

Rajarshi Shahu Mahavidyalya, Latur (Autonomous)

“Policy for Innovation, Incubation and Start-Up (RSMLIIC)”

Objectives:

The policies of the “Innovation and Incubation Center” set by the institute mainly focus on providing an opportunity for early-stage innovators/entrepreneurs/start-ups to get,

- Technical and business mentoring
- Access to state-of-the-art lab facilities and workspace
- Industry connection and legal support
- Financial assistance (up to INR 1 Lakh)

Also for Innovation and Incubation Center our goal is to:

- Utilize the technical expertise of RSML
- Lab infrastructure of RSML

RSML wishes to facilitate the ideation and inventions that benefit society. Taking the same leaves, **RSMLIIC** has adopted this Innovation and Incubation Policy to provide guidance and management structure to facilitate the development of Start-ups/entrepreneurship by exploring a startup pitch deck (a business overview used to raise capital) by budding innovators. Virtual incubates can operate from anywhere in India. We are looking for:

- 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 **RSMLIIC** and it covers the following processes:

- Eligibility for Founder/Innovator/ Incubatee
- Admission Procedure for Incubatee
- Infrastructure and Services Provided to Incubate
- Mandatory Mentorship
- Period of Incubation/ Exit
- Intellectual Property (IP) Evaluation
- Seed Funding
- Periodic Assessment
- Conflicts of Interest
- Disclaimer
- Agreements

The policy subjects to periodical review and amendments. It will be the responsibility of the companies admitted to **RSMLIIC** to update themselves timely on ensuing amendments in the Incubation policy and procedures. **RSML** reserves all the rights to make an exception of all or any of the terms of the policy for a particular company or a promoter, on the individual case.

Incubation Eligibility:

- The applicant desiring to avail incubation facilities at RSMLIIC 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 aforesaid Companies Act.
- The companies promoted by Faculty of **RSML** 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; but, 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 **RSML**.
- A company if promoted by regular staff or employee of an organization shall be granted incubation only upon submission of 'No Objection Certificate (NoC)' (**Annexure-I**) from the competent authority or employer. On the other hand, companies having employees as shareholders are eligible to apply for incubation.
- 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 RSMLIIC is not deemed eligible for incubation and their application will not be accepted.

Incubation Admission procedure:

All the applicants shall have to thoroughly read and agree to the terms and conditions of the incubation endeavor. Then only their applications in prescribed format (**Annexure-II**) shall be processed to flourish the needful.

Stage 1: Application by Submitting Executive Summary/ Business Plan:

As a first step of the admission process, the company should submit an Incubation Application containing the Business plan, Certificate of incorporation as well as Memorandum & Articles of Association. RSMLIIC shall present the executive summary of the same to an internal review/scrutiny committee for comments on technical and business feasibility of the idea.

Here are some representatives Evaluation Criteria (but not limited to these):

- Strength of the product idea in terms of its technology content, innovation, timeliness and market potential.
- Profile of the core team/ promoters.
- Intellectual Property (IP) generated and the potential of the idea for IP creation.
- Financial/Commercial Viability
- 5 year projections of P&L (Profit & Loss), Balance Sheet and Cash Flows
- Funds requirement and viability of raising finance
- Time to market availability
- Commercial potential, demand and requirement in India
- Scalability

Stage 2: Presentation to Evaluation Committee of RSMLIIC:

After scrutiny if the initial evaluation of the business plan/executive summary is positive, RSMLIIC will arrange a meeting with the company founders/innovators, for the PowerPoint presentation by founders/innovators describing critical aspects of the business plan to the evaluation committee. 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 through correspondence. The presentation through video conferencing is also permitted.

The constitution of the evaluation committee will be according to the directions given by Chairperson of RSMLIIC comprising representatives of RSMLIIC along with technical, financial and other experts.

Research & Due Industry:

Throughout the process, RSMLIIC will perform research and due diligence of the company, the management team, the industry, and the current and future competitive elements facing the business, as per the need. RSMLIIC may require further information from the applicant, and may ask the applicant to revise the executive summary and/or presentation. RSMLIIC may at its discretion look for advice of various government bodies that have sponsored the incubation centre like DSIR, DST, MSME, etc.

Non-Disclosure:

RSMLIIC adheres to strict confidentiality throughout the application process. However, RSMLIIC will not sign any 'Non-Disclosure Agreements'.

Infrastructure and Services Provided to the Incubatees:

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

- Work space
- Computers & Printers - Up to two on rental basis (more than two can be availed at market rates)
- Broad Band Internet Connection (LAN/Wi-Fi)
- Phone connection – The individual company will pay the rentals and bills.
- Standard Furniture as decided by RSMLIIC.
- One Accommodation to Director/Promoter depending upon the availability (One room in Guest house/ Student Residential Hostel).

