



AJAY BINAY INSTITUTE OF TECHNOLOGY
Cuttack, Odisha - 753014

INCUBATION POLICY



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1. Policy Objectives:

The goal of Incubation Center (IC) at ABIT, Cuttack is to promote technology-based entrepreneurship and thereby facilitate practical application of knowledge for public use. IIC, ABIT wishes to facilitate the creation of ideas and inventions that benefit society. To this end, IIC, ABIT has adopted this Incubation Policy to provide guidance and management structure to facilitate development of entrepreneurship. The scope of this document is to define the policies and procedures for the operational matters related to the Innovation and Incubation Center, ABIT, Cuttack. It covers the following processes:

- I. Guidelines
- II. Eligibility
- III. Admission procedure
- IV. Infrastructure and Services provided to incubates
- V. Mandatory Mentorship
- VI. Period of Incubation/ Exit
- VII. Periodic assessment
- VIII. Intellectual Property evaluation
- IX. Consideration
- X. Business Plan Template
- XI. Conflicts of interest
- XII. Disclaimer
- XIII. Agreements
- XIV. Auditing /Accounting & Compliances norms
- XV. Committee to supervise and manage the incubation related activities

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to IIC to update themselves from time to time on amendments in Incubation policy and procedures. ABIT, Cuttack reserves the rights to make an exception of all or any of the terms of policy for a particular company or a promoter on a case-to-case basis.

2. Guidelines:

- The facilities available should be mentioned in the website.
- A committee may be constituted to supervise and manage the incubation related activities.
- The College provides the infrastructure facilities like space and equipment's etc.
- Start-up company means the company as defined by the Department of Industrial Policy and Promotion of the Ministry of Commerce and Industry, Government of India.
- The incubated companies are not permitted to use the campus address for registration and commercial activities.

3. Eligibility:

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

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

4. Admission Procedure:

Following admission procedure would be followed: All the applicants shall have to read and agree to the “terms and conditions” of the incubation, their applications shall be processed only when they agree to the “terms and conditions” of IC.

STAGE 1: Submit Executive Summary or Business Plan As a first step in the admissions process, the prospective company should submit an Incubation Application containing the business plan, Certificate of incorporation, Memorandum & Articles of Association. IC shall present the executive summary to an internal review committee for comments on technical and business feasibility of the idea.

Evaluation Criteria:

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

1. Strength of the product idea in terms of its technology content, innovation, timeliness, and market potential
2. Profile of the core team/ promoters.
3. Intellectual Property 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. Commercial potential, demand, and requirement in India

STAGE 2: Presentation to Evaluation Committee of IIC.

If the initial evaluation of the business plan / executive summary is positive, IC will arrange a meeting at IC, ABIT with the company founders, during which the company will be expected to present a presentation describing critical aspects of the business plan to an evaluation committee. The presentation will be followed by questions. After the presentation, a final decision will be made regarding the company's entry into the incubator. The company will be informed of final decision execution of the Minutes of the said Meeting. Such presentation through video conferencing is also permitted. The constitution of the evaluation committee will be according to the MoU.

Research & Due Diligence:

Throughout the application process, on an as-needed basis, IC will perform research and due diligence of the company, the management team, the industry, and current and future competitive elements facing the business. IC may require further information from the applicant, and may ask the applicant to revise the executive summary and/or presentation.

Non-Disclosure:

IC, ABIT, Cuttack, adheres to strict confidentiality throughout the application process. However, IC, ABIT, will not sign any "non-disclosure" agreements.

5. Infrastructure and Services of IC:

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

- Office space
- Computers – up to four on rental basis. More than two can be availed at market rates.
- Printer
- Internet connection
- Phone connection– Each company will pay the rentals and bills
- Standard Furniture as decided by IC.

Common infrastructure:

IC provides a common pool of hard and soft infrastructure to be shared by all incubate companies. Following resources are provided:

- Fax machine.
- Photocopying machine.
- Document Scanner.
- Library & E-Library with books, magazines, Journals etc.
- Meeting/Conference room with projection equipment.
- Tele or Video conferencing facilities.

Institute infrastructure:

IC may facilitate access to institute infrastructure or Laboratories as per norms of ABIT, Cuttack.

Services: IC may associate with professionals for accounting, IP, legal and management expertise on a part-time basis. Incubate companies can avail of their services. Any direct services provided to an incubate would have to be paid for by the incubate to the service provider.

- Intern Support: Also, to provide support in management, incubates will be assigned an MBA student, if desired. Mentoring and Advisory Services
- Strategic Checkups: The IC Head will meet with company CEOs at least once per month for strategy reviews and discussion of operational issues.
- A incubate company has to take a faculty advisor as a mentor on technology issues.

6. Mandatory Mentorship:

One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of ABIT, Cuttack, thus every company that is offered incubation at IC has to select one faculty from ABIT, Cuttack, who shall act as mentor of the Incubate and guide the company on product develop. The incubate has to offer minimum 1% of share equity to the mentor as a consideration of mentorship.

