be defined in the signed incubation agreement.
ii. Protection of XCEED’s fair name. When a Start-up is designated as a Company, it is permitted to advertise itself as such wherever such advertisement is appropriate. However, such advertising carries with it the risk that in case the Company indulges in improper behaviour or dealings, XLRI XCEED’s fair name will be tarnished by association with the Company. To protect itself from such risks, XLRI, through the Incubator XCEED, may seek a seat on the Board of the Company, without any liability, in order to ensure transparency in all its dealings. XCEEED may seek access to the un-audited and audited balance sheets of the Company and in certain cases, may even seek clarifications for scheduled payments above a specified value made by the Company. All such requirements will be specified in the agreement that will be entered into by XCEED and the Startup Company.

19. Exit Policy

During the process of incubation, an incubatee may exit the program if it fulfils certain criteria of their growth or fails to abide by the rules and guidelines laid down by the Governing Council of XCEED. Non-adherence, gross misuse or violation of guidelines will attract penalties and XCEED may also terminate the agreement with an incubatee asking them to vacate the premises allocated to them at XLRI/XCEED campus. Below are a few circumstances, but not limited to them, which can result in exit or termination of the incubation agreement.

a. Completion of the period of incubation as per agreement. If extension was not provided.
b. Underperformance or non-viability of business proposition as decided by Internal Review Committee of XCEED on case-to-case basis.
c. When the annual turnover of the company exceeds INR 25 Lakh / 2 Cr / 5 Cr., or as stated by the Government of India.
d. Raising substantial investment (Rs. 50 lakhs or more) from sources such as angel investor, venture capitalist or any other investor.
e. The number of employees of the Startup/company exceeds 20.
f. Irresolvable promoter’s disputes as decided by XCEED on a case-to-case basis.
g. When the company enters in an acquisition, merger or amalgamation or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
h. Change in the team of directors, promoters or founders without concurrence of XCEED.
i. In the event of the Incubatee company being admitted into insolvency.
j. Misrepresentations or omissions by the companies during the application process shall be grounds for immediate expulsion from the program and legal action against such company.
k. Other reasons such as unethical and antisocial practices or practices of moral turpitude, in which case XCEED shall find it necessary for the Incubatee company to leave the incubation program. This shall include the violation or failure to follow XCEED’s guidelines, policies and code of conduct, as amended from time to time.
l. Any other reason for which XCEED may find it necessary for an incubated company to leave.

Notwithstanding anything written elsewhere, XCEED’s decision in connection with the exit of an incubated company/startup shall be final and shall not be disputed by any company/startup.

20. Disclaimer

i. The incubatee company must understand and acknowledge that XCEED intends to provide support and services to the Startup/ Company in good faith to pursue its objective to promote entrepreneurship by incubating and supporting new enterprises.
ii. This policy is subject to periodical review and amendments. Updated Incubation policy will be uploaded on XCEED website whenever there is an amendment. It is the responsibility of the startups to keep themselves updated on amendments made in incubation policy from time to time. XCEED reserves the right to amend and make an exception to all or any of the terms of this policy. Such exceptions shall be ratified by the Governing Council of XCEED.
iii. XCEED's liability will be limited to (5-10%), the percentage of shares transferred to it by the startup during incubation. XCEED will not be responsible for any financial loss that the startup incurs during the incubation process.
iv. XCEED intends to provide support and services to the startup in good faith to pursue its objective to promote entrepreneurship and growth of the startup. By entering into an agreement with XCEED, the startup acknowledges that XCEED does not undertake responsibility for:
   a. Ensuring success of the incubated startup, their products, processes or services.
   b. Ensuring availability of mentor or designated faculty as and when demanded by the startup.
   c. Ensuring quality of support and services of the consultants engaged by the incubatee companies through XCEED network. Incubatee companies will have to apply their judgment before availing their services or getting into a relationship with them.
   d. Ensuring quality of support and services provided by XCEED to the complete satisfaction of the incubatee companies or their promoters/ founders.
   e. The temporary break-down or malfunction of XCEED's assets and machinery.
   f. XCEED will not be responsible for any loss or damage to property and life caused by the product being developed or its operation at it's or the startup's premises.
   g. XCEED may extend technical help in solving the problems faced while making the product and guide the entrepreneurs to improve the product performance, but it does not guarantee the success of the product and warranty claims cannot be made on XCEED for non-performance of incubatees products.
   h. Under no circumstances shall XCEED be responsible for the actions of the incubatee, nor does the incubatee represent XCEED in any manner. The incubatee shall be solely liable for its actions and any penalties which may arise from it.
   i. XCEED Incubation Centre, XLRI or any person representing XCEED Incubation Centre and XLRI shall not be liable for any acts or omissions of the incubatee , however, in case of any such event the incubatee shall do all that is required to hold XCEED Incubation Centre, XLRI or any person representing XCEED Incubation Centre, XLRI, harmless from any loss including damage or penalty. If any loss is caused to XCEED Incubation Centre or XLRI by the incubates companies, XCEED shall be entitled to recover the charges, fines, penalties imposed by statutory authorities under HSE or any other statutory authorities from the incubatee company.
   j. The incubatee companies agree that XCEED - Incubation Centre or their employees shall not be held liable for any reason on account of the above.

