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**K.S.RANGASAMY COLLEGE OF TECHNOLOGY**

**(Autonomous)**

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# **STARTUP INCUBATION POLICY**

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**Permeable**

The startup Incubation policy is to promote innovation and entrepreneurship by converting and translating technology ideas and innovation in various disciplines of science and engineering into products, processes and services for commercial exploitation and the benefit of society to accomplish its goal. K.S.Rangasamy College of Technology hereinafter referred to as Incubation Centre facilitates incubation of new enterprises with innovative technologies by admitting them and providing physical, technical and networking supports and services. Incubation Centre provides support to enterprises that fall under following categories

**Category I:**

Ventures that qualify as a nursery incubation project initiated by one or more members of the academic staff, students and/or alumni of one of the KSRCT or other premier institutes, or some other technology promotion agency (government or non-government) with a view to trying out a novel technological idea for upgradation to a commercial proposition, scaling up a laboratory proven concept, and setting up a technology business enterprise.

**Category II:**

Technology-based start-up company promoted by a 1<sup>st</sup> Generation Entrepreneur desirous of R&D partnership with the Institute or company with a view to trying out a novel technological idea for upgradation to a commercial proposition.

**Category III:**

Technology/R&D unit of an existing small/medium size enterprise, industry association or a R&D Company who desires to have close technology interface with KSRCT.

**Admission to Incubation Centre & Eligibility**

Incubation Centre is open to anyone who wants to make a difference. However, students of KSRCT both past and present will be given a preference in terms of priority of admission into the incubator and charges as running cost of the incubator. To

promote rural & tribal entrepreneurship, KSRCT will reserve 50% of the occupancy for rural & tribal youth and women. Applicants must fulfill above criteria for making an admission in the Incubation Centre, for incubation programme. Applications for admission to Incubation Centre will be made in the name of registered unlisted companies within the meaning of the Companies Act, 1956. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/ founders must ensure that the company is registered within a period of four months from the date of approval of the application for admission in Incubation Centre.

### **Method of Application**

#### **STEP-1 - Submission of Application Form**

- Initially, applicants for admission in Incubation Centre will be required to apply with duly filled Application Form which can be downloaded from the website.
- While submitting application form, applicants will also disclose information on executive involvement of the promoters/ founders in other companies or commercial entities.
- Preference will be given to ideas making use of untapped / less exploited natural resources and for ideas aiming to find solutions that can improve the life and living conditions of the rural peoples.
- Submitted applications will be checked for,
  - Innovativeness
  - Commercial viability
  - Technical feasibility
  - Social sensibility
  - Scalability
  - Capacity to trigger market traction
  - Energy saving / green tech intervention / value addition / low cost alternative (in existing product / process-based ideas)

**STEP-2 - Submission of Business Plan**

- On receipt, the Incubation Centre team will scrutinize the application form internally to evaluate the viability of the applicant as an incubatee.
- Based on affirmative assessment, applicant would then be required to submit a business plan for the first twelve months of the incubation period.
- The business plan is expected to cover the basics of the business, namely, value proposition, products and services, market analysis, competition analysis, funding requirements, capital structure, milestones and timelines, development and marketing plan, organizational structure, team, risk analysis and projected financials.
- Based on the documents submitted, the Business Plan will be screened by the Incubation Centre team for assessing the suitability of the proposal by expert members regarding its potential for incubation
- Some representative criteria to be applied for evaluation (not limited to these) includes
  - Strength of the product idea in terms of its technology content, innovation, timeliness and market potential
  - Profile of the core team/ promoters
  - Intellectual Property generated and the potential of the idea for IP creation
  - Financial/ Commercial Viability and 5-year projections of Profit & Loss, Balance Sheet and Cash Flows
  - Funds requirement and viability of raising finance
  - Time to market Break-even period

**STEP-3 - Presentation before Screening Committee**

- Applicants will be invited with their teams to make a presentation on their proposal.
- In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants and/or revision in the proposal.

- The screening committee will consist of permanent member, and other members from within KSRCT and may include IPR expert, subject / field expert, marketing expert and industry expert.
- The committee will confirm admission to the incubator, only after screening of the business plan and presentation. The periodic performance evaluation of the incubatee will also be done against this business plan.

### **Onboarding of Applicant**

#### **Security Deposit**

- Before commencement of the incubation period, the incubatee has to pay to Incubation Centre, a refundable security deposit of Rs. 5000 ((Rupees Five Thousand only) to Incubation Centre. This amount would be paid back to the incubatee after completion of the incubation period- provided the incubatee has a normal exit. For virtual incubation, incubatee does not have to pay security deposit. Incubatee has to provide names of at least two persons as sponsors.

