

INVESTMENT POLICY

Introduction

IIT Palakkad has established IIT Palakkad Technology IHub Foundation (IPTIF), a Section-8 company, to facilitate Technology Innovation on Intelligent Collaborative Systems (ICS) with special focus on the domain of Energy and Safety as part of the National Mission on Interdisciplinary Cyber Physical Systems (NM-ICPS), financially supported by Department of Science and Technology (DST), Govt. of India (GoI) with an overall budget of INR 100 Cr. IPTIF plans to attract potential and harness expertise available nationwide, thus fostering research innovation, world class technology and product development, Support Startups & Industries in this domain & upskill the human resource on latest knowledge and skill. IPTIF also plans to build linkages and collaborate with universities, research institutes and Industry corporates within and outside India for delivering commercial technologies and building a vibrant innovation ecosystem for deep tech startups and entrepreneurs in the ICS domain. IPTIF has been bestowed with reasonable power to invest funds towards technology development, entrepreneurship development, skill development and towards collaborative activities with national and international organizations.

An investment policy for IPTIF will act as a guidance document for following the required due-diligence process at every level and defining the power delegation on deciding the quantum and type of investments to be made.

Purpose & Scope of the Policy

This policy is to ensure that the authority given to IPTIF by DST, GoI for making “investments” in all the verticals viz. Technology development, Entrepreneurship Development, Skill Development and Collaborations is exercised carefully following the highest level of due diligence processes and following the principles of transparency and accountability keeping the interest of IPTIF, DST and the country as a whole in the forefront.

For the purpose of this policy “Investment” is defined as the total amount of Funds allocated/earmarked or transferred for execution of a project proposal, a business activity or an event with a defined objectives, milestones and deliverables, to a Second party (an Individual, Academic or R&D Institution, Startup, LLP, Section 8 Company, Industries or any other legal entity) with a return on investment defined as direct revenue or allied outcomes.

This Policy mainly covers

1. Types of IPTIF investments under different verticals
2. Evaluation & Recommendation Committees
3. Delegation of Financial powers
4. Investment process guidelines

Note: IPTIF’s expenditure for procurement of all kinds of goods and services along with the delegation of financial powers in those scenarios are covered under the IPTIF Purchase policy.

A. Types of IPTIF Investments

IPTIF investments can be categorized into the following types

- 1. Grant in Aid:** Grant in Aid investments are made with the purpose of supporting scientific & academic research and development leading to benefits of the common public or boosting the county's economy as an outcome. Grant in Aid investments are provided to individuals or institutions (public & private) against clearly defined activities for a fixed time period. The return on investments are deliverables in the form of publications, patents, technologies /products and/or skilled human resources which contributes to the DST targets for IPTIF. There is no direct revenue expected out of Grand in Aid investments. However, a Royalty on Sales (up to 5%) on successful Technology Transfer / Commercialization may be applied as a source of direct revenue from Grant in Aids.

Usually, a Sanction letter or a Grand in Aid Letter is issued to the beneficiary with the terms & conditions.

- 2. Sponsorships/Collaborations:** Sponsorship investments is where IPTIF provides financial support to an event organized by another entity in exchange of specific benefits, marketing opportunities, brand recognition etc. This could also be in a partnership or collaboration mode, as a co-investor in a R&D, Skill Development, Incubation or Start-up funding program of another entity. The events or funding programs in this case have to be aligned with the mandates of IPTIF. The benefits in this case are mostly qualitative. Revenue as return on investment (ROI) may be expected on a case-to-case basis through partnership programs.

All the terms and conditions are agreed mutually on an email or as an MoU before the sponsorship/Collaboration investments are made.

- 3. Revenue Sharing & Equity Investments:** This model is specific for investments in Start-ups, LLPs, other private entities. In this model, IPTIF invests in the entity having matured technologies and business models against equity (4-10% of the company value) in the entity or as a support to generate significant revenue from sales or additional investments in a period of 18-24 months. The investment quantum, percentage of equity, percentage of annual revenue shared, moratorium period and exit options are decided on a case-to-case basis. In general, a revenue up to 150-200% of the initial investments is envisaged as a ROI within a period of 36-48 months from the time of investment in the revenue sharing model. Equity investment involves buying shares or ownership stakes in a startup. In return for their investment, equity investors become partial owners of the company and may have voting rights in major decisions. They also stand to benefit from the startup's success through capital appreciation and potential dividends.