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

21. References

Disclaimer: This policy has been made after referencing many such incubation policies of various institutes which are available on the internet. It is not the objective of XCEED to plagiarize, but some part/parts of the policy may contain literature which would seem referential.

Annexure – A

Governing Council can also approve and facilitate the formation of the following committees as and when required:

1. **Executive Committee** – Members nominated by the Director and Deans of XLRI.

2. **Advisory Committee** – Advisory committee will consist of 5 to 12 members with expertise and experience in relevant sectors of the entrepreneurial ecosystem. The members can be constituted of XLRI faculty, alumni of XLRI, local business leaders and members from legal, financial and industrial sectors.

3. **Selection committee** – Core responsibility of selection of eligible startups for incubation at XCEED.

4. **Internal Review Committee** – Core responsibility of assessing and evaluation of performance of the incubatee.

5. **Investment committee** – Engaged in collaboration for funding and investment for XCEED incubatees.

6. **Conflict of Interest review committee** – Core responsibility will be to review and resolve disputes arising because of conflict of interest.

7. **Innovation and immersion committee** – Core responsibility is to foster a culture of innovation within XLRI students and faculty and support them for incubation at XCEED.

8. **Alumni and industry engagement committee** – Core responsibility to leverage alumni support for XCEED incubatees and conduct workshop and events for entrepreneurial activities.

In addition to the above, the Governing Council may invite experts from sectors like legal, finance, technology, IPR, and other such areas, to its meetings as needed. It may also constitute sub- committees including such outside experts for specific tasks when needed.

Annexure – B

a. Incubatee Fellow

Only XLRI students, staff, alumni or people associated through extension of services of XLRI, desirous of availing pre-incubation facilities can apply for Incubatee Fellow Program. He/she shall be called an Incubatee Fellow and will have to submit the required documents and fulfill the criteria as mentioned in subsequent points.

b. Incubatee

i. Any one desirous of availing incubation facilities must be incorporated as a company under the Indian Companies Act and apply by filling the online form available on XCEED's website along with the required documents. No application for incubation shall be entertained if the applicant has not incorporated as a private/public limited company under the Companies Act.

ii. The Applicant for XCEED Incubation Program can be a start-up formed by an individual entrepreneur or group of entrepreneurs that have not incorporated under either of the legal entities. In such cases an application may be made in the names of all promoters/founders of the start-up. However, if selected for the Incubation Program, the promoters/founders of the start-up must ensure that their start-up is incorporated under either of the legal entities within a period of three months from the date of signing of the incubation agreement with the XCEED.

iii. Exceptions can be made for alumni of XLRI provided that they register their startup within 6 months of joining the incubation program.

