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Policy and Procedures
for
Incubation Centre



**INDIAN INSTITUTE OF INFORMATION TECHNOLOGY UNA
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Introduction

The main goal of Technology Business Incubation Centre (TBIC) is to mentor and support the technology-driven internal startup companies founded by Indian Institute of Information Technology (IIITU) Research scholars/students/Alumnus. Additionally external companies in which faculty/staff/research scholar/students are associated as consultants or mentors can be incubated at IIITU. The aim of TBIC is to foster innovation and technological advancements in information technology and related areas which will greatly benefit the institute, society and nation at large.

Scope of the Document

This document covers the policies and procedures for the operational matters related to TBIC at IIITU. It contains the following processes:

1. Eligibility
2. Admission Procedure
3. Infrastructure and facilities to incubates
4. Intellectual Property Evaluation
5. Seed Funding
6. Periodic Assessment
7. Tenure
8. Exit
9. Consideration
10. Conflicts of Interest
11. Disclaimer
12. Agreements
13. Auditing/Accounting & Compliance norms

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to/associated with TBIC to update themselves from time to time on amendments in incubation policy and procedures. IIITU reserves the right to make an exception to all or any of the terms of policy for a particular company or a promoter on a case-to-case basis.

1. Eligibility

1.1 Admission to TBIC is open to any of the following:

- IIITU Students
- IIITU Alumni
- IIITU's R&D partners (sponsors of R&D and consultancy projects)
- IIITU's Industry partners
- IIITU's partner universities

- Government agencies associated with IITU
- Applicants supported under any program of GoI

1.2 Any person willing to avail incubation facility has to incorporate a private/public limited company under the Indian Companies Act and apply in the prescribed format along with required documents. No application for incubation can be entertained if the applicant has not incorporated a private/public limited company under the Companies Act.

1.4 Companies that are promoted by students enrolled for full-time degree at an educational institute shall not be offered incubation if the student is holding an Executive position, however, companies promoted by students are eligible to apply for incubation provided the student is not actively engaged with the company beyond any engagement which may be permitted by the Institute.

1.5 A company if it is promoted by regular Government staff or employee shall be granted incubation only upon submission of “*No Objection Certificate*” from the competent authority or employer. However, companies having employees as shareholders are eligible to apply for incubation.

1.6 Any company that is or proposing to be engaged in imparting educational courses and/or training programs including vocational programs or is planning to undertake such activities during or after its incubation at TBIC is not deemed eligible for incubation and their application will not be entertained.

In external companies the faculty/staff/research scholar/students are associated as non-paid consultants or mentors. In case of consultancy, the rules will be as per the particular consultancy program.

2. Admission Procedure

The admission procedure to TBIC is presented as follows:

Step I: The prospective company should submit an Incubation Application containing the business plan, Certificate of Incorporation, Memorandum & Articles of Association.

Step II: All the applicants shall have to read and agree to the “**terms and conditions**” of the incubation, and their applications shall be processed only when they agree to the “terms and conditions” of TBIC.

Step III: Internal Review

The applicant shall present the executive summary to an internal review committee (IRC) for comments on the technical and business feasibility of the idea.

Some representative criteria to be applied for evaluation of internal review (not limited to these)

1. Strength of the product idea in terms of its technology content, innovation, timelines and market potential.
2. Profile of the core team/ promoters.

3. Intellectual Property (IP) generated and the potential of the idea for IP creation.
4. Financial/ Commercial Viability and 5-year projections of Profit & Loss Account, Balance Sheet and Cash Flows.
5. Funds requirement and viability of raising finance.
6. Time to market.
7. Break-even period.
8. Commercial potential, demand and requirement in India.
9. Scalability.

A pitch template will be shared with the applicant for presentation to the internal review team. This may take a few iterations till the desired clarity of the idea/business is achieved.

Step IV: External Review

If the initial evaluation of the business plan / executive summary is positive, TBIC will arrange a meeting at IITU with the company founders, during which the company will be expected to present a presentation describing critical aspects of the business plan to an external review committee (ERC). After the presentation, ERC will present final decision regarding the company's entry into the incubator. The company will be informed of final decision and execution of the Minutes of the aforementioned meeting.

Such presentation through can also be permitted via video conferencing.

The constitution of the evaluation committee will be according to the MoU between IITU & TBIC comprising of representatives of TBIC and IITU along with technical, financial and other experts.

3. Infrastructure and facilities to entrepreneurs

Upon admission to TBIC, the following facilities will be offered to the incubate companies on an individual basis:

3.1. Physical infrastructure:

- Office Space
- 2 desktop computers (more than two can be availed at market rates)
- Standard Furniture as decided by TBIC.
- Shared resources: Meeting/Conference rooms
- Common office productivity equipment: Fax, Photocopier, Shredder, Printer, Scanner, Projector
- Access to research equipment and labs at IITU

3.2. Utility:

- Electricity
- Internet

3.3. Advisory and coaching:

- Mentoring
- Training and workshops
- Free advisory from Experts- legal, CA, IP lawyers

Additional expert areas may be added during the incubation. The entrepreneurs however will have to pay for specific transactions.