A legal agreement is entered between IPTIF and the private entity with all the terms and conditions.

4. **Hybrid Investment:** A hybrid model of investments may be adopted while funding Start-ups, combining Grant-in-Aid or Revenue Sharing or Equity investments, depending on the requirements and as recommended by the approving committees.

B. Evaluation Committees for Investments

All types of investments from IPTIF in the form of Grant in Aid support, Start-up investments, Sponsorships for Collaborations etc. will be done based on the recommendations of the Investment Committees on the proposals & approvals from the competent authorities. IPTIF proposes Four levels of Investment Committees viz. Inhouse Screening Committee (SC), Technical Expert Committee (TEC), Techno-Business Committee (TBC) & Financial Committee (FC).

The composition of the committee and Terms of references are subject to change with approvals from Chairman, IPTIF.

1. **Inhouse Screening Committee (SC):** Any proposals (R&D projects from Startups & Academia, Proposal seeking Equity-Linked investments in Startups, Proposals for Sponsorship/Co-funding for Workshop/Conference/Collaborative skill Development or Technology Development programs) submitted to IPTIF directly or through a Request For Proposals (RFQ) will be first screened for the preliminary eligibility & suitability by the SC.

Inhouse Screening Committee (SC) Composition:

Chairperson: CEO/COO/Project Director

Members: Project Directors/ Relevant Faculties from IIT Palakkad /Senior Project Engineers IPTIF / Senior Associates IPTIF

Member Secretary: Senior Associate (Operations)

Committee Quorum: 4 (Chairperson + 3 Inhouse members)

Frequency of meeting: Twice a Month (Meeting called by the Member Secretary)

Mode of evaluation: Merits of the proposals presented to the committee by the inhouse team in a standard template for comments on preliminary eligibility for support or consideration of the Technical Expert Committee. Clarification from the applicant can be sought by the committee & feedback given for revision and resubmission. Each SC meeting will be minuted and the decision on the proposal will be communicated to the applicant

Approval for funding: SC can recommend funding support for proposals up to **INR 2.5 lakhs** for approval from **any two directors IPTIF**

- 2. Technical Expert Committee (TEC):** Proposals cleared by the SC will be called for presentation to the Technical Expert Committee (TEC) for discussing the technical merits. Project Investigator will make the presentation to TEC for discussion and recommendations. In addition, TEC evaluates and mentors the progress of Technology Development Projects of IPTIF.

Technical Expert Committee Composition :

Chairperson: Chairman IPTIF/ Dean ICSR, IIT Palakkad/Project Director, IPTIF

Core Committee Members:

- Prof. Ashokan Thondiyath, Professor, Department of Engineering Design, IIT Madras
- Prof. T Sundararajan, Visiting Professor, Mechanical Engineering, IIT Palakkad
- Dr. Vijendra Venkapa Rao, CTO Bosch & Chair Professor IPTIF
- Prof NP Padhy, Professor, Director, MNIT Jaipur & Chair Professor, IPTIF
- Prof Renu John, Professor, Centre for Health Entrepreneurship, IIT Hyderabad

Agenda Driven Experts:

Energy Experts / Safety Experts / ICS Experts (2-3 experts per committee)

Member Secretary: CEO/COO, IPTIF

Committee Quorum: 5 (Chairperson + 2 Core Committee + 2 Agenda Driven Experts)

Frequency of meeting: Once a Month (Meeting called by the Member Secretary)

Mode of evaluation: PowerPoint presentation by the applicant (online or Hybrid mode). Each meeting will be minuted and recommendations from the committee will be communicated to the applicants. Site-visits will be conducted before funding in the cases where the TEC recommends.

Approval for funding: TEC clears the proposals technically and provides recommendations for revisions before consideration of the proposal by Techno-Business Committee (in case of Startups) or Financial Committee. R&D project proposals from academia or Startups seeking funding support up to **INR 20.00 lakhs** can be recommended for funding support by the TEC for approval from **any two directors IPTIF**. In case of Startups seeking funding other than Grant in Aid, recommendations from the Techno-business committee will be considered by the TEC while recommending funding support.

- 3. Techno-Business Committee (TBC):** Proposals from Startups seeking investments (not Grant in Aid), which are cleared technically by TEC, will be evaluated by the Techno-Business Committee (TBC) for their Market Potential, Revenue Models & Business projections for recommending the quantum and type of investments. The funded startups will be mentored and monitored by this committee.