7. Tenure of Incubation:

Companies will be permitted to stay in the incubator for a period of two years. Maximum two extensions may be granted for 6 months each at a time at the sole discretion of the Institute.

Exit:

An Incubate company will leave the incubator under the following circumstances:

- Completion of two years" stay (if no extension granted)
- Underperformance or non-viability of business proposition as decided by IC on case-to-case basis

- Irresolvable promoters' disputes as decided by IC on a case-to-case basis
- Violation of any ABIT, Cuttack'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 concurrence of IC.
- Any change of more than 50% of equity ownership would require a prior approval of IC.
- Any other reason for which IC may find it necessary for an incubate company to leave.

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

8. Periodic assessment:

The incubate company has to submit a yearly audited statement of profit and loss account and unaudited quarterly statement about the activities. However, incubate may be asked to provide more frequent updates to IC.

9. Intellectual Property:

Promoters should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubate company.

1. In case the incubate company is desirous of using the Intellectual Property of ABIT, Cuttack, like patent, software code, copyright, design registration, developed product, etc. Then the company shall make such request in writing to IC. The terms and conditions for such IP licensing shall be decided by the Institute.
2. The company shall inform if any students have worked on the technology and if their work will be incorporated in the product(s).

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).

5. The company shall inform if any about any agreement with ABIT, Cuttack, that the IP has been assigned to the company for commercialization.

6. The entrepreneur would have option of first purchasing the rights of IP from ABIT, Cuttack, and then being incubated or assigning equity to ABIT, Cuttack in lieu of direct payments to ABIT, Cuttack. Please refer the consideration section for details.

The incubate 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 IC. Also, any IP developed during the stay would be maintained in the register.

10. Consideration for infrastructure and services:

For a company with office space of 250 sq feet and 2 PCs, the service charge comes to approximately of Rs 5500/- per month as per the following calculation:

Office rent at Rs 8/sq.ft per month for 250 sq.ft.	Rs. 2,000
PC rental at Rs 1000 per PC per month (2 PCs)	Rs. 2,000
Printer at Rs 200 per month(inkjet)	Rs. 200
Internet connection per login per month	As charged by Computer Centre
Electricity charges including air-conditioning	On actual
Telephone Bills	On actual

However, IC may at its discretion revise the rates from time to time. The incubates would have option of deferring 50% of the rent till the time they exit from IC. For the deferred amount an interest rate of 5% would be charged to incubate. This amount would have to be paid back at the time of exit or converted to equity. The price for conversion would be as per the guidelines for seed fund.

11. Business Plan Template:

The following template shows a possible structure for a comprehensive business plan. The shown sequence is not mandatory; however, the business plan must cover all the issues listed in the template. Recommended Subsections in a business plan:

1. Introduction / Company overview.
2. Concept / Proposition / Product description.
3. Market opportunity.
4. Competition survey.
5. Development plan and milestones.
6. Marketing plan.
7. Management / Organizational chart.
8. Financials.
9. Risks and de-risking strategies.

12. Conflicts of interest:

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

13. Disclaimer:

IC does not guarantee to incubate company, about success and/or feasibility and warrantee technology transferred from ABIT, Cuttack. ABIT, Cuttack or IC or any person representing ABIT, Cuttack or IC shall not be liable for any acts or omissions of the incubate company, however, in case of any such event the incubate company shall do all that is required to hold ABIT, Cuttack or IC any person representing ABIT, Cuttack or IIC harmless from any loss including damage, penalty.

14. Agreements:

All incubate shall to enter into following 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 ABIT, Cuttack.

15. Auditing /Accounting & Compliances norms:

The Incubate Companies during the period of Incubation at the Centre will mandatorily get their accounts audited and their books of account are open for Inspection by the empaneled Chartered Accountants of the Centre. Compliances as laid down by the Companies Act 2013 are binding on the Incubate Companies. The companies will give a quarterly report on the compliances adhered as laid down in the Companies Act.

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

- Non-Adherence to the first warning of the non-compliance by the said Incubate Company will attract penalty of Rs. 1000 which will be billed with the facilities due
- An action against the non-adherence to the third warning in the form of notice to vacate the residential premises allotted to them.

16. Committee to supervise and manage the incubation related activities: Composition:

- principal / Director
- incubation cell coordinator
- two HODs
- one faculty member (other than mentioned above)

Responsibilities:

- development of sop for various activities.
- identifying the thrust areas.
- creating a pool of mentors with varied background, expertise and experience consisting of alumni, experts from industry, entrepreneur, faculty members etc.
- selection of interested parties (start-up) for incubation of their ideas.
- identify and conduct the activities including the training of prospective innovators including students who are interested to convert their ideas into startup.
- submit the annual report.