



## **Guidelines for BIRAC Incubator** **LEAP Fund or Launching Entrepreneurial Driven Affordable Products** **Fund for Start-ups**

### **1. Introduction and Scope of the Fund:**

Bio-incubation allows harnessing of the entrepreneurial potential of startups by providing access to infrastructure, mentoring as well as networking platforms that the startups could use during their fledgling days. It helps the young entities to survive by providing them specialised support services during the critical period of a business venture i.e. the start-up phase.

BIRAC has supported 35 incubation facilities across the country at certain strategic locations in the country

While the Bioincubators are able to support the “Space, Services and Knowledge” requirements of startups, wide gap exists in financial support required by a technology driven start up in the initial phase. BIRAC’s initiative - **LEAP Fund (Launching Entrepreneurial Driven Affordable Products)** primarily aims to address this need through the Incubators.

BIRAC’s existing equity based SEED fund can support up to Rs 30 Lakh per startup against equity and equity like instruments. SEED Fund is implemented through BioNEST Bioincubators with a kitty size of Rs 2 crore per Bioincubator. The LEAP Fund is to provide funding support of up to Rs 1 crore per startup. BioNEST Bioincubators (LEAP fund partners) will be given up to Rs 5 crore fund/ partner for investing in potential Startup against equity and equity linked instruments. This would enable potential startups to pilot/ commercialize their products/ technologies. Thus the proposed funding support is positioned to act as a catalyst in bringing technologies/ products forward towards piloting/ commercialization and reducing their gestation to commercialization.

### **2. Funding framework:**

Under Incubator LEAP Fund, BIRAC will provide Grant-in-aid Assistance to selected BIRAC funded incubators based on certain establishment and operational criteria. Each such selected incubator will be granted up to 500.00 Lakhs for implementation of LEAP Fund. Each incubator can design a selection process to screen & select startups for LEAP Fund support (e.g Accelerator program or Direct investment). The provisions stated herein below deal with the essential guiding principles of the initiative.

### **3. Criteria for proponent Bio-Incubators for LEAP Fund implementation:**

BIRAC will expand the scope of BIRAC SEED fund committee to handle LEAP Fund that includes members having experience in investment, startups and entrepreneurship development and shall be termed as LEAP fund committee.



The LEAP fund committee shall consider the proposals of eligible Incubators for the implementation of the LEAP Fund. The eligibility parameters include the following:

- i. Incubator should have been supported through BIRAC's Bio-NEST programme.
- ii. Incubator should be BIRAC's SEED fund partner.
- iii. Incubator should be Operational since last 05 years, with at least 5 resident start-ups in Biotech/med-tech/life science.
- iv. Incubator should have in-house capacity in incubating & mentoring early stage Biotech / Life Science start up.
- v. Incubator should have established IP&TT facilitation services for startups.
- vi. Incubator must have prior experience of 04 years in management of early stage funding schemes or other grants
- vii. Incubator should have investment in start-ups and/or entrepreneurship development experience

#### 4. Implementation Guidance:

The Incubator shall be chiefly responsible for the implementation of the LEAP Fund based on the essential guidance/ instructions that will be put in place by BIRAC's LEAP fund.

- a) BIRAC's LEAP fund grant-in-aid will be disbursed in the savings account of the Incubator which will be managed under a separate Account Head. The disbursed amount will be utilized for investment in start-ups within 24 months from date of signing of LEAP Fund Implementation Agreement.
- b) Each incubator shall identify Indian Start-ups (registered under Companies Act, 2013 and having at least 51% shareholders as Indian Citizens [does not include OCI or PIO] as the mandatory requirement) after duly putting in place a selection mechanism based on the vesting requirements.
- c) Incubator can provide funding as equity and equity linked instruments of up to Rs. 1 Crore per Start-up. The amount can be disbursed in **milestone based one or more tranches**. The maximum LEAP fund investment in a Startup shall not exceed Rs. 1 Cr .
- d) The equity and equity linked instruments shall be held in the name of the Incubator. A legally binding Agreement shall be entered into between the Incubator and the Start-up with the terms for funding and investment.
- e) Any conflict of interest of the Incubator in the any of the start-up selected for funding should be addressed before the final recommendation for LEAP Fund.
- f) No startup will receive BIRAC LEAP Funding support, if SEED funding duration has not completed or if SEED funding has been foreclosed or terminated.
- g) BIRAC's SEED fund, LEAP fund and AcE fund are all equity and equity linked funding instruments, that are mutually exclusive. Some startups depending upon eligibility, merit and maturity stage may attract funding support from these funding schemes. There is no total cap of cumulative investment per start up except defined in each schemes's respective guidelines.
- h) Start up eligible and suitable for up to the threshold of Rs 30 Lakhs investment support will be considered under SEED fund and not the LEAP fund.
- i) SEED and LEAP fund support to any startup should be non concurrent.

- j) Incubator can administer the BIRAC Incubator LEAP Fund either through an already existing Committee at the Incubator which makes decision regarding the equity investment for the Incubator or would constitute a committee whose members would be experts in the relevant domain. Such Committee shall evaluate and review the investment strategy and other project progress parameters.
- k) Incubator shall have a BIRAC nominee as integral part of the LEAP Fund Governance Committee.
- l) BIRAC reserves the right to visit the incubatee company and call for additional information as and when required.
- m) The Incubator will devise a suitable mechanism for reporting the progress made of the investments made, shall be responsible for monitoring the milestones' progress and for providing all the reasonable hand holding support to the start-up.
- n) Incubator shall submit half yearly progress report to BIRAC on the LEAP Fund implementation including the Utilization Certificates (UC), Statement of Accounts (SOA), project progress of the beneficiary Start-ups. The impact of product/ technology supported may also be included in the report.
- o) No Management Fees is applicable for implementing the LEAP Fund to the Incubator. The interest earned up to a maximum cap of Rs 15.00 lakhs/ yr may be used by the incubator for as overhead costs for arranging meeting, selection of startup, follow ups, monitoring, due diligence, advisory services, etc. Any interest left after this should be reported to BIRAC.
- p) On exit from the start-up as equity stakeholder, the Incubator shall retain 50% of the **gross** return on the investment with the incubator and the balance 50% will be restituted to BIRAC within 60 days from receipt of any such return. Every exit report shall specifically provide the disinvestment summary. Exits will be reported in the committee having a BIRAC nominee

##### **5. Review of LEAP Fund Implementation:**

BIRAC LEAP Fund Committee shall review the half yearly report of the Incubator to steer the LEAP Fund implementation. The Committee shall accordingly recommend further implementation strategy including financial and non-financial revisions in consultation with the Incubators.