

Policy and Procedures

NITJ Technology Business Incubator

**Dr B R Ambedkar National Institute of Technology
Jalandhar – 144011**

Technology Business Incubators (TBIs) are considered to be promising policy tools that support innovation and technology oriented entrepreneurial growth. They have emerged as sound platforms to bring about economic development in any economy. They help mitigate several avoidable risks in an early stage start-up thereby increasing the rate of success of start-ups as well the time taken to gain traction. During the past decade as in several parts of the developed and developing world, the concept of business incubator has taken root in India. Significant support in initiating Business Incubation and its evolution has come from the Government of India through the Department of Science and Technology (DST).

With the recommendations of the National Expert Advisory Committee, TBI has been established at Dr B R Ambedkar National Institute of Technology Jalandhar (*hereafter referred to as the Host Institution*) with the support of DST. TBI has been registered as a Society under the Societies Registration Act, 1860 with the name '**NITJ Technology Business Incubator**' and the following defined objectives:

- i) *To setup a vibrant startup ecosystem so as to align itself with our country's major policy initiatives of Make in India and Start-up India; Stand-up India.*
- ii) *to set up incubator facilities, provide cost effective infrastructural support and value added services to startups like mentoring, legal, financial, technical, intellectual property related.*
- iii) *To support NITJ in creating a platform to nurture creativity, innovation and entrepreneurial skills of faculty and students.*
- iv) *To provide a platform for speedy commercialization of technologies developed by NITJ or by any other academic/technical/R&D institution or by an individual.*
- v) *To build a close and pragmatic collaboration between the educational institutions, research institutions, management institutions on the one hand and industry and other user organisations on the other.*
- vi) *To facilitate the dissemination of information by organising conferences, seminars, lecture series, workshops and boot-camps, hackathons etc.*
- vii) *To generally do and perform all the above acts and such other things as may be deemed incidental or conducive to the attainment of the above objects or of any of them or any allied objects or which may advantageously or conveniently be combined with the programme of the Society in a profitable way.*

This document contains policy and procedures for operational matters related

to **NITJ Technology Business Incubator'** and covers the following processes:

Eligibility

Admission to NITJ TBI will be open to:

- i) Faculty/Staff of the Host Institution (Current and Retired)
- ii) Students, research scholars and current project staff of Host Institution
- iii) Alumni of Host Institution
- iv) Universities/Institutions having R&D collaboration with the Host Institution
- v) Others

The proposals for business incubation must meet with one or more of the following parameters:

- i) Proposals with Intellectual Properties (IP) generated within NITJ and transferred to the company for a consideration
- ii) Proposals with IP belonging to faculty, staff, student or alumni (created outside NITJ)
- iii) Proposals with potentials for strong identifiable involvement or interaction with NITJ faculty with/without usage of NITJ facilities
- iv) Proposals which will have social and strategic impacts
- v) Proposals with potential for large resource generation and/or impact value

Applications for admission to NITJ TBI 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 three months from the date of approval of the application for admission in NITJ TBI.

Admission Process

At the opening level, the potential incubatees for admission in NITJ TBI will be required to submit an application. After initial screening and eligibility check, applicants will be invited for an initial meeting with the NITJ TBI management. Upon affirmative preliminary assessment, applicants will have to submit a detailed proposal consisting of:

- i) Business Plan
- ii) Details of IP/ technology based on which a company is proposed to be promoted/ founded. In case the IP/ technology is developed at NITJ, a copy of letter of approval from NITJ for transfer of / licensing of/ permission to use IP in favour of prospective

incubatee companies.

The business plan must cover all aspects including: company description, value proposition, products and services, market and competition analysis, revenue model, milestones and timelines, development and marketing plan, organizational structure, core team, risk analysis, funding requirements and projected financials. Applicants may give such additional information as they think would help in the assessment of their proposal.

