

SIDDHARTH BUSINESS INCUBATION POLICY



SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY

SIDDARTH NAGAR, NARAYANAVANAM ROAD

PUTTUR, ANDHAR PRADESH – 517583

1. Objective

Siddharth Innovation and Business Incubation (SIBI) Programme has been set up to stand-in innovation, research and entrepreneurial activities in the areas of engineering and management science. The goal of the Siddharth Innovation and Business Incubation (SIBI) Programme is to encourage technology based entrepreneurship and thereby facilitate practical application of knowledge for social needs. SIBI Programme facilitates the creation of ideas and inventions that solves the problems of the humanity.

In order to attain its objectives, SIBI has documented its Business Incubation Policy to provide guidance and management structure for creating the entrepreneurship ecosystem.

2. Incubation Eligibility

Any person desirous of availing incubation facilities has to incorporate a private/public limited company under the Indian Companies Act. The application for incubation will not be entertained if it is not incorporated a company.

If a company is promoted by regular Government staff or employee, the company 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 engaged or proposing to be engaged in imparting educational courses and/or training programs, including vocational trainings or is planning to undertake such activities during or after its incubation under the SIBI is not deemed eligible for incubation and their application will not be entertained.

3. INCUBATION ADMISSION PROCEDURE.

All the applicants shall have to read and agree to the terms and conditions of the incubation. Then only their applications shall be processed.

STAGE 1: Submission of Executive Summary/ Business Plan

As a first step in the admission process, the prospective company should submit an Incubation Application containing the Business plan, Certificate of incorporation and Memorandum & Articles of Association. SIBI then shall present the executive summary to an evaluation committee for comments on technical and business feasibility of the idea.

SIBI Incubation Application form

The SIBI Incubation form can be downloaded from www.sietk.edu. The soft/hard copies of the incubation form along with the required documents shall be sent to Director (Incubation & Entrepreneurship).

Business Plan Template

The following template can be used for creating a comprehensive business plan. Though the sequence shown is not mandatory, the plan must cover all the sections listed in the template:

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
10. Appendix

STAGE 2: Presentation of Business plan to Evaluation Committee of SIBI Programme

If the initial evaluation of the business plan / executive summary is positive, SIBI will arrange a meeting with the company founders, during which the company will be expected to present a Power Point presentation describing critical aspects of the business plan to the evaluation committee. The presentation will be followed by Q&A session.

After the presentation, a final decision will be made regarding the company's entry into the incubator. The company will be informed of the final decision after the presentation.

Non-Disclosure: SIBI adheres to strict confidentiality throughout the application process. However, SIBI will not sign any 'non-disclosure' agreements until formal approval for incubation is effected.

4. Evaluation Criteria

The incubation evaluation committee shall comprise of the Chairman / Vice President, Dean (Innovation & IP) and Director/Head of School relevant to the incubatee. The application is evaluated based on the following criteria:

1. Strength of the product idea in terms of its technology content, innovation, timeliness and market potential.
2. The 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 P&L, 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.

5. Incubation Agreement Execution

If the incubation is sanctioned, the applicant shall enter into the following agreements with the Institute:

- (i) **Incubation Agreement:** It pertains to the incubation rules and other norms, consideration, equity holding, etc.
- (ii) **Technology Commercialization Agreement:** It is applicable to the incubatees who plan to use the technology or intellectual property developed by the Siddharth Group of Engineering Institutes. SIBI facilitates the modification and up-gradation of the softwares/products developed by the faculty/students of Siddharth institutes and to the industry requirements with the help of a commercial partner. The concerned inventor acts as a mentor. The commercial partner is also responsible for marketing the product and providing customer support.

6. Nomination of Shares

Once the agreements are signed, the incubatee has to allot 4% of his/her company's share in favour of SIBI Programme.

- a. **Mandatory Mentorship:** One of the objectives of incubation is to utilize the technical expertise and lab infrastructure of Siddharth institutes. Therefore, every company that is offered incubation at SIBI has to select at least one faculty member from the Institute who shall act as a mentor to the incubated company and guide the company on product development.
- b. **Industry Mentor:** Besides, the incubated company may select one or more industry mentors from the panel of experts with SIBI. In such a case, the company will have to offer an appropriate remuneration to the mentor and/or a equity share as a consideration of mentorship based on mutual agreement.

7. INFRASTRUCTURE AND SERVICES PROVIDED TO INCUBATEES

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

Office space.