Also, the following eligibility criteria will be applicable to the Applicants:

i. Start-ups working as a Proprietorship Company or Public Limited Company is not eligible.
ii. Applications will be made in the name of individuals in case of Incubatee Fellow program and in the name of registered company/limited liability partnership/registered partnership firm for incubation.
iii. The incorporated start-up must not be older than 7 years from the date of registration/ company incorporation.
iv. The incorporated start-up's annual turnover (as defined in the Companies Act, 2013) in any preceding financial year must not exceed ₹ 5 crore.
v. The incorporated start-up must not be formed by splitting up, or reconstruction, of a business already in existence.
vi. The incorporated start-up must be working towards development of innovative products/ processes/services and must have a scalable business model with a high potential of employment generation or wealth creation.
vii. The startup or innovation promoted by XCEED shall be governed and approved as per XCEED Incubation Policy. Companies that are promoted by students of XLRI 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.
viii. Regular Government staff or employee of an organization shall be offered incubation only upon submission of 'No Objection Certificate' from the competent authority or employer. However, companies having faculty, students or employees as shareholders are eligible to apply for incubation.
ix. Any company that is engaged in or is proposing to be engaged in activities that are in conflict with XCEED and XLRI, like imparting educational courses and/or training programs including vocational trainings or is planning to undertake such activities during the incubation period shall require explicit permission from XCEED and upon XCEED's approval such companies shall be offered incubation.

c. <u>Virtual Incubatee</u>

i. Virtual Incubation provides an opportunity to an incubatee to use XCEED as a platform for developing innovative business solutions without being physically located at XCEED Jamshedpur or Delhi-NCR premises. Product development activities will be coordinated and managed by faculty mentor/s. XCEED is open to virtual incubation and shall offer the usual business and management support needed to incubate the startups on pay per use basis. Virtual incubators will have to pay ₹5000/year (Rs. Five Thousand only per year) as the registration fee.
ii. Through this scheme, the virtual incubatee utilizes the intellectual resources and other services provided by XCEED.

Annexure - C

C. Application for incubation

All applications must be submitted online.

1. Forms are available on XCEED website xceed.xlri.ac.in/incubation-application-form
2. In case of Incubatee Fellow, applicants should fill in the Incubatee Fellow form available on website xceed.xlri.ac.in/incubation-fellow-application-form along with the mandatory and necessary details and requirements.
3. For incubation, the startup needs to fill in the form available at xceed.xlri.ac.in/incubation-form
4. For Virtual incubation, applicants need to fill in the form available at xceed.xlri.ac.in/virtual-incubation-form
5. Along with the form, applicants must also submit their business plan, Certificate of Incorporation, Memorandum and Articles of Association, Infrastructure and support required.
6. The Business Plan must contain the plan for the first twelve months of the incubation period. The business plan must cover all aspects including but not limited to:
    - A. Introduction, overview and description of the company
    - B. Promoter details
    - C. Vision and Mission of the company
    - D. Concept / Product description and services offered
    - E. Value proposition
    - F. Analysis of the market and it's competition
    - G. Revenue model
    - H. Development plan, milestones and timelines
    - I. Scalability plan
    - J. Marketing plan
    - K. Core team
    - L. Organizational structure
    - M. Risk analysis
    - N. Funding requirements and projected financials.

    Applicants may give such additional information as they think would help in the assessment of their proposal.

7. The incubatee need to submit the details of IP/ technology based on which a company is proposed to be promoted or founded. In case the IP/ technology is developed at XCEED, a copy of letter of approval from XCEED for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies.
8. Applicants must provide the required details and proposal for making an admission in the Incubator. Applications for admission to Incubator will be made in the name of registered (unlisted) companies within the meaning of the Companies Act, 1956. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/founders shall be encouraged to register a company once the market fit for the product/service is established.