3.4. Network:

- Facilitation for business, professionals, and expert network
- Facilitation for investors network
- Facilitation for industry connection
- Showcasing opportunities

3.5. Ecosystem advantage:

- Experiential learning in the incubator
- IIITU ecosystem- technical resources and interactions, students, library etc.
- IIITU brand
- Media Visibility

Notes:

- If physical incubation: The entrepreneur will have to deposit Rs. 25,000/- (Rupees Twenty-Five Thousand only) with TBIC as non-interest-bearing returnable security deposit. The said amount will be returned at the time of vacating the Incubator after deducting outstanding dues if any.
- The office space shall be provided on monthly rent basis (*refer section 9*).
- The entrepreneur shall pay for the usage of fax machine and photocopier on an actual basis.
- The ownership of all assets and facilities so provided as a part of entrepreneur support and facility rests with the Incubator or IIITU as the case may be.
- Virtual entrepreneurs will be provided all the above incubation support except physical office space.
- No cost for electricity/internet consumption or any utility or service is charged separately to the entrepreneurs. However, the incubator retains a right to limit the free electricity/internet consumption and other utilities, beyond which charges will become payable by the entrepreneur.

4. Intellectual Property Evaluation

Intellectual Property: Applicants should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the entrepreneur.

4.1. In case the company is desirous of using the Intellectual Property of IIITU like patent, software code, copyright, design registration, developed product, etc. then the company shall make such request in writing to IIITU. The terms and conditions for such IP licensing shall be decided by the Institute as per recommendations of the Advisory Committee.

4.2. The company shall inform if any students have worked on the technology and if their work will be incorporated in the product(s).

4.3. The company shall inform if any IP has been generated as a result of collaborative work with faculty members (who are not promoters) is being incorporated into the product(s).

4.4. The company shall inform if any IITU infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s).

4.5. The company shall inform about any agreement with IITU that the IP has been assigned to the company for commercialization.

4.6. The entrepreneur would have the option of first purchasing the rights of IP from IITU and then being incubated or assigning equity to IITU instead of direct payments.

The entrepreneur 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 stay at TBIC. Also, any IP developed during the stay would be maintained in the register. Notwithstanding anything written above, Intellectual Property Rights will be governed by the Intellectual Property Policy of IITU.

5. Seed Funding

TBIC will not provide any seed loan to any company. TBIC will give the preference to companies who already have some sources of revenue or some customer order booking.

6. Periodic Assessment

TBIC will evaluate the performance of the companies periodically. The companies will submit information to TBIC in a prescribed format (This can be obtained from TBIC office or can be downloaded from its website). The companies will also be subject to an annual assessment by a committee comprising of external experts.

A company that has taken seed support will have to submit additional information as may be asked by TBIC. The un-disbursed portion of the seed support will be adjusted subject to the performance of the company. The companies must submit a copy of their audited annual reports within 7 days from the date of their finalization.

7. Tenure

Companies will be permitted to stay in TBIC, to begin with 18 months. Further extension if any will be for another 18 months based on a satisfactory performance review, the rental charges where physical incubation is provided will be levied as per prevailing market rates. Any stay beyond the total of 36 months is subject to TBIC Board approval and will entail additional consideration to TBIC including higher rentals, which terms will be decided at that point of time.

8. Exit

An Incubate company shall be asked to leave the incubator under the following circumstances:

- Completion of 18 months' stay (if no extension granted).
- Underperformance or non-viability of business proposition as decided by TBIC on a case-to-case basis.
- Irresolvable promoters' disputes as decided by TBIC on a case-to-case basis.
- Violation of any IITU's policy.

- When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
- Change in promoters'/ founders' team without the concurrence of TBIC.
- Any other reason for which TBIC may find it necessary for a company to leave.

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

9. Consideration

TBIC will charge the entrepreneurs for infrastructure and services and IITU's Intellectual Property. This payment would be in the form of service charges and equity share as per the agreement with IITU. For the regular students of IITU no rental charges will be taken.

10. Conflicts of interest

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

11. Disclaimer

TBIC does not guarantee the company incubated about success and/or feasibility and warrantee technology transferred from IITU. Any person representing IITU or TBIC shall not be liable for any acts or omissions of the company. However, in case of any such event, the company shall do all that is required to hold IITU or TBIC harmless from any loss including damage or penalty.

12. Agreements

All applicants shall follow the mentioned agreements with the Institute:

A. Incubation Agreement: Containing rules and other incubation norms, consideration, equity holding, etc. (Applicable to all)

B. Technology Commercialization Agreement: Applicable to incubate using technology or IP developed by IITU.

13. Auditing/ Accounting & Compliances Norms

The companies during the period of Incubation at the Institute will mandatorily get their accounts audited and their books of Account are open for Inspection by the empanelled Chartered Accountants of the Institute.

Non-Compliance of the same would liable to penalty/strict action by the Institute