



JOGINPALLY B R ENGINEERING COLLEGE

Accredited by NAAC, Approved by AICTE & Affiliated to JNTUH



Centre for Innovation, Incubation and Entrepreneurship Policies

The main goal of Centre for Innovation, Incubation and Entrepreneurship (CIIE) at Joginpally B R Engineering College (JBREC) is to promote and support technology based entrepreneurship spirit among the graduated and graduating students of Joginpally B R Engineering College.

CIIE, JBREC desires to facilitate the creation of ideas and inventions that will benefit to society and has adapted to this Incubation Policy to provide guidance and management structure to facilitate the development of entrepreneurship.

Incubation Center at CIIE is supported by Joginpally B R Engineering College that funds, mentors and nurtures ideas, startups and entrepreneurs. Virtual incubates can operate from anywhere in India. We are looking for:

- Early stage startups
- Mid to large sized companies with developed ideas
- Mentors to help our startups

The scope of this document is to define the policies and procedures for the operational matters related to the **CIIE, JOGINPALLY B R ENGINEERING COLLEGE** wishes it covers the following processes:

1. Eligibility
2. Admission procedure
3. Infrastructure and Services provided to incubate
4. Mandatory Mentorship
5. Period of Incubation/ Exit
6. Intellectual Property Evaluation
7. Seed Funding
8. Periodic Assessment
9. Conflicts of interest
10. Disclaimer
11. Agreements

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

Joginpally B R Engineering College reserves the rights to make an exception of all or any of the terms of the policy for a particular company or a promoter on a case to case basis.

Incubation Eligibility

1. Any person desirous of availing incubation facilities has to incorporate a private/public limited company under the Indian Companies Act and apply in the prescribed **format** along with the required documents. No application for incubation shall be entertained if the applicant has not incorporated a private/public limited company under the Companies Act.
2. The companies promoted by Faculty of **Joginpally B R Engineering College** shall be governed by **Faculty Entrepreneurship Policy** as approved by the Institute. The companies 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.
3. A company if promoted by regular staff or employee of an organization 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.
4. Any company that is 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 at **CIIE** is not deemed eligible for incubation and their application will not be entertained.

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: Submit 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. CIE then shall present the executive summary to an internal review committee for comments on technical and business feasibility of the idea.

Here are the Evaluation Criteria:

1. Some representative criteria to be applied for evaluation (not limited to these).
2. Strength of the product idea in terms of its technology content, innovation, timeliness and market potential.
3. Profile of the core team/ promoters.
4. Intellectual Property generated and the potential of the idea for IP creation.
5. Financial/ Commercial Viability and 5 year projections of P&L, Balance Sheet and Cash Flows.
6. Funds requirement and viability of raising finance.
7. Time to market.
8. Break-even period.
9. Commercial potential, demand and requirement in India.
10. Scalability.

STAGE 2: Presentation to Evaluation Committee of CIIE

If the initial evaluation of the business plan / executive summary is positive, CIIE will arrange a meeting with the company founders, during which the company will be expected to present a PowerPoint 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. The presentation through video conferencing is also permitted.

The constitution of the evaluation committee will be according to the MoU between Joginpally B R Engineering College and CIIE comprising representatives of CIIE and Joginpally B R Engineering College along with technical, financial and other experts.

Research & Due Diligence:

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

CIIE, JOGINPALLY B R ENGINEERING COLLEGE adheres to strict confidentiality throughout the application process. However, CIIE- JOGINPALLY B R ENGINEERING COLLEGE will not sign any 'non-disclosure' agreements.

Infrastructure and services provided to the Incubatees

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

- Office space.
- Computers - Up to two on rental basis. More than two can be availed at market rates.
- Printer.
- Broad Band Internet Connection(wired and wireless)
- Phone connection - Each company will pay the rentals and bills.
- Standard Furniture as decided by CIIE.
- One Accommodation to Director/Promoter depending upon the availability (One room in Guest house/ student residential hostel).

Common Infrastructure: CIIE provides a common pool of hard and soft infrastructure to be shared by all incubated companies. The following resources are provided:

- Fax machine.
- Photocopying machine.
- Document Scanner.
- Access to college Library: Management Books, Subscription to IT, Business, Management and Trade journals and newspapers.

- Meeting/Conference room with Audio and projection equipment.
- Tele or Video conferencing facilities.

Institute infrastructure: CIIE may facilitate access to the Institute infrastructure or laboratories as per the norms of Joginpally B R Engineering College.

Services: CIIE 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.

CIIE will also provide soft infrastructure and business services to the incubated companies. The possible services and support items are listed as follows:

- Common secretarial pool/staff.
- Intern Support: To provide support in Technology and management, incubatees will be assigned from M.Tech, B.Tech and MBA student, if desired.

Mentoring and Advisory Services:

- Strategic Checkups: The CIIE Head will meet the company CEOs at least once a month for strategy reviews and discussion of operational issues.
- An incubated company will have to take a faculty advisor as a mentor on technology issues.
- 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.

Mentorship

One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of Joginpally B R Engineering College. Therefore, every company that is offered incubation at CIIE has to select one faculty member from the Institute who shall act as a mentor to the incubated company and guide the company on product development. The company has to offer minimum 1% of share equity to the mentor as a consideration of mentorship.

Industry Mentor: CIIE has created a database of Industry mentors. Every company incubated at CIIE may select one Industry mentor within six months from the date of joining the centre. In case the incubatee opts for an industry mentor, the company has to offer a minimum 1% of equity to the mentor as a consideration of mentorship

Tenure of Incubation

The companies will be 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.