- Computers - Up to ONE on rental basis. More than ONE can be availed at market rates.
- Internet connection.
- Intercom connection - Each company will pay the rentals and bills.
- Standard Furniture as decided by SIBI.
- One Accommodation to Director/Promoter of the incubating company, depending upon the availability. (The company has to pay the bills)

Common Infrastructure: SIBI provides opportunities for the incubation company to utilize the common infrastructure. The following resources are provided:

- Photocopying machine. (The company has to pay the bills)
- Document Scanner.
- Library: Management Books, Subscription to IT, Business, Management and Trade journals and newspapers.
- Meeting/Conference room with projection equipment. (Each company will pay the rentals based on usage).
- Skype facilities.

Institute infrastructure: SIBI may facilitate access to the Institute infrastructure or laboratories as per the norms of Siddharth institutes.

Services:

Intern support: The incubating companies can provide paid internship opportunities for the students and avail their services on a regular basis. SIBI will provide assistance in identifying the best talent pool.

Professional Support: SIBI may associate with professionals for accounting, IP, legal and management expertise on a part-time basis. The incubated companies can avail their services. Any direct services provided to an incubatee would have to be paid for by the incubatee to the service provider.

Mentoring and Advisory Services:

Strategic Checkups: The Dean (Innovation & IP) will meet the company CEOs at least once a quarter for strategy reviews and discussion of operational issues.

Mentoring: Apart from a faculty advisor as a mentor, specialized mentors will also be made available to the companies to assist with particular strategic areas or to provide project-oriented consultation. These arrangements may begin as a pro bono arrangement with an option for both parties to graduate to a paid relationship.

An incubated company may avail the consulting services by empanelled professionals.

8. Allocation of Resources

As soon as the procedure is completed, the incubatee company is allocated office space within the institute. It also gets access to all the Infrastructure and Services of the SIBI and the Siddharth institutes, SIBI will charge the incubatees for infrastructure and services and maintenance of Intellectual Property Right (IPR). This payment would be in the form of service charges and equity share as per the Incubation policy.

9. TENURE OF INCUBATION

The companies are permitted to stay in the incubator for a period of two years. They may be granted maximum two extensions for 6 months each at a time at the sole discretion of the Institute. SIBI may grant such extension based on the requirements of the incubatee.

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

- On completion of two years stay (if no extension granted).
- Underperformance or non-viability of business proposition as decided by SIBI on case to case basis.
- Irresolvable promoters' disputes as decided by SIBI on a case to case basis.
- Violation of policy of the Siddharth institutions.
- When the company enters in an acquisition, merger or amalgamation 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 SIBI.
- Any change of more than 50% of equity ownership would require a prior approval of SIBI.
- Any other reason for which SIBI may find it necessary for an incubated company to leave.

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

10. PERFORMANC REVIEW

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

11. INTELLECTUAL PROPERTY

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

1. In case the incubated company is desirous of using the Intellectual Property of Siddharth instutions like patent, software code, copyright, design registration, developed product, etc, then the company shall make such request in writing to SIBI. The terms and conditions for such IP licensing shall be decided by the institute as per recommendations of Innovation Management cell of Siddharth institutes.
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 the collaborative work with faculty members (who are not promoters) and is being incorporated into the product(s).
4. The company shall inform if any of Siddharth institutes 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 company shall inform of the agreement, if any, with Siddharth institutes that the IP has been assigned to the company for commercialization.
6. The entrepreneur would have the option of first purchasing the rights of IP from Siddharth institutes and then being incubated or assigning equity to Siddharth institute in lieu of the direct payments to the institute. Please refer to the Consideration section for details.

The incubatee 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 SIBI. 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 Rights Policy of Siddharth institutes.

12. CONSIDERATION (charges)

SIBI will charge the incubatees for infrastructure and services of Siddharth Institutions Intellectual Property. This payment would be in the form of service charges and equity share as per the following details. Liability free (paid-up) Equity of 4% equity would be assigned to Siddharth Institute for providing incubation facility and infrastructure services in all cases.

The Equity of the incubated companies shall be disposed by Siddharth Institute as per the approval given by the University.

Infrastructure and Services:

Office rent (approximately 20 x 20 Square Feet)	: Rs.5,000.00
PC rental at Rs. 1000 per PC per month (1 PCs)	: Rs.1,000.00
Printer at Rs. 200 per month (inkjet) (optional)	: Rs.200.00
Internet connection per login per month	: As charged by the Computer Centre
Electricity charges including air-conditioning	: On Actual
Telephone Bills	: On Actual
Accommodation	: As per actual charge
Occupancy in RA or any accommodation	: at commercial rates after Incubation period expires

*** SIBI may at its discretion revise the rates from time to time.**

The incubatees would have the option of deferring 50% of the rent till the time they exit from SIBI. For the deferred amount, an interest rate of 13% would be charged to the incubatee. This amount would have to be paid back at the time of exit or converted into equity.

13. CONFLICT OF INTEREST In case of any conflicts of interests, the decision of the Governing body of the Siddharth Institute shall be final and binding upon the parties.

14. Disclaimer:

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


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