D. Selection – Selection process will be done in two phases

1. Phase 1 – Selection criteria and evaluation

A. Phase 1 (A) - Selection criteria

A start-up applying to the Incubation Program at XCEED will be evaluated, preferred and selected based on following criteria:

i. The Startup must be working on an innovative idea, technology, product or service. It should have a viable product or service which is scalable, a comprehensive business plan for gaining traction, understands the need, scale and application of investment required and a robust set of co-founders.
ii. The Startup's solution should address a real life and compelling problem filling the market gaps.
iii. The Startup should be willing and fully committed to pursue the Incubation Program and should not have other similar commitments during incubation period.
iv. The Startup should preferably have a prototype or Proof-of-Concept (PoC) which is market ready or is willing to commit to convert their idea into prototype during the tenure of the Pre-incubation Program.
v. The Startup that has a clear IP strategy and a technology commercialization plan that will create jobs.
vi. The Startup that has a strong business proposal, can confidently pitch to investors and raise funds, can be scaled up and become self-sustainable in 18 – 24 months' time.
vii. The Startup that offers technology enabled solutions with a social and strategic impact. Impact areas can be:
    a. **Business impact:** Innovativeness of the solution, can acquire considerable market share, is scalable and is sustainable.
    b. **Social impact:** Creates job opportunities, facilitates wealth generation and distribution and helps in skill development. Startups whose core product or service helps improve the well-being of people, society and environment will be encouraged. A minimum of 30% of selected incubatee will be setting up social impact ventures.
    c. **Environment impact:** provides services or solutions which have minimal or no impact on environment, is inclined to build green processes with respect to the procurement, production, and marketing of services or solution and
    d. **Economic impact:** uses processes which aims to reduce, reuse, recycle and reprocess.
viii. The Startup team shows exemplary performance competence and demonstrates the team's ability to execute their vision and overcome obstacles.
ix. The Startup that has potential for large resource generation and can create an impact value and visibility for XCEED.
x. A start-up that is incorporated under either of the legal entities and under Eligibility, will have to meet the following additional criteria:
    a. At least 51% of the start-up company should be owned by Indian nationals (directly or indirectly).
    b. The start-up company has to ensure they have all required IP rights (if applicable), including any technology license or patent assignment, to take the technology ahead. The start-up company may also be required to ensure that they will have Freedom to Operate.
xi. A start-up applying to the Incubation Program at XCEED will not be considered for incubation if the proposed idea/ innovation/ technology or business plan falls under following conditions:
    a. Start-ups proposing products, services or processes which lack novelty with no or limited incremental value.
    b. Start-ups that have been formed by splitting up or reconstruction of a business already in existence.
    c. Start-ups that propose services or solutions which do not have potential for commercialization.
    d. Start-ups whose products, services or processes have no differentiating factor.
    e. Start-ups with proposals those are not scalable and sustainable.

B. Phase 1 (B) – Application Evaluation

Applications which clear the selection criteria as mentioned above will be reviewed by XCEED's Selection Committee constituted by its Governing Council or by the Selection committee formed on

the recommendation of the Governing Council along with experienced and qualified professionals from relevant industry sectors.
XCEED's Selection Committee will evaluate the business proposal and assess the startups business model in terms of the following:

a. Innovativeness in the product, service or idea and its market potential.
b. Experience and profile of the core team and/or its promoters.
c. Potential of the idea for creation of Intellectual Property or the Intellectual Property generated.
d. Requirement of funds and the viability of raising finance.
e. Time to market.
f. Commercial viability, need, demand and requirement in the market.
g. Break-even period.
h. Scalability and time required.

Budding innovators will be provided guidance in developing the business plan by XCEED.

Evaluation criteria will be reviewed, revised and determined by XCEED from time to time. It is the responsibility of the Startup owners/stake holders to keep themselves updated with the information available on revised XCEED Incubation Policy available on the website xceed.xlri.ac.in/incubation-policy

Expert members would be invited/ identified for evaluation depending on the nature of the proposal. Applicants may be invited with their teams to make a presentation on their proposal. In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants and/or revision in the proposal. Submissions to XCEED will be treated with utmost confidentiality.