Based on the documents submitted, the Business Plan will be screened by the NITJ TBI team for assessing the suitability of the proposal for further evaluation by expert members regarding its potential for incubation. Detailed scrutiny including financial and technical due diligence of the proposal shall then be carried out by the expert members for evaluation of the proposal. The expert members would be invited/ identified depending on the nature of the proposal. Applicants may 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. Submissions to NITJ TBI will be treated with utmost confidentiality.

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

- i) Strength of the product idea in terms of its technology content, innovation, timeliness and market potential
- ii) IP already generated and the potential of the idea for IP creation
- iii) Strength of the core team
- iv) Funds requirement and viability of raising finance
- v) Time to market
- vi) Break-even period

NITJ TBI will have a sole discretion whether to admit or reject a proposal for incubation and the decision of NITJ TBI in this regard shall be final. NITJ TBI is not bound to give any reason in case a proposal is rejected.

Infrastructure

Upon admission to TBI, 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:

- i) Office space
- ii) Internet connection
- iii) Personal Computers (as per availability)

Besides, NITJ TBI will facilitate the incubatee companies to access

departmental laboratories and other resources of Host Institution for their products development purposes. Access to departmental resources is possible through Dean (Research and Consultancy) of NITJ and usage of such resources should be with permission of the concerned department to avoid conflict with departmental activities and objectives. Further usage of such resources shall be on commercial basis and in conformity with the policies of Host Institution.

Apart from company specific infrastructure as stated above, NITJ TBI will provide certain facilities be shared by all incubatee companies which would include:

- i) Laser Printing
- ii) 3D Printing
- iii) Photocopier
- iv) Scanner
- v) Teleconferencing facilities
- vi) Meeting/Conference room with projection equipment
- vii) NITJ TBI Library facilities
- viii) Pantry facilities
- ix) Recreational facilities
- x) Common secretarial pool/staff depending on availability of such staff with NITJ TBI

Services

In addition to physical infrastructure, NITJ TBI intends to provide other support and services including:

- i) Company registration and filings
- ii) Accounting services
- iii) HR services
- iv) Legal
- v) Intellectual Property (Copyrights, Trade Marks, Patent) filings
- vi) Training/Conferences/Workshops
- vii) Seed Funding support
- viii) Governmental Agency funding
- ix) Networking and linkages with NITJ Alumni for mentorship, funding, technical expertise and market access
- x) Venture capitalists / Angels / Investors Introductions
- xi) Meetings with visitors of NITJ (such as alumni, VCs, industry professionals)
- xii) Showcasing NITJ incubated companies through networking and events
- xiii) Entrepreneurship meets

Periodic Assessment

NITJ TBI will evaluate the performance of incubatee companies, who will be required to submit information on a quarterly basis in a prescribed format. Additionally, incubatee companies may also be subject to annual assessments.

Information Submission

Incubatee companies will submit information to NITJ TBI 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. NITJ TBI may require incubatee companies to submit other information as it deems fit. Prior concurrence of NITJ TBI should be obtained for effecting such changes.

Tenure in NITJ TBI

Companies will be permitted to stay in NITJ TBI, to begin with, for a period of 18 months that may be extended to another 12 (6+6) months after review at each stage. A nominal monthly charge will be levied to a company for this period of 30 months. NIT TBI may, at its own discretion, permit companies to extend their stay further for a maximum period of another 12 months, for which they will have to pay the charges at the prevailing market rate to be decided by NITJ TBI.

Rent

Rent for the incubatee companies will be guided by the following norms:

- i) Office space with 2 workstations – ₹1000/- pm
- ii) Office space with 3 workstations – ₹1200/- pm
- iii) Additional workstation space – ₹300/- pm

Exit (Graduation)

Incubatee companies will leave the incubator under the following circumstances:

- i) Completion of stay for 30 months, unless the stay is extended by NITJ TBI.
- ii) Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by NITJ TBI on the case to case basis.
- iii) Irresolvable disputes between promoters/ founders. NITJ TBI will decide the position or point when disputes are deemed to be irresolvable.

