

INCUBATION AND INNOVATION POLICY



SACRED HEART INCUBATION INNOVATION CENTER (SHIIC)

Sacred Heart College (Autonomous)

Tirupattur, Vellore District – 635 601

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INCUBATOR POLICIES AND PROCEDURES

About SHIIC:

SHIIC was launched in 2015 in Sacred Heart College. The goal of SHIIC is to promote technology based entrepreneurship and thereby facilitate practical application of knowledge for public use. Sacred Heart College wishes to facilitate the creation of ideas and inventions that benefit society.

The main aim of the Social Business Incubator is to provide support and training for students and innovators who are interested in converting their social ideas into social startup. SHIIC will provide necessary infrastructure support, prototype development support, research assistance, help in getting funding, business consulting assistance, mentoring and guidance to make their social start-up into a successful venture. To this end, Sacred Heart College has adopted this Incubation Policy to provide guidance and management structure to facilitate development of entrepreneurship and Innovation.

Vision:

To provide support and training for students and innovators who are interested in converting their social ideas into social startup benefiting the social development.

Objectives:

- To promote imagination/thoughts among the students
 - To promote critical thinking among the students
 - To enhance the domain knowledge / skills to develop the innovative products / services
 - To promote and support “innovation, incubation and entrepreneurship” activities
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Scope of this Policy:

The scope of this document is to define the policies and procedures for the operational matters related to the Innovation and Incubation Center, Sacred Heart College. It covers the following processes:

1. Thrust Areas
2. Eligibility
3. Admission procedure
4. Selection Process
5. Infrastructure and Services provided to incubates
6. Mandatory Mentorship
7. Period of Incubation/ Exit
8. Intellectual Property evaluation
9. Seed funding
10. Periodic assessment
11. Consideration
12. Conflicts of interest
13. Disclaimer
14. Agreements
15. Auditng/Accounting & Compliances norms

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to SHIC to update themselves from time to time on amendments in Incubation policy and procedures. Sacred Heart College 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.

Thrust Areas

SHIIC will support students and innovators who are having an idea with high social impact and which has very good opportunity to be a successful Social Enterprise.

- Health care
- Education
- Poverty
- Drinking water
- Pollution and Environmental issues
- Agriculture
- Waste Management
- Sanitation
- ICT
- Instruments, etc.

Eligibility Criteria:

Any student, staff, alumni or persons associated through extension services of the college desirous of availing incubation facilities has to apply in the prescribed format along with required documents. He/she shall be called as Incubate Promoter.

The startup or innovation promoted by Faculty of Sacred Heart College (Autonomous) shall be governed by SHIIC and approved by the Institute. Companies that are promoted by students in Sacred Heart 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 Management staff shall be granted incubation only upon submission of “No Objection Certificate” from the Principal of Sacred Heart College. Any activity 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 SHIIC is not deemed eligible for incubation and their application will not be entertained,

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 SHIIC.

Submit Executive Summary or Business Plan

As a first step in the admissions process, the prospective Promoter/candidate should submit an Incubation Application containing the business plan, Certificate of incorporation and Memorandum & Articles of Association. SHIIC 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, market potential, Need and Scope.
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 3 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
10. Faculty/Industry Mentor Details and Recommendation Letter

Presentation to Evaluation Committee of IIC

If the initial evaluation of the business plan / executive summary is positive, SHIIC will arrange a meeting at SHIIC with the Promoter, 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 Promoter's entry into the incubator. The company will be informed of final decision execution of the Minutes of the said Meeting.

The constitution of the evaluation committee will be decided by the SHIC based on the expertise needed.

Research & Due Diligence:

Throughout the application process, on an as-needed basis, SHIC will perform research and due diligence of the Promoter, the management team, the industry, and current and future competitive elements facing the business. SHIC may require further information from the applicant, and may ask the applicant to revise the executive summary and/or presentation. SHIC may at its discretion seek advice of various government bodies who have sponsored the incubation centre like DSIR, DST, TDB, NSTEDB, TIDE, MCIT, MSME, etc.

Non-Disclosure:

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

Selection Process

A panel of Experts will review the application and further call the applicant for an interview. The applicant will pitch his idea before the expert panel members. The expert panel will carefully evaluate the business idea, Social Impact, market availability, potential value of the technology, growth prospects, innovative content and promoter team strength the applicant. The experts will recommend a meritorious applicant for incubation. The expert panel will consist of experienced and qualified professionals from specific industry, leading bankers, seasoned venture capitalists, academicians and successful alumni entrepreneurs.