#### **Annual Registration Fee**

- The incubatee company will become a legal member of Incubation Centre after registration and will be entitled to avail various facilities offered by Incubation Centre. The incubatee shall pay an amount of Rs. 2000/- (Rupees Two Thousand only) to Incubation Centre towards the annual registration fee to be paid at the time of execution of this agreement and subsequently within fifteen days of the beginning of each year counted from the date of this agreement and shall continue to maintain their registration as long as they are permitted by the Governing Body of Incubation Centre to have association with Incubation Centre as incubatee.

## **Infrastructural Facilities**

### **Incubation Centre Infrastructure**

Upon admission to Incubation Centre, the following infrastructural facilities will be offered to the incubatee companies on an individual basis, apart from a set of shared/ common infrastructure mentioned hereinafter:

- Office space
- Internet connection
- Furnitures

All these facilities will be provided by Incubation Centre on a pay-per-use basis. Each incubatee will have to pay the monthly rent\* (as decided by Incubation Centre) and bills for facilities and physical infrastructure provided.

Subject to availability, an incubatee may be provided with extra infrastructural facilities, requested for in the application form other than mentioned above, on a pay-per-use basis. An incubatee will not be allowed to use any infrastructural facility that he/she does not indicate on the application form. If Incubation Centre is unable to provide all requested facilities, then it will inform the applicant before the commencement of the incubation period. While Incubation Centre will try its best to provide the mentioned/requested for infrastructural facilities to it incubatees Incubation Centre cannot be legally held responsible for failure to do so.

### **Common infrastructure**

Apart from infrastructure as stated above, some facilities might be required to be shared among incubatees, which would include:

- File Server
- Printer
- Photocopier & Scanner
- Video conferencing facilities
- Meeting/Conference room with projection equipment
- Digital Library

**KSRCT Infrastructure (Other than Library facility)**

If so desired by the incubatee, Incubation Centre will allow access to other departmental laboratories and other resources of KSRCT for their products development purposes. However, this will be done in a way to avoid clashes with the normal course structure of the concerned discipline. Further usage of such resources shall be on commercial basis and in conformity with the policies of KSRCT.

- Faculty mentoring will be available on pay-per-use basis.
- Industry mentoring may also be arranged.

**Campus Accommodation**

- Subject to availability, an incubatee may be provided with campus accommodation, if requested for in the application form on a pay-per-use basis. Incubatee will have to pay the monthly rent as decided by Incubation Centre.

**Other Services**

Apart from physical infrastructure as stated above, Incubation Centre intends to create certain other supports and services which would include:

- a) Corporate and legal assistance to the incubatee through internal assistance, KSRCT or third-party involvement.
- b) Organizing events to help companies in networking and showcasing their technologies,
- c) Meetings with visitors of KSRCT (such as alumni, Angel investors, VCs, industry professionals)
- d) The students of MBA program of KSRCT along with a management consultant help incubatee to strengthen their business plan after conducting market surveys, if required, and financial plan.
- e) Incubation Centre facilitates to obtain funds for the incubatee companies at a post incubation phase through a network of venture capitalists from all over India.
- f) Incubation Centre has several links to the advertisement agencies all over India, which help the companies at our center to advertise themselves.



- g) Tie-ups with chartered accountants and other professional organizations as required

### **Period of Incubation and Exit (Graduation)**

Incubation Centre, by default, will allow a period of incubation of twelve months. This can be extended to eighteen months on approval from Incubation Centre. After eighteen months, if the incubatees wishes, he/she can continue at Incubation Centre for six more months by paying non-subsidized running costs – this being subject to approval from Incubation Centre. After this period, the incubatees will be obliged to exit the incubator.

The exit from the incubator can be classified into two distinct categories, namely normal and abnormal. The criteria for both types are listed below. While the listed criteria are sufficient, they are not necessary for exit.

#### **Normal Exit**

An incubatees would be considered to have had a normal exit when one or more of the following criteria are met:

- The predetermined time of incubation ends. According to this criterion, a normal exit can occur at the end of twelve, eighteen from the date of commencement of the incubation period.
- The incubatees has more than ten employees, including the incubatee himself/herself and any employees situated out of KSRCT as well.
- Either the incubatee or Incubation Centre decides to end the period of incubation. For both situations, the party initiating the termination would provide the other with a month advance notice.