XCEED will have a sole discretion whether to admit or reject a proposal for incubation and the decision of XCEED in this regard shall be final. XCEED is not bound to give any reason in case a proposal is rejected.

3. Phase 2 – Presentation, Selection and Induction

i. **Final presentation** – Applications/Proposals/Ideas that were selected by Selection committee in Phase 1 will have to present their business plan in person to the panelists. Based on the recommendations of the "Selection Committee" at XCEED, shortlisted start-ups will be invited to give a final pitch presentation before the "Selection Committee"- constituted by Governing Council and/or Selection Committee of XCEED. Presentation can be given virtually through video conferencing or at a designated place (XCEED office / XLRI Campus) or as decided mutually as per convenience.
ii. **Question and Answer Session** - Presentation will be followed by Q&A session after which the decision will be made to accept or reject the company as an incubatee at XCEED.
iii. **Recommendation** - The "Selection Committee" will recommend start-ups for the Incubation Program at XCEED based on evaluation of the business proposal for complexity of venture & level of required effort, market capitalization, financial need, timeline of growth and risk & reward analysis.
iv. **Terms of Incubation Agreement** - The start-ups recommended by the "Selection Committee" for the Incubation Program at XCEED will be invited to discuss the terms of 'Incubation Agreement' under which incubation support will be provided to start-ups by XCEED. The requirement of physical or virtual support, support towards services required by start-up, rent details, royalty rates, legal compliance, exit terms and NDA requirements will be discussed.
v. **Due diligence and Research** - XCEED will research and perform due diligence of the startup, it's members, industry and their competition and may suggest on modification and changes in the business plan strategy presented.

vi. **Admission to incubation** - Once a startup has cleared all the necessary requirements, they will have to sign the incubation agreements /MoU and allot the required percentage of equity shares to XCEED as decided by the Governing Council of XCEED.

Annexure – D

Infrastructure and services provided to incubatees

a. **XCEED shall provide a shared workspace and necessary infrastructure, including but not limited to:**

1. Provision of Office Space
    a. XCEED will provide Startup with office space at XLRI Jamshedpur campus or at any other of its campuses as per convenience for the agreed-upon duration.
    b. The Startup shall utilize the office space solely for business operations related to the Startup.
    c. The Startup shall ensure proper maintenance of the office space, adhere to the usage policies, and cover any damage incurred beyond regular wear and tears.
    d. XCEED reserves the right to terminate the office space allocation if there is a breach of terms or misuse.
    e. The startup will vacate the office space within 24 hours of receiving notification from XCEED for termination of office space.
    f. Access to office space at XLRI will be provided only to the founder of the startup. Access to XLRI workspace for team members/employees of the startup will be provided only after written permission from the CEO of XCEED has been issued.
2. High speed internet connectivity (Wired and Wireless)
3. Computers
4. Access to software already being used by XCEED/XLRI student/faculty/employees.
5. Electricity
6. Standard Furniture
7. Common infrastructure
    a. Landline telephone
    b. Meeting/Conference room with projector and tele/video conferencing facilities.
    c. Fax machine
    d. Document scanner
    e. Photocopy machine
    f. Pantry facilities
    g. Access to XLRI Library
8. If a startup is provided with specialized capital equipment, rent on the same will be decided on a case-by-case basis by XCEED. The rent would be finalized at the time of procurement of the equipment and would be added in the Terms of Incubation Agreement.

b. **Facilitating professional advice**

XCEED has collaborated with various professional bodies and through extension of services, the Startup can avail itself of the services of such professionals. They include but are not limited to:

1. **Legal consultation**

XCEED will help startups connect with the legal entities onboarded in XCEED incubation program for facilitation.

