



Policy for Start-ups at Incubation and Acceleration Centre

1. Definitions:

- (a) Incubation and Acceleration Centre **will** be referred as SAGE Incubation Centre.
- (b) **SAGE University member(s)** (henceforth called as **member**) – Any faculty, staff, research scholars, students and alumni of SAGE University, Indore.
- (c) **SAGE University, Indore Incubated Company** (henceforth called **company**) – A registered Company promoted and/or invested in by SAGE University, Indore member(s) singly or jointly with others. Additionally, those incubated by any of SAGE University, Indore incubators located in SAGE University, Indore premises or elsewhere and declared as a start-up by SAGE Incubation Centre.
- (d) **External Start-up (ESU)** – A registered company promoted and invested in by non-SAGE University, Indore member(s) and/ or not located in university premises.
- (e) **Incubator** – A physical and/or virtual unit that extends various forms of support for Start-ups and engages in specified relationships with them on behalf of SAGE University, Indore.

2. **Preamble:** Start-up India is a flagship initiative of the Government of India, launched in January 2016, which intends to build a strong eco-system for nurturing innovation and Start-ups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Start-ups to grow through innovation and design. To meet the objectives of the initiative and accelerate spreading of the Start-up movement, Government of India announced Start-up India Action Plan which is divided across the following areas:

- Simplification and Handholding
- Funding Support and Incentives
- Industry-Academia Partnership and Incubation

3. **Definition of Start-up:** As per the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India notification vide No. 236 dated 11 April 2018 (copy enclosed as Annexure), an entity shall be considered as a Start-up:

- (a) Upto a period of seven years from the date of incorporation/registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India. In the case of Start-up in the biotechnology sector, the period shall be upto ten years from the date of its incorporation/ registration.
- (b) Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded INR 25 crores.
- (c) Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation. Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Start-up'.

4. **Types of Start-ups with SAGE University, Indore involvement:** SAGE Incubation Centre may be actively involved in pre-incubation and incubation of a Start-up company promoted by one or more **member(s)**, or by others. The types of Start-up are as categorized below:

- (a) **Member** may promote an SAGE University, Indore Incubated Company (Company).
- (b) **Member** can be involved with an External Startup (ESU).
- (c) SAGE University Indore Incubation Centre through its incubators may be involved with a Company or ESU.

5. **Administration Team:** SAGE Indore Incubation Centre will have an administration team which will comprise of following members:

- 1. Ms.Sakshi Agrawal Bansal
- 2. Dr. Ankur Arun Kulkarni
- 3. Dr. Manish Choudhary
- 4. Dr. Sudhir Agrawal
- 5. Dr. Lalji Prasad
- 6. Dr. Aditya Pratap Singh- Member Secretary

6. **Start-up Eligibility:** Companies are eligible for start-up facility by SAGE Incubation Centre provided its equityholders or partners are from the following categories:

- (a) Students of SAGE Indore
- (b) Alumni of SAGE Indore.
- (c) Regular Faculty members of SAGE University, Indore (as per rules of SAGE University, Indore)
- (d) Individuals partnering with regular faculty members/alumni of SAGE Indore.
- (e) As an ESU.

Further, following eligibility criteria are also mandatory:

- (f) Any person desirous of availing incubation facilities must fulfil the criteria mentioned in Point 3 of this policy.
- (g) The companies promoted by Faculty members of SAGE Indore shall be governed by existing policy of SAGE University, Indore.

7. **Start-up Admissibility Procedure:** The applications shall be processed once the applicant(s) has taken due recommendation in a no-objection certificate (NoC) from respective HOI/HOD and approval from Registrar for Faculty members, and Dean of Academic Affairs for students and research scholars and read & agreed to the “terms and conditions” of SAGE Incubation Centre. An Internal Review Committee (IRC) constituted and would be setup to evaluate and carry