Techno-Business Committee Composition :

Chairperson: Dean ICSR, IIT Palakkad/Project Director, IPTIF

Core Committee Members:

- Ms. Anuradha Shankar, CEO, TechIN, IIT Palakkad
- Dr. K C Chandrasekharan Nair, Super Mentor at Wadhvani Foundation
- Dr. S Muralidharan, Mentor, Chairman Mobility After Market
- Dr J V Ramamurthy, Vice President Strategic Initiatives IIT Madras Pravartak Technologies Foundation
- Dr. K Suresh Kumar, Executive Director, PSG-STEP

Member Secretary: CEO/COO, IPTIF

Committee Quorum: 4 (Chairperson + 3 Core Committee members)

Frequency of meeting: Once a Month (Meeting called by the Member Secretary)

Mode of evaluation: Powerpoint presentation by the applicant (online or Hybrid mode). Each meeting will be minuted and recommendations from the committee will be communicated to the applicants. One-on-One meetings will be conducted with Startups with selected TBC experts whenever necessary as recommended by the TBC.

Approval for funding: TBC provides recommendations on the quantum & type of Investments for Startups for consideration of the Financial Committee or the Technical Expert committee.

If the funds recommended are above INR 20 Lakhs (other than Grant in Aid), then Financial Due Diligence (FDD) will be carried out by an external Startup Financial Consultancy to provide recommendations on the Market potential of the technology areas, Financial Status of the Startups, risks and opportunities. The FDD report will be presented to the Financial Committee for recommendation for approval **up to INR 50 Lakhs from any two directors & Chairman, IPTIF**

- 4. Financial Committee (FC):** Finance committee evaluates the recommendations from TEC & TBC for investments above INR 20 lakhs (Both Grant in Aid & Startup

Investments) and considers the FDD report to ensure financial frugality in the investments.

FC provides recommendations on the final quantum of funding, type of investment, Milestone-linking, mode of fund release, type of financial or legal agreements etc.

Finance Committee Composition :

Chairperson: Dean ICSR,IIT Palakkad/Project Director,IPTIF / COO/CEO

Agenda driven Committee Members:

- Experts from TECHIN / Kerala Startup Mission / Maker Village
- Experts from IIM Kozhikode
- Finance consultants / CA firms empanelled by Kerala Startup Mission / TN Startup Mission / IIT Madras / IIT Hyderabad / Venture center for Startup funding

Member Secretary: Senior Associate Finance & Accounts, IPTIF

Committee Quorum: 3 (Chairperson + 2 Agenda Driven Financial Experts)

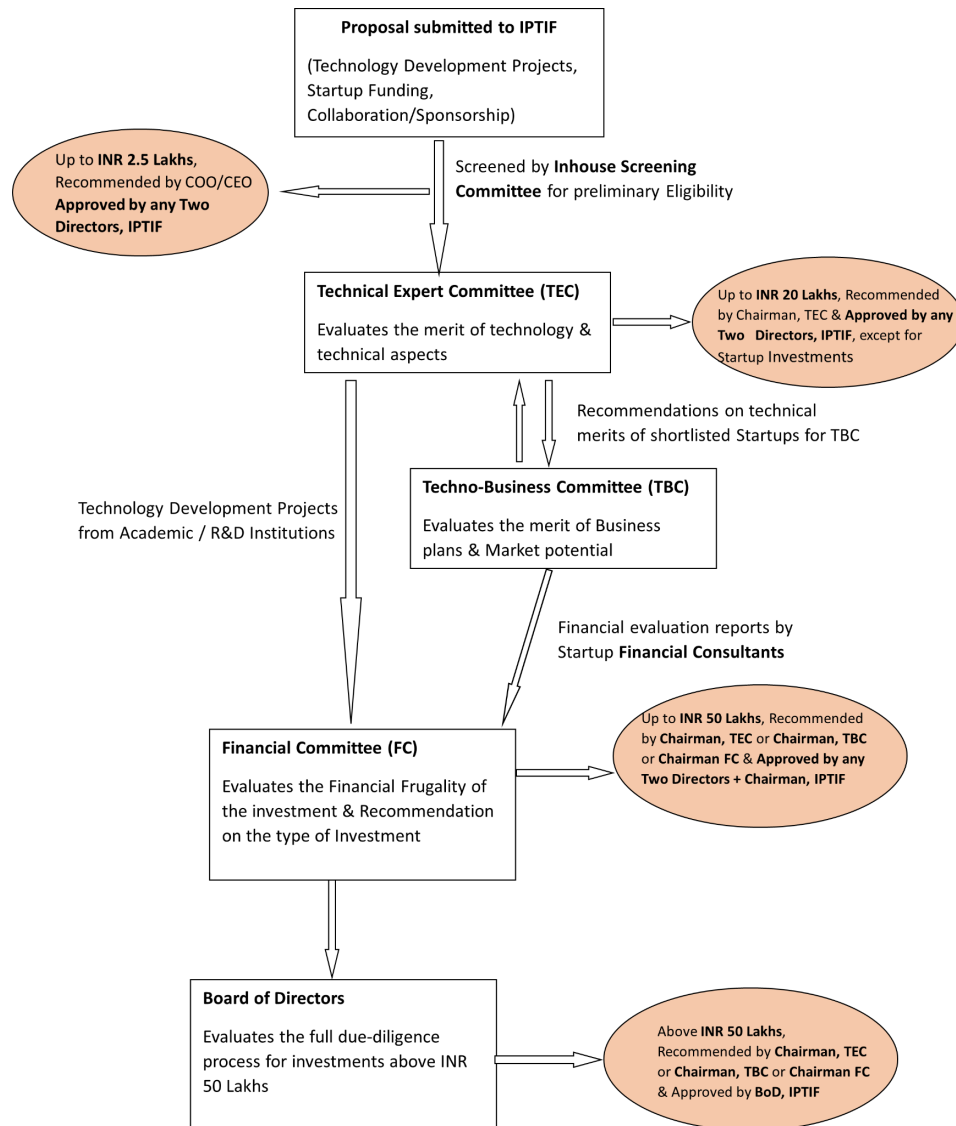
Frequency of meeting: As per requirements (Meeting called by the Member Secretary)