2. **Intellectual Property**
    - **a.** If a Startup has acquired Intellectual Property rights for the service offered by them, then the directors/promoters must fill an IP declaration form at the time of admission detailing the Intellectual Property developed and ownership by them.
    - **b.** If an incubatee company is desirous of using the Intellectual Property of XCEED or XLRI like patent, copyright, software code, design registration, developed product, etc, then the company shall make a request in writing to XCEED or XLRI. The terms and conditions for such IP licensing shall be decided by the XCEED/XLRI.
    - **c.** If any student of XLRI has worked on the technology used by the startup and if their work will be incorporated in the product(s), then the director/promoter of the startup has to declare it to XCEED at the time of admission to incubation.
    - **d.** If any IP was created in collaboration with the faculty members who are not its promoters and is being incorporated into the product(s), then the director/promoter of the startup must declare it to XCEED at the time of admission to incubation.
    - **e.** If any XLRI infrastructure (Research Lab, hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s), then the director/promoter of the startup must declare it to XCEED at the time of admission to incubation.
    - **f.** The director/promoter of the startup must also declare if they have any existing agreement with XLRI that IPs have been assigned to the startup for commercialization.
    - **g.** 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 incubation at XCEED. Also, any IP developed during the stay would be maintained in the register.
    - **h.** The Startup shall retain full ownership of its intellectual property created during its tenure at XCEED.
    - **i.** XCEED may provide support in safeguarding intellectual property rights (e.g., patent filing or trademark registration), but it will not claim ownership over Startup’s IP.

Notwithstanding anything written above, Intellectual Property Rights will be governed by XCEED and XLRI policies as reviewed and amended from time to time.

3. **Accounting and Financial Services**
    1. Company registration
    2. Accounting and Bookkeeping services
    3. Auditing of accounts
    4. ITR and government formalities for functioning of startup

4. **HR services**
    1. Onboarding process of new employees in the startup
    2. Payroll management
    3. HR policies for the startup

5. **Training/Conferences/Workshops/Meets**
    1. Training in entrepreneurial business management: Short courses
    2. Business communication: Written as well as verbal
    3. Other trainings as per need
    4. Access to Events and Workshops conducted by XCEED

6. **Governmental Agency funding**
   Help will be provided in identification and application to schemes and fundings provided by the Central and State governments for Startups.

7. **Networking opportunities with**
   1. Government bodies
   2. Non-government institutions
   3. Other incubation hubs
   4. XLRI Alumnus

8. **Introducing and connecting with Venture capitalists/Angels/Investors**
   Help in liaising with Private Investors and Funding agencies will be provided by XCEED. The objective will be to connect the Startups with institutes and agencies who will be willing to fund them after their scrutiny of the startup's service offering, business and revenue model, scalability and other parameters as per their policies. XCEED does not take the responsibility for providing funds from these institutes to the startups. It will be the responsibility of the Startup to pitch and raise funds from such funding institutes/organizations. Help will be provided by XCEED to the incubatees in developing the pitch.

9. **Admin and essential works of the startup:**
   1. Help with formulating their business plan
   2. Product and market research
   3. Product development
   4. Go to market strategy
   5. Revenue projection
   6. Commercialization

In due course, XCEED may associate with professionals for seeking accounting, IPR, legal, management and other expertise on a part-time basis and the incubated companies can avail their services. Any direct services provided to an incubatee by such service providers would have to be paid for by the incubatee. XCEED does not guarantee the quality of service provided by such third-party professionals/entities as per the satisfaction of the startups and the startups need to use their discretion before availing of their services or getting into an agreement with them.

Annexure – E

Periodic Assessment, Compliances & Submission of Information

An "Internal Review Committee" (IRC), set up by the Governing Council of XCEED will monitor the performance of the incubatees every 3 months or depending on the stage of incubation. The committee will evaluate whether the milestones setup in the business plan is met or not. Additionally, incubatee companies may also be subject to annual assessments. XCEED IRC may also reserve other criteria as it deems fit, to evaluate the performance of the incubatee.
The emphasis of evaluation will be to not only monitor the progress of the milestones, but also to provide the necessary support to achieve the same.