#### **Abnormal Exit**

An incubatee would be considered to have had an abnormal exit when one or more of the following criteria are met:

- There is failure on part of the incubatee to comply with any clause laid down in this document.

- For any breach of the covenants on the part of the incubatee(s) (including Registration Fee, Security deposit and other charges payable falling in arrears).
- Grounds, which Incubation Centre finds detrimental to its policies and objectives or unsatisfactory.
- If the incubatee has not registered his/her company at the time of admission to Incubation Centre, or within four months from the date of commencement of the incubation period.
- Depending upon the assessment of the performance of the incubatee or his/her periodic report.

Under these conditions, the decision made by Incubation Centre will be final and legally binding upon the incubatee and does not have to conform to the one-month termination notice mentioned earlier. The incubatee would have to forfeit part of or the full security deposit depending on how much time would have elapsed from the first day of incubation.

#### **Performance Evaluation and Periodic Report**

There would be periodic performance evaluation of the incubatee by Incubation Centre every sixth month of the incubation period. This would be done by a committee selected by Incubation Centre consisting of members from within and outside KSRCT. The appraisal would consist of comparison of the achieved milestones against the business plan which is submitted by the incubatee on admission to the incubator. The committee may also reserve other criteria as it deems fit, to evaluate the performance of the incubatee.

Incubation Centre reserves the right to terminate the incubation period of an incubatee, if his/her performance evaluation report is unsatisfactory.

The incubatee is obliged to submit a periodic report after every three months of incubation. This periodic report is to indicate to Incubation Centre, changes of any nature in the incubatees organization, which would include recruitment of new employees and organizational changes, and a financial update of the organization.

Incubatee companies have to submit their annual reports within a period of 7 days from the date of their approval.

### **Information Submission**

Incubatee companies will submit information to Incubation Centre about all material changes or developments taking place in their companies from time to time. Such information could be (but not limited to) change in name of the company, change in business or product profile, change in directors, promoters or shareholders, acquisition of a new office, additional equity or debt investments. Incubation Centre may require incubatee companies to submit other information as it deems fit. Prior concurrence of Incubation Centre should be obtained for effecting such changes.

### **Revenue Sharing**

Incubation Centre shall have a stake in revenue generated by the incubatee for the services rendered to him. The revenue sharing ratio between the incubatee and Incubation Centre is fixed as 90:10 in favour of the incubatee.

### **Societal Commitment**

Incubatees of Incubation Centre have to continuously and actively partake in knowledge creation, value creation & wealth creation leading to more sustained business thereby more employment, contribution to GDP and nation building.

### **Legal Disclaimer**

The incubatee will understand and acknowledge that Incubation Centre intends to provide supports and services to the Company in good faith to pursue its objective to promote entrepreneurship by converting innovative technologies developed in the Institute to commercialization by incubating and supporting new enterprises. It is understood that by agreeing to provide various supports and services, Incubation Centre shall endeavor for:

Ensuring success of an incubatee, its products/ process/ services or marketability,

- Ensuring quality of support and services provided by Incubation Centre to the satisfaction of the incubatee companies or their promoters/ founders.
- Ensuring quality of services of the consultants engaged by the incubatee companies through Incubation Centre network. Incubatee companies will also have to apply their judgments before getting in to a relationship with them.
- The incubatee would be required to sign the document titled Legal Disclaimer before the commencement of the incubation period.

### General Rules

- All incubatees are required to observe health and safety standards. No hazardous material can be brought inside the complex without the prior approval of Incubation Centre. All the incubatees are required to keep a first aid kit in their modules.
- Incubatees are required to keep the Institute informed about any visitor from abroad, foreign collaboration and/or foreign partner/director, and abide by the rules/procedures in vogue in the Institute.
- No incubatees or its employee can display notices or signage except on the provided notice boards and the space provided for such signage
- Incubatee should observe that noise levels are kept at minimum and, no abnormal noise by any machine or by their employees or visitors should be made. Any complaint of high noise level will result in appropriate action by Incubation Centre.
- Subleasing of any kind of the space given at Incubation Centre is not allowed. Non-observance of this rule will result in immediate expulsion.
- The Incubation Centre address cannot be used as the address of the Registered Office of the incubatee.
- No routine sales/marketing operation will be permitted from the Incubation Centre.
- Incubatee should use internet and PC facility for business purposes only

- Incubatees should not involve in any Cyber crime
- Incubatees should not perform any research or develop any product which spoils the harmony of the country