

40(5)/2015-IPHW
Government of India
Ministry of Electronics & Information Technology (MeitY)
Industrial Promotion-Electronic Hardware Manufacturing Division

Electronic Niketan, 6 CGO Complex
New Delhi -110003

Date: 06.09.2016

ADMINISTRATIVE APPROVAL

Subject: "Setting up of Fabless Chip Design Incubator at Indian Institute of Technology, Hyderabad"-regarding

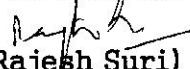
Sir,

I am directed to convey the Administrative approval of the competent authority for implementation of the project for Setting up Fabless Chip Design Incubator at Indian Institute of Technology, Hyderabad at a total estimated cost of Rs. 23.73 Crore /- (Rupees Twenty Three Crore Seventy three Lakhs only) including a Grant In-Aid of Rs.17.805/- Crore (Rs Seventeen crore Eighty Lakh Fifty Thousand only) from Ministry of Electronics and Information Technology.

2. The Project will be implemented by Indian Institute of Technology Hyderabad, for Development of Product and IP creation in the Electronics sector. The details of project are given in annexure enclosed.

3. This issues with concurrence of IFD, MeitY vide OPA/diary No. 3053127 dated 06.02.2016 and approval of the Secretary, MeitY dated 28.08.2016.

Yours faithfully,


(Rajesh Suri)
Dy. Director

To,

1. Director IIT, Hyderabad
2. Pay & Accounts Officer, MeitY
3. Principal Director of Audit, Scientific Department, New Delhi
4. AS (AK)/JS(RB)/ JS & FA/ PPS to Secretary
5. Drawing & Disbursing Section (2 copies)
6. Secretary, IT, Government of Telangana
7. Sanction File,
8. MeitY, Website

ANNEXURE TO THE ADMINISTRATIVE APPROVAL NO. 40(5)/2015-IPHW dated 06.09.2016.

1. Vision and Objectives of the project:

A. Vision

Vision of Fabless Chip Design Center which is to provide one-stop service to start-ups intending to enter the space of fabless chip designing. Specifically, the incubation center will help start-ups not only with critical infrastructure but also with mentoring on technical and commercial sides. Over the five year period, it is expected that 50 companies will enter the program it is expected that at least one of those 50 incubated companies would become a USD 100 million company and half of those entering the program will succeed in getting venture capital round of money in to these start-ups:-

Objectives of the project:

- a. The objective of the proposed incubation centre is to "Incubate world class start-ups in semiconductors that will change the Indian landscape in semiconductor design".
- b. The vision is to provide one-stop service to start-ups intending to enter this space. Specifically, the incubation centre will help start-ups not only with critical infrastructure but also with mentoring on technical and commercial sides.
- c. The incubation centre intends to incubate Minimum 5 companies every year.
- d. Over the five year period, it is expected that 25 companies will enter the program. Additional 25 companies would be admitted over the 5 years and allowed access to tools and common areas at minimal costs.
- e. At least one of those 50 incubated companies would become a USD 100 million company and half of those entering the program will succeed in getting venture capital round of money in to these start-ups.
- f. The entire gambit of focus areas that incubator companies can work on RF, Analog & Mixed Signal companies have a great potential in wireless communication, cyber physical systems, health care technologies, Internet of Things, etc.
- g. Digital design is pervasive and predominantly used in almost all signal processing applications. Combination of all aforementioned RF, Analog, Digital domains go into today's embedded systems.

- h. Verification, testing and layout stages are essential to ensure successful implementation of the ideas in any domain.
- i. The total cost of project will be Rs. 23.73 Crore over 5 years including MeitY contribution in the form of Grant-in-aid of Rs.17.805/- Crore (Rs Seventeen crore Eighty Lakh Fifty Thousand only) and the remaining will be contributed by IIT- Hyderabad.
- j. Collaboration with any third parties for any tasks/ jobs will be done by IIT- Hyderabad following due process.
- k. IIT- Hyderabad will ensure that all incubates are supported by an external venture funding agency.
- l. IIT- Hyderabad will be responsible for the proper utilization of the funds and successful execution of the project.
- m. IIT- Hyderabad will be the Implementing agency for the project
- n. IIT-H will give an undertaking that all the provisions and responsibilities of IIT- Hyderabad as mentioned in this approval letter and any other conditions laid down by MeitY from time to time will be adhered to.