- iv) When the company enters in an acquisition, merger or amalgamation deal or reorganisation deal resulting substantially a change in the profile of the company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue.
- v) Change in promoters'/ founders' team without concurrence of NITJ TBI.
- vi) Any other reasons which NITJ TBI may find it necessary for an incubatee company to leave.

Notwithstanding anything written elsewhere, NITJ TBI decision in connection with the exit of an incubatee company shall be final and shall not be disputed by any incubatee company.

Equity

In lieu of support and services to be provided by NITJ TBI/ NITJ, the incubatee companies will be subject to consideration in the form of equity and/or revenue sharing of the respective companies. The percentage of equity and revenue sharing will be decided by NITJ TBI and is to be given in favour of NITJ TBI. The indicative range of the equity holding by NITJ TBI will be 3-6%.

Virtual Incubation

Virtual Incubation is a concept of incubation that allows an incubatee to be part of an incubator without being physically located at incubator's premises. NITJ TBI is open to virtual incubation and will extend all support as made available to other incubatees that would be physically located. Virtual incubators will have to pay ₹6000/year as the registration fee.

Conflicts of Interest and Confidentiality of Information

When a person plays two separate roles in two different positions and he/she uses one position for his/ her personal benefit in the other role, a situation leading to conflict of interest arises. NITJ TBI endeavours to draw a line between appropriate and inappropriate interactions among its board members, employees, mentors, consultants, affiliates, incubatee companies, their employees, persons connected to them or their promoters, employees and staff, various service providers and suppliers.

Conflicts between private interests and official responsibilities of all stakeholders must be handled in a transparent manner, and NITJ TBI considers full voluntary disclosure as the best mechanism for managing conflicts of interest. Since situations leading to conflict of interests are inevitable, it is expected that the interested persons follow transparency in

their actions based on full disclosure of relevant information by them. Following guidelines are suggested for management of actual or potential conflict of interests and to address disputes arising out of conflict of interests and maintenance of confidentiality:

- i) Appropriate disclosure of the conflicting situations involved in a decision or transaction
- ii) Abstaining from participating in decision making process or transactions involving such situations
- iii) Obtaining appropriate approvals to avoid conflicts
- iv) Reporting of the breach of the policy without deliberate intention or knowledge.

A committee may be set up by NITJ TBI to resolve any dispute over such situation causing conflicts of interests.

Further during the process of incubation, certain proprietary information may also be exchanged between various parties which are of confidential or sensitive nature. The confidentiality of such information needs to be maintained.

Agreements

The following agreements are required to be signed by the companies to the extent applicable:

- i) ***Service Agreement***
Between NITJ TBI and Incubatee company for admission of the company to NITJ TBI
- ii) ***Equity Agreement***
Between NITJ TBI and Incubatee company for NITJ TBI equity holding in the Incubatee company
- iii) ***Transfer of Technology/Technology License Agreement***
Between NITJ & an incubatee company for transfer of technology from NITJ in favour of incubatee companies
- iv) ***Usage of Host Institution Lab Resources***
Between NITJ & an incubatee company for usage of departmental resources of NITJ by the incubatee company as per the prevailing policy of NITJ

Campus Accommodation

Subject to availability, an incubatee may be provided with campus accommodation, on a payment basis. Incubatee will have to pay the monthly rent as per the norms of the host institution.

Disclaimer

The incubatee company will understand and acknowledge that NITJ TBI 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, NITJ TBI does not undertake responsibility for:

- i) Ensuring success of an incubatee company, its products/ process/ services or marketability
- ii) Ensuring quality of support and services provided by NITJ TBI to the complete satisfaction of the incubatee companies or their promoters/ founders
- iii) Ensuring quality of services of the consultants engaged by the incubatee companies through NITJ TBI/ NITJ network. Incubatee companies will have to apply their judgements before getting in to a relationship with them
- iv) The incubatee companies agree that NITJ TBI/ NITJ or their employees shall not be held liable for any reason on account of the above

The policy is subject to periodical review and amendment. NITJ TBI reserves the right to make exceptions to the terms of the policy where justified for a particular company or promoter on a case by case basis.