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

- Completions of two years stay (if no extension granted).
- Underperformance or non-viability of business proposition as decided by CIIE on case to case basis.
- Irresolvable promoters dispute as decided by CIIE on a case to case basis.
- Violation of Joginpally B R Engineering College's policy.
- 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 CIIE.
- Any change of more than 50% of equity ownership would require a prior approval of CIIE.
- Any other reason for which CIIE may find it necessary for an incubated company to leave.

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

Periodic Assessment

A committee set up by CIIE will evaluate the performance of incubatee every 3 months. The emphasis of evaluation will be on checking if the milestones specified in the business plan are met. For a company which has taken seed fund loan, additional checks will be done on the financial health of the company in terms of its order booking, expenses, profitability, utilization of seed money loan for the specified purposes and its ability to repay the loan. Further seed fund disbursement will be dependent on the progress shown in previous appraisal.

Periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are:

A. Ideation / Innovation stage

- Concept development / Opportunity spotting
- Product Development
- Market assessment / Competition analysis
- First level Business Planning / Business Modeling
- Founding Team
- Intellectual property protection
- Seed Funding

B. Pre-Market Stage

- Proof of Concept/ Prototyping
- Product Development and enhancement
- Financial Assistance Required
- Test marketing
- Full scale business planning including production, sales and sourcing

C. Implementation Stage

- Full scale Business Planning
- Pitching for Venture Funding
- Scaling up operations
- Large scale commercialization
- Mature Team Formation

D. Exit stage

- Going National / Global

- Exit options for JOGINPALLY B R ENGINEERING COLLEGE
- Full scale business Graduation
- Post incubation Survival

The incubatee may be asked to provide more frequent updates to CIIE.

Conflicts of Interest

In case of any conflicts of interests, the decision of the Institute shall be final and binding upon the parties.

Disclaimer:

CIIE, Joginpally B R Engineering College does not guarantee success and/or feasibility of the technology transferred from the Institute. CIIE/ Joginpally B R Engineering College 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 CIIE/ Joginpally B R Engineering College or any person representing them harmless from any loss including damage, penalty.

Agreements:

All incubatees shall enter into the following agreements with the Institute:

1. *Incubation Agreement:* Contain rules and other incubation norms, consideration, equity holding, etc. (Applicable to all.)
2. *Seed-Fund Agreement:* Contain rules of disbursement and repayment. (Applicable to incubatees availing seed-fund.)
3. *Technology Commercialization Agreement:* Applicable to incubatees using technology or IP developed by Joginpally B R Engineering College.

(Copies of Agreement rules can be put under Readable)

Intellectual Property:

Seed Funding

CIIE 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 the merits of each company. Further, the admission to CIIE shall not automatically entitle the companies to seed loan.

A company desirous of getting seed loan may submit an application for seed fund after three months of incubation at CIIE. The seed loan will be sanctioned based on the eligibility criteria as decided by CIIE. It would also be subject to the terms stipulated as per the Seed funding Guidelines of CIIE.

One of the criteria for approval of the seed loan will be the contribution brought in by the promoters to the capital of their companies. Preference will be given to the companies who

already have some sources of revenue or some customer order booking. CIIE will have the sole discretion to sanction or reject an application for seed loan and the decision of CIIE in this regard shall be final. CIIE 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 CIIE Head's satisfaction over the suitable progress made by the company.

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

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

Conflict and Agreement

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Agreements:

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

2. Seed-Fund Agreement: Contain rules of disbursement and repayment. (Applicable to incubatees availing seed-fund.)
3. Technology Commercialization Agreement: Applicable to incubatees using technology or IP developed by Joginpally B R Engineering College.

Seed Fund Guidelines

The processing of seed capital involves:

1. A company desirous of getting seed loan may submit an application for seed fund after three months of incubation at CIIE.
2. The seed loan will be sanctioned based on the eligibility criteria as decided by CIIE. It would also be subject to the terms stipulated as per the Seed fund Guidelines of CIIE. One of the criteria for approval of the seed loan will be the contribution brought in by the promoters to the capital of their companies. Preference will be given to the companies who already have some sources of revenue or some customer order booking.
3. The final decision regarding it will be announced within a month. CIIE will have the sole discretion to sanction or reject an application for seed loan and the decision of CIIE in this regard shall be final. CIIE is not bound to give any reason in case an application for seed loan is rejected.
4. The applicant would then enter into a Seed Fund Agreement with the Institute.
5. After execution of agreement, the funds will be transferred to the project account within 10 days. Both the company's CEO and the CIE coordinator will be in charge of the bank account.
6. Though seed loan may be sanctioned at the time of approval of the proposal for admission, disbursement shall be subject to CIIE Head's satisfaction over the suitable progress made by the company. *Notwithstanding anything contrary contained herein, the Seed fund sanction and disbursal shall be governed by Seed Fund Guidelines of CIIE.*
7. The company will be subjected to regular performance reviews.
8. Repayment Options: The repayment options have been decided by a committee comprising members from the grant agencies, advisory Board CIIE, Industry Experts, CA & legal consultant.

Option I:

Full amount would be paid back with an interest, which will be prime lending rate of SBI (on the date of sanction) less 4% and remains fixed for the tenure of the loan.

Option II:

50% of the total seed fund sanctioned will be interest free loan; repayment would start after 18 months from the date of first disbursement.

50 % of the seed fund sanctioned would be convertible into equity (@ 5% equity against loan up to ₹ 5 lakh).

Option III:

75% of the total seed fund sanctioned will be a loan and will be paid back with an interest of PLR less 6%.

25% of the seed fund sanctioned would be convertible into equity (@ 3 % equity against loan up to ₹ 5 lakh) at par.

Option IV:

100 % of the seed fund sanctioned would be convertible into equity (@ 10% equity against loan up to ₹ 10 lakh).