For a company which has taken seed fund loan, additional checks will be done on the financial health of the company in terms of its order booking, expenses, profitability, utilization of seed money loan for the specified purposes, its ability to repay the loan and its adherence to all conditions and requirements imposed by the

agency providing the fund or grant. Further seed fund disbursal will be dependent on the progress shown in previous appraisal.
In the event that the Incubatee fails to reach a milestone within the stipulated timeline, it must give reasons in writing for the same and any complications which may have occurred. The undisbursed portion of the seed fund will be adjusted later subject to the performance of the company as evidenced by the achievement of milestones.
Incubatees will also submit a yearly audited statement of profit and loss account and unaudited quarterly statement about the activities. However, incubatees may be asked to provide more frequent updates to XCEED.

Strategic Checkups: XCEED CEO / Incubation Manager will meet the company CEOs at least once a month for strategy reviews and discussion of operational issues.

XCEED reserves the right to terminate the incubation period of an incubatee, if his/her performance evaluation report is unsatisfactory.

D. Assessment

Periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are as follows:

i. Ideation / Innovation stage

1. Background check of the entrepreneurs/team members
2. Phase of concept development
3. Product Development
4. Market analysis done
5. Competition analysis
6. Initial business plan and revenue model
7. Intellectual Property Rights
8. Seed Funding

ii. Pre-Market Stage

1. Proof of Concept and/or Prototyping done
2. Product development stage
3. Financial health
4. MVP and its initial response
5. Business planning including production, marketing and sales

iii. Implementation Stage

1. Business plan for scalability
2. Pitching for Venture Funding
3. Large scale commercialization
4. Expansion including human resources and market

iv. Exit Stage

1. Going National / Global
2. Exit options of XCEED
3. Full scale business operation
4. Post incubation survival

E. Compliances

i. Compliances as laid down by the Companies Act 2013 are binding on the Incubate promoters. Incubated companies will give a quarterly report on the compliances adhered as laid down in the Companies Act.
ii. Non-Compliance of the same would be liable to penalty/strict action by XCEED as following:
   1. Non-Adherence to the first warning of the non-compliance by the Incubatee will attract penalty of Rs. 1000 which will be billed with the facilities due.
   2. An action against the non-adherence to the second warning by the Incubatee will make the Company ineligible to apply for any funding/funding through investors at XCEED.
   3. An action against the non-adherence to the third warning in the form of notice to vacate the premises allotted to them and may result in end of incubation.

F. Submission of information

a. Startups are required to submit information to XCEED about all the changes and developments taking place in their company from time to time. The information could be but not limited to; change in company name, change in directors, change in promoters and shareholders etc. A written permission from XCEED would be required to get the changes in effect.
b. XCEED may require startup companies to submit other information/more frequent updates as required.
c. An incubatee companies must submit the information along with any additional information as it deems fit within a span of 15 days from the date of request for information by XCEED.
d. During the incubation period, if the incubatee company is desirous of working parallelly under a different incubation program, it must first inform XCEED and request for a No Objection Certificate from XCEED.

Annexure – F

Seed funding

a. Purpose of Seed Fund/Loan

i. The objective of Seed fund/loan is to provide performing incubatee the monetary boost required to take their operations to the next level.
ii. Seed loan is provided for the following purposes:
   1. Procurement of essential equipment/ tools/consumables required for the functioning of the startup.
   2. Procurement of raw material
   3. Payment for essential services provided by third party. Can include services like, Legal, IPR, Audit & Accounts etc.
   4. Costs involved for manufacturing of product
   5. Mandatory Government registration fees
   6. Prototyping / Development of MVP and its testing
   7. Cost of any other critical item

b. Provisioning of Seed Fund/loan

XCEED may provide seed fund/loan to its incubatees subject to the availability of funds/ grants/ schemes meant for this purpose. Seed fund/loan will be sanctioned only to the registered incubatees based on their credentials and merits.