Infrastructure and Services of SHIC:

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

1. Office space
2. Computers – up to two on rental basis. More than two can be availed at market rates.
3. Printer
4. Internet connection
5. Phone connection– Each company will pay the rentals and bills
6. Standard Furniture as decided by SHIC.
7. If needed, One Accommodation to Director/Promoter depending upon the availability (One room in any of the hostels in the college)

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

1. Fax machine
2. Photocopying machine
3. LCD Projector
4. Document Scanner
5. Library Access Facilities
6. Meeting/Conference room with projection equipment
7. Tele or Video conferencing facilities

Institute infrastructure:

SHIC may facilitate access to institute infrastructure or Laboratories as per norms of Sacred Heart College (Autonomous), Tirupattur, Vlr Dt.

Services: SHIC may associate with professionals for accounting, IP, legal and management expertise on a part-time basis. Incubate promoters 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.

- Common secretarial pool/staff
- Intern Support: Also, to provide support in management, incubates will be assigned an MBA student, if desired.

Mentoring and Advisory Services

- Strategic Checkups: The SHIIC Head will meet the promoter 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.
- Specialized mentors are also available to the companies to assist with particular strategic areas or to provide project-oriented consultation.
- A incubate promoter may avail of consulting services by empanelled professionals of SHIIC.

Mandatory Mentorship:

One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of Sacred Heart College, thus every promoter that is offered incubation at SHIIC has to select one faculty from Sacred Heart College who shall act as mentor of the Incubate and guide the company on product develop.

Industry Mentor: SHIIC has created a database of Promoter's mentors. Every incubate company incubated at SHIIC may select one Industry mentor within six months from the date of joining incubation centre.

Tenure of Incubation:

Promoter will be permitted to stay in the incubator for a period of maximum two years. Maximum two extensions may be granted for 6 months each at a time at the sole discretion of the Institute. Second year students will be given maximum of one year permission for their promotion. Third students can apply for six months duration.

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

1. Completion of two years' stay (depending upon the students course year when applied) (if no extension granted)
2. Underperformance or non-viability of business proposition as decided by SHIIC on case to case basis
3. Irresolvable promoters' disputes as decided by SHIIC on a case to case basis
4. Violation of any Sacred Heart College's policy
5. 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.
6. Change in promoters' team without concurrence of SHIIC.
7. Any change of more than 50% of equity ownership would require a prior approval of SHIIC.
8. Any other reason for which SHIIC may find it necessary for an incubate company to leave.

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

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 SHIIC.

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 promoter.

1. In case the incubate company is desirous of using the Intellectual Property of Sacred Heart College like patent, software code, copyright, design registration, developed product, etc. Then the company shall make such

request in writing to SHIIC. The terms and conditions for such IP licensing shall be decided by the Institute.

2. The promoter shall inform if any students have worked on the technology and if their work will be incorporated in the product(s).
3. The promoter 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. The promoter shall inform if any Sacred Heart College infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s).
5. The promoter shall inform if any about any agreement with Sacred Heart College that the IP has been assigned to the company for commercialization.

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 SHIIC. 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 SHIIC and Sacred Heart College.

Seed Funding:

SHIIC may provide seed loan subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loan will be sanctioned only to the registered companies and shall be based on merits of each company. Further, admission to SHIIC shall not automatically entitle the promoters to seed loan.

A promoter desirous of getting seed loan may submit an application for seed fund after three months from the date of admission in SHIIC. Sanction of seed loan will be decided based on the eligibility criteria as decided by SHIIC. It would be also subject to the terms stipulated as per the Seed funding Guidelines of SHIIC.

Purpose of Seed Fund/Loan

Seed fund/loan is provided for the promotion of research among teaching members and students of the college.

The seed loan is provided for the following purposes:

1. Procurement of equipment/ tools/components/parts/consumables.
2. Procurement of raw material
3. Machining cost
4. Fabrication cost
5. Registration fee
6. Validation/Testing
7. Cost of any other relevant item

SHIIC will have sole discretion to sanction or reject an application for seed loan and the decision of SHIIC in this regard shall be final. SHIIC is not bound to give any reason in case an application for seed loan is rejected.

Though seed loan may be sanctioned at the time of approval of the proposal for admission, disbursement shall be subject to satisfaction of SHIIC Head that suitable progress has been made.

Notwithstanding anything contrary contained herein the Seed fund sanction and disbursal shall be governed by Seed Fund Guidelines of SHIIC.