Common Infrastructure: RSMLIIC 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 Subscribed Trade Journals and Newspapers
- Meeting/Conference room with Projector and Audio facilities.

Institute Infrastructure:

RSMLIIC may facilitate access to the institute infrastructure or laboratories as per the norms of RSML.

Services: For mentoring the incubatee, RSMLIIC 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.

RSMLIIC 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.Sc. and B.Sc. student, if desired.

Mentoring and Advisory Services:

- Strategic Checkups: The Chairperson of RSMLIIC will meet the company CEOs at least once in a month for strategy reviews and discussion of operational issues.
- An incubated company shall have to take a faculty advisor (with competent expertise) 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 (legal work for a client with a low income) with an option for both parties to graduate to a paid relationship.
- An incubated company may avail the consulting services by empanelled professionals (Jury).

Mentorship:

One of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of RSML. Therefore, every company that is offered incubation at RSMLIIC 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: RSMLIIC has created a database of Industry mentors. Every company incubated at RSMLIIC may select one Industry mentor within six months from the date of joining the centre. In case the incubatee chooses for an industry mentor, the company has to offer a minimum 1% of equity to the mentor as a consideration of mentorship.

Period of Incubation & Exit

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.

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 RSMLIIC on case to case basis.
- Irresolvable promoters dispute as decided by RSMLIIC on a case to case basis.
- Violation of RSML'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 RSMLIIC.
- Any change of more than 50% of equity ownership would require a prior approval of RSMLIIC.
- Any other reason for which RSMLIIC may find it necessary for an incubated company to leave.

Notwithstanding anything written elsewhere, RSMLIIC'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 **RSMLIIC** will evaluate the performance of incubatee for 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 RSML
- Full scale business Graduation
- Post incubation Survival

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

Intellectual Property (IP) Evaluation:

In the case of sharing of commercial values generated through Intellectual Property, the following norms shall be adopted.

The ownership of the knowledge generated from the project will be jointly owned by the College and the Innovator, as detailed below:

- i. The college holds the right to benefits to the extent of the financial assistance provided by the college
- ii. 10% of the market value of such knowledge generated.

Seed Funding

RSMLIIC 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 RSMLIIC 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 RSMLIIC.
- The seed loan will be sanctioned based on the eligibility criteria as decided by RSMLIIC. It would also be subject to the terms stipulated as per the Seed fund Guidelines of RSMLIIC. 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.
- The final decision regarding it will be announced within a month. RSMLIIC will have the

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

- The applicant would then enter into a Seed Fund Agreement with the Institute.
- After execution of agreement, the funds will be transferred to the project account within 10 days. Both the company's CEO and the RSMLIIC coordinator will be in charge of the bank account.
- Though seed loan may be sanctioned at the time of approval of the proposal for admission, disbursement shall be subject to RSMLIIC 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 RSMLIIC.**
- The company will be subjected to regular performance reviews.
- Repayment Options: The repayment options have been decided by a committee comprising members from the grant agencies, advisory Board RSMLIIC, 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 INR 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 INR 5 lakh) at par.

Option IV:

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

Conflicts of Interest

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

Disclaimer:

RSMLIIC, RSML does not guarantee success and/or feasibility of the technology transferred from the Institute. RSMLIIC/ RSML 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 RSMLIIC/ RSML or any person representing them harmless from any loss including damage, penalty.

Agreements:

All incubatees shall enter into the following agreements with the Institute: (Copies of Agreement rules can be put under Readable)

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

Principal

On Company/Institute Letter Head

To,
The Principal,
RSML Innovation and Incubation Center (RSMLIIC),
Rajarshi Shahu Mahavidyalaya,
(Autonomous), Latur

This is to certify that [NAME HERE] having an Employee ID/ the Student ID [ID HERE], resident of [ADDRESS HERE], is an employee/the student of [COMPANY/INSTITUTE NAME HERE], situated at [ADDRESS HERE], is allowed to submit the idea/innovation to get necessary support from **RSMLIIC** for Innovation, Incubation and Linkages.

This letter is ISSUED this [DAY HERE] day of [MONTH HERE], [YEAR HERE], as requested by [NAME HERE] in support of his/her application for **RSMLIIC**.

Signature of Competent Authority: _____

Designation: _____

Date: _____

Seal of Institute: _____

Business Plan/ Executive Summary 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:

- Introduction / Company overview
- Concept / Proposition / Product description
- Market opportunity
- Competition survey
- Development plan and milestones
- Marketing plan
- Management / Organizational chart
- Financials
- Risks and de-risking strategies
- Appendix