An incubatee who is desirous of availing seed fund/loan may apply for seed fund after three months from the date of admission in XCEED incubation program. Sanction of seed loan will be decided based on the eligibility criteria as decided by the Governing Council of XCEED. Information regarding available seed fund/loan will be provided only to the incubated startups.
XCEED will have sole discretion to sanction or reject an application for seed loan and the decision of XCEED in this regard shall be final. XCEED 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, disbursement shall be subject to satisfaction of Internal review Committee (IRC), that suitable progress has been made.

Notwithstanding anything contrary contained herein the Seed fund sanction and disbursal shall be under the purview of the Governing Council of XCEED.
In the event of subscription to seed funding, the seed fund contribution disbursement shall be linked to the pre-agreed milestones.

One of the criteria for approval of the seed fund will be to help the company reach a level of maturity in terms of product development or a market ready stage. Preference will be given to companies with strong commitment and contribution of promoters and its team.

It is hereby clarified that being selected for the incubation program shall not automatically entitle the Incubatee companies to a seed fund. Further, admission to XLRI shall not automatically entitle the Incubatee Fellow to seed fund/loan.

c. <u>Guideline for Seed Fund/Loan</u>

The processing of seed fund/loan involves:

1. A Startup (Incubatee Fellow/Incubatee/Virtual Incubatee) desirous of getting seed fund/loan may apply for seed fund/loan after three months of incubation at XCEED.
2. The seed fund/loan will be sanctioned based on the eligibility criteria as decided by XCEED. It would also be subject to the terms stipulated as per the XCEED's Guidelines for Seed fund/loan. One of the criteria for approval of the seed fund/loan will be the contribution brought in by the directors/promoters for the capital of their company. Preference will be given to those startups who already have some sources of capital/revenue.
3. The final decision on approval or rejection of Seed fund/loan will be announced within a month of application for Seed Fund. XCEED will have the sole discretion to sanction or reject an application for seed fund/loan and the decision of XCEED in this regard shall be final. XCEED is not bound to give any reason in case an application for seed fund is rejected. Even though seed fund/loan may be sanctioned, disbursement shall be subject to XCEED Governing Council/CEO's satisfaction that suitable progress has been made by the Startup.
4. After approval of Seed Fund/Loan, the applicant/startup will enter into a Seed Fund/Loan Agreement with XCEED.
5. After execution of agreement, the funds will be transferred to the project account within 10 days.
6. The startup's CEO and XCEED CEO/Coordinator will be in charge of the bank account.
7. The Startups who are granted seed fund/loan will be subjected to additional performance and critical reviews by the Governing Council / Internal Review committee to ascertain that funds are being utilised in a just and reasonable manner.
8. Notwithstanding anything contrary contained herein, the Seed fund sanction and disbursal shall be governed by Seed Fund Guidelines of XCEED.
9. Repayment Options: The repayment options have been decided by a committee comprising members from the grant agencies, Governing council XCEED, Industry Experts, CA & legal consultant.
    a. Option I: Full amount would be paid back with an interest, which will be the prime lending rate of SBI (on the date of sanction) less 4% and remains fixed for the tenure of the loan.
    b. Option II: 50% of the total seed fund sanctioned will be interest free loan; repayment would start after 18 months from the date of first disbursement. 50 % of the seed fund sanctioned would be convertible into equity (@ 5% equity against loan up to ₹ 5 lakh).
    c. Option III: 75% of the total seed fund sanctioned will be a loan and will be paid back with an interest of PLR less 6%. 25% of the seed fund sanctioned would be convertible into equity (@ 3 % equity against loan up to ₹ 5 lakh) at par. (Subject to revision as per bank guidelines)

d. Option IV: 100 % of the seed fund sanctioned would be convertible into equity (@ 10% equity against loan up to ₹ 10 lakh
e. XCEED Governing Council can amend the repayment options at its discretion on a case-to-case basis.

End of document

Reviewed edition as of 08/08/ 2025