Consideration:

SHIIC will charge for infrastructure and services from the incubates who are not students and faculty of the same college. This payment would be in the form of service charges and equity share as per following details. The SHIIC will decide the fee for such incubate.

However, SHIIC may at its discretion revise the rates from time to time.

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 / Promoter Details
2. Concept / Proposition / Product description
3. Need for the promotion/Market opportunity
4. Competition survey if any.
5. Development plan and milestones
6. Marketing plan
7. Management / Organizational chart
8. Financials Implications
9. Risks and de-risking strategies

Conflicts of interest:

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

Disclaimer:

SHIIC does not guarantee to company incubated about success and/or feasibility and warrantee technology transferred from Sacred Heart College. Sacred Heart College or SHIIC or any person representing Sacred Heart College or SHIIC 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 Sacred Heart College or SHIIC any person representing Sacred Heart College or SHIIC harmless from any loss including damage, penalty.

Agreements:

All incubate shall to enter into following agreementswith the Institute:

- A. Incubation Agreement: Containing rules and other incubation norms, consideration, equity holding, etc. (Applicable to all)
- B. Seed-Fund Agreement: Containing rules of disbursement and repayment. (Applicable to incubates availing seed-fund)
- C. Technology Commercialization Agreement: Applicable to incubate using technology or IP developed by Sacred Heart College (Autonomous).

The Incubate Companies promoter 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 empanelled Chartered Accountants of the Centre. Compliances as laid down by the Companies Act 2013 are binding on the Incubate promoters. 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 second warning by the Incubate Company will make the Company ineligible to apply for Seed fund at the Centre
- An action against the Non Adherence to the third warning in the form of notice to vacate the residential premises allotted to them

SHIIC – Directorate

The Director is the person incharge for planning, administration and evaluation of SHIIC. He/she is appointed by the college management/Principal. He/she may be eligible for honorarium as per the decision of the college management/Principal. He/she may claim for additional staff to support for the better functioning of the SHIIC He/she shall claim due grants for the promotion of Innovation by stakeholders of the college. He/she shall be incharge of preparing annual program and financial reports and audited statements. He/she shall consult the management for the better functioning of the SHIIC. Appointment of Selection and monitoring committee is constituted by the Director.

Reference

1. Innovation and Incubation Centre Policy, IIT Kanpur. Available at www.iitk.ac.in. accessed on 21.11.2015.
2. TBI Social Business Incubator, VIT University, Vellore, Available at www.vitsbi.com. Accessed on 25.11.2015

Application Pro Forma for SHIIC Incubation Support

Name of the Applicant:

Address:

Contact Number:

Email ID:

Mentors Details:

Educational Background:

Previous Experience:

Other Promoters Team Member's Details:

Date of Submission of Proposal:

The applicants who are interested to avail the SHIIC support are requested to also provide the below mentioned information and mail it to (Provide Website link to SHIIC)

1. A brief description about the *social problem* your business idea will solve -

Social Impact:

- What is the *social problem* (facing by the people)?
- What is the impact of the problem in people's day-to-day life?
- What are the alternate solutions you have thought about before finalizing the proposed solution?
- How many people have you interacted? What is their feedback?
- What is your proposed solution to the identified social problem?

2. Market research of the *business idea*:

- How many people will potentially benefit?
- What is/are the existing solution(s) to the identified social problem?
- Who else attempted to solve this problem?
- Will you be able to provide effective solution at relatively lower cost than the competitor/existing one?

3. Strengths of the Applicant/Team:

- Discuss your/team expertise in this area.

- Made any prototype product? Have you tested your product/service in the market?
- Will you be able to convince your friends and family members to use/adopt your solutions? If so, have you already discussed with them yet? What's their reaction?

4. Financial Metrics:

- What is the initial investment required?
- How much money is required for your marketing?
- How much money do you require as working capital (salary or rent, raw material etc.)?
- How much money are you planning to charge for your service/product?
- Will any of your family/friends are ready to partially support your project financially?
- What is your return-on-investment (ROI) plan? How long will it take you to break even?
- How many products/services you are planning per month?
- How much time you will be able spend per day, per week and per month on this venture?

5. Mentor's Recommendation Letter

- Who is the mentor of this project?
- In what way the mentor will be associated and supporting this project?

Date: 23.06.2015

Place: Tirupattur



Principal

Sacred Heart College (Autonomous)

Tirupattur, Vellore Dist, TN

Principal,
Sacred Heart College,
Tirupattur, VLR-Dt, 635 601