Mode of evaluation: PowerPoint presentation of recommendation from TEC, TBC & Financial reports presented by the inhouse team (online or Hybrid mode). Each meeting will have minutes and the recommendations from the committee will be communicated to the applicants. Wherever necessary, FC can invite the Applicant for a One-on-one meeting before finalizing the decision.

Approval for funding: Financial Committee can recommend funding up to **INR 50 Lakhs** for approval for **any two directors & Chairman, IPTIF**.

Above INR 50 Lakhs, recommendations from TEC, TBC and FC will be presented to the **Board of Directors for approval**.

Process flow for Evaluation and Financial Approval for Investments



C. Delegation of Financial Powers

S. No	Investment Amount	Recommending Authority	Approving Authority
1	Up to INR 2.5 lakhs	CEO / COO, IPTIF	Two Directors IPTIF
2	Up to INR 20 Lakhs	Chairperson TEC (with recommendation from TBC & Finance Committee, wherever applicable)	Two Directors IPTIF

3	Up to INR 50 Lakhs	Chairperson Finance Committee (With inputs from TEC, TBC & FDD reports)	Two Directors + Chairman IPTIF
4	Above INR 50 Lakhs	Chairperson Finance Committee (With recommendation from TEC, TBC and Finance Committee)	Board of Directors, IPTIF

D. Investments process guidelines

1. Grant in Aid Support for Academic and R&D Institutions for translational R&D projects are to be transferred to their Institutional / ICSR accounts as milestone-lined tranches. No overheads will be provided to Academic or R&D institutions in managing such funds.
2. Finance Committee to suggest the type of agreements to be entered into in each type of investments. In general Public Finance Management Systems (PFMS) or a project specific No-Lien Accounts is imposed for fund transfer to Startups & Institutions in Grant in Aid support with a royalty clause
3. Grant in Aid agreement to be entered into with Academic Institutions & Audited UC/SoE to be submitted to IPTIF
4. R&D projects or Business proposals from Startups and other private entities to be supported as a mix of Grant in Aid and investments, as recommended by the committees. A legal agreement is entered with the private entity before transferring the funds to the party's account, either as one time investment or as tranches against milestones as recommended by the Finance Committee.
5. Early stage prototyping support to Startup in a PRAYAS-type investments (up to INR 10 Lakhs) to be operated through partnering incubators who can provide incubation & mentorship support to such startups. Funds to be transferred to the partner incubator for investments along with the mentoring charges under a collaboration MoU. Audited UC/SoE to be submitted by the incubator to IPTIF in this case
6. In case of sponsorships to events, conferences or workshops to a third party, investments as approved by the competent authority to be done against invoice generated.