2. Governance Mechanism

MeitY will be providing the funding support required to set up and manage the centre over the first 5 years not exceeding the amount of Grant-in-aid of Rs.17.805/- Crore (Rs Seventeen crore Eighty Lakh Fifty Thousand only). IITH shall be the managing body for disbursement of expenses incurred under the project. A comprehensive appraisal system shall be adopted, which will include, but not limited to the below:

- a. IIT- Hyderabad will be the nodal body with MeitY for the said incubation center
- b. A project Management Advisory committee will be constituted for operational and financial decisions making.
- c. A Governing board will be formed for the incubator, which would include Director of IITH, Eminent person(s) from Industry (experts from diverse domains), Nominated Members
- d. A Chief Operational Officer (COO) will manage day-to-day operations of the center and will oversee the portfolio of start-up companies. He will report to the Governing Board.
- e. Fabless incubator at IITH envisages to be a self-sustained entity after 5 years. The incubator would eventually generate revenue from equity participation and royalties from companies that succeed in marketplace. Apart from that, the incubator may charge a nominal fee on the equipment and infrastructural usage to recover the maintenance costs.

- 2.1 A board of advisors will be formed for the incubator, which would include experts from diverse domains.
- 2.2 An incubatee can avail / enter the scheme subject to clearing the evaluation criterion/ processes.
- 2.3 As and when required, professional audit firm shall be engaged by IITH for audit works.
- 2.4 IITH will report progress of the project from time to time or as and when asked for to MeitY or /and Project Review & Steering Group (PRSG) constituted by MeitY.
- 2.5 The progress of the project shall be monitored periodically by Project Evaluation Team and reported to MeitY by IITH on regular basis and also as and when called for.
- 2.6 The project will be implemented as per the guidelines for implementation of the Scheme issued by MeitY.

3. Summary: Key terms of the project:

a.	Name of the Project	Setting up of Fabless Chip Design Incubator at Indian Institute of Technology, Hyderabad (IITH).
b.	Name of the Agency/Dept. from where proposal has been received	Indian Institute of Technology, Hyderabad (IITH).
c.	Project funding mechanism	Total Outlay: Rs. 23.73 Crore <ul style="list-style-type: none"> • MeitY Contribution: Rs. 17.805 Crore • IITH : Rs 5.925 Crore
d.	Grant-in-Aid Sought from MeitY	Rs. 24.48 Crore (Rs. Twenty four crore forty eight lakhs only)
d.	Grant-in-Aid Recommended	Rs 17.805/- Crore (Rs Seventeen crore Eighty Lakh Fifty Thousand only)
e.	Terms & Condition of GIA	Standard terms & conditions of Grant-in-Aid
f.	Project objective	The primary objective of this project is to create a sustainable ecosystem that will enable entrepreneurs in the electronics sector to build break and innovate leading to products that will change the landscape of the Indian economy.
g.	Project Outcome	The Minimum envisaged startups over a period of 5 years will be 50.

h.	Project Duration	5 years
i.	Project Location	Indian Institute of Technology, Hyderabad (IITH).
j.	Implementing Agency	Indian Institute of Technology, Hyderabad (IITH).
k.	Suggestions by the Working Group	The Working Group for development of IP and Innovation in ESDM sector recommended the project proposal in its meeting held on 30th September 2015

4. Project cost details: (INR)

4.1 Year wise budgetary Break up – MeitY (Rs 17.805 crore) is given below:

Head	Years					In Crores
	1st	2nd	3rd	4th	5th	Total
Base Infrastructure	1.503	0.06	0.06	0.06	0.06	1.745
EDA Tools license fee	8.76	-	-	-	-	8.76
Characterization Equipment	-	-	-	-	-	-
Prototyping Expense	0	0.5	0.5	0.5	0.5	2.0
Education and Material Development	0.25	0.25	0.25	0.25	0.25	1.25
Utilities and Maintenance	-	-	-	-	-	-
Man Power	0.25	0.25	0.25	0.25	0.25	1.25
Marketing and Professional Services	0.50	0.50	0.50	0.50	0.50	2.50
Travel	0.03	0.03	0.03	0.03	0.03	0.15
IITH overhead	0.03	0.03	0.03	0.03	0.03	0.15
Grand Total	11.323	1.62	1.62	1.62	1.62	17.805

4.2 Year wise budgetary break up IITH (Rs 5.925 Crore)

Head	Years					In Crores
	1st	2nd	3rd	4th	5th	Total
Base Infrastructure	0.15	0.10	0.10	0.10	0.10	0.55


Characterization Equipment	2.18	0.82		-	-	3.00
Utilities and Maintenance	0.035	0.035	0.035	0.035	0.035	0.175
Marketing and Professional Services	0.35	0.35	0.35	0.35	0.35	1.75
Travel	0.02	0.02	0.02	0.02	0.02	0.1
IITH overhead	0.07	0.07	0.07	0.07	0.07	0.35
Total						5.925 Crore

4.3 Total Project cost (4.1+4.2) = 23.73 Crore (Rs Twenty Three Crore Seventy Three Lakhs only)

5. **Release of Grant:** The GIA for the said project will be released to IITH in ten instalments as per the details below:

Sl. No	Amount	Stage	Conditions
1	40% of the amount earmarked for First year	Advance	Acceptance of this administrative approval and Signing of MOU.
2	60% of the amount earmarked for First year	First year	On the commissioning of activities regarding allocation of the space, hiring of requisite manpower for the operation of the Incubation center, purchase of equipments, Initiation of the selection process of the beneficiaries for the project, subject to receipt of UC, on the recommendation of PRSG. (Subject to release of funds by IIT H)
3	50% of the amount earmarked for second year	Second year	After receipt of UC, operationalisation of the IC, and on the recommendation of PRSG
4	50% of the amount earmarked for second year	Second year	After receipt of UC and on the recommendation of PRSG
5	50% of the amount earmarked for Third year	Third year	After receipt of UC and on the recommendation of PRSG
6	50% of the amount earmarked for Third year	Third year	After receipt of UC and on the recommendation of PRSG
7	50% of the amount earmarked for fourth year	Fourth Year	After receipt of UC and on the recommendation of PRSG
8	50% of the amount earmarked for fourth year	Fourth Year	After receipt of UC, and on the recommendation of PRSG
9	50% of the amount earmarked for fifth year	Fifth Year	After receipt of UC and on the recommendation of PRSG
10	50% of the amount earmarked for fifth year	Fifth Year	After receipt of UC, and satisfactory achievements of the project objectives and on the recommendation of PRSG

6. Any recommendation of the release of payment by PRSG will be based on achievement of specific objectives and successful operations of the incubation center.
7. Collaboration with any third parties for any tasks/ jobs will be done by IIT- Hyderabad following due process.
8. IIT- Hyderabad will ensure that all incubates are supported by an external venture funding agency.
9. IIT- Hyderabad will be responsible for the proper utilization of the funds and successful execution of the project.
10. The IPRs and copyrights generated by the startups incubated in the incubation center should rest in India.
11. Government of India will provide support to incubator during first 5 years and thereafter the incubator should be self-sustainable.
12. No international travel should be undertaken from the grant-in-aid provided by MeitY
13. The incubator should be made operational immediately after issuing of the approval by Government of India.
14. MeitY reserves the right to foreclose the project any time, in case it found that the Grant-in-aid is not being utilized for the intended purpose or the objectives of the project are not being met as envisaged or any other administrative or financial irregularities being observed during the course of the project.


(Rajesh Suri)
Dy. Director