

Recommendation Process of Startups by Incubators under Startup India Action Plan

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 letter head
- 5) Other documents as listed in the application form

SAMPLE UNDERTAKING TO BE TAKEN FROM A STARTUP

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.

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 will be reported to DIPP.

CHARGES:

For issue of recommendation for start-ups an amount of Rs.5000/- will be charged. In case panel of experts is engaged to assess innovativeness of the product/service/process an amount of Rs.10,000/- will be charged. (as per DIP guidelines)

APPLICATION FORM FOR STARTUPS
(Startups that intend to obtain a “Recommendation Letter” from Incubators)

1. Name of start up:
2. Contact details:
 - a) PRIMARY CONTACT PERSON (should be one of the full time founders)
 - a. Designation
 - b. Email
 - c. Mobile Number
 - b) Registered Address
 - c) Office Address (if different from above)
 - d) Email
 - e) Office Phone
 - f) Website

3. Legal Status of firm – PVT. LTD / LLP / RP / OPC

4. Registration number and date:

Firm registration (as applicable)

- a) PAN
 - b) TAN
 - c) Service Tax
 - d) Has the Company filed all annual IT returns till date (YES / NO)
 - e) Does the company have an SSI registration
5. What is the “Core Offering” (Product / Service / Process) of the StartUp (not more than 50 words):
- 6.
- a. Capital structure with name of shareholders for Pvt. LTD company:

- Authorised Capital
- Paid up Capital
- Share Holding Structure

Name of Shareholder and DIN numbers	No. of shares	% tage Holding	Founder (YES / NO)	Designation / Role in Company	Full Time (FT) or Part time (PT)

In case Shareholders / Founders are also share holders in other companies (Pvt. Ltd. / Partnerships), the same MUST be declared separately.

- 6.b. Partnership/LLP details
 - Name of each partner

7. What is the annual turnover of your company since Incorporation (as per IT Returns filed)?

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Turnover in INR lakh					

8. Please explain your revenue model

- How do you currently generate revenue for the company?
- If you are still in idea/prototype development stage, please explain how you anticipate generating revenues.

9. Details of ALL Founders:

- a. Name
- b. Educational Qualifications (Std. passed / Degree, Year, University)
- c. Work Experience (Company, No. of Years, Functional Area)
- d. Permanent Address
- e. Contact: Phone, Mobile, Email
- f. PAN Card
- g. AADHAR Card No.

10. Have any of the Founders of the company left the Company ? (YES / NO)

If Yes, please furnish the details such as tenure in the company, designation and reason for leaving

11. Benefits prescribed under Startup India Action Plan are available only to start ups working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property which it aims to develop and commercialize:

- a) Who is/are the END CUSTOMERS ?
- b) What “problems” of Society / End Customers/ Workflow are being solved through the core offering by the startup (provide a list)
- c) Technology behind the core offering by the Startup (tick applicable):

To be developed SELF DEVELOPED ACQUIRED LICENSED OFF THE SHELF

- If Self Developed – technology development time & linkages used / is the technology Patentable / status of patent and-or application / countries where applicable / if not yet patented what are the strategies for protection
- If Acquired / Licensed – from whom & terms – conditions
- If Off the Shelf – comments on the ‘innovation’ from the startup

d) Explain the innovative/ novelty features of your “core offering”:

- What are the New Features / Significant Improvements that your core offering brings forth (provide a list)
- Who are your competitors and what is your competitive advantage? (Comparison with Existing Products / Companies)

Features of Product	YOUR STARTUP	Existing prod. / company 1	Existing prod. / company 2	Existing prod. / company 3

Note: In case of claims that there are “NO COMPETITORS” – should be adequately justified (in not more than 100 words).

- Value proposition (s) to the customer segment
 - a) Indicate measurable outcomes – comparisons with existing scenario
 - b) Comments on intangible benefits (not more than 50 words)

e) Market linked information

- Which markets are you addressing (tick appropriate):

DOMESTIC

GLOBAL

BOTH

- What is the estimate of the addressable market size? Describe how you arrived at this and indicate assumptions used.
- List your “Go To Market Strategies”
- Do you have paying Customers ? If yes then how many are repeat customers (indicate %tage) and what is the current Order Book Size?
- List your major customers / first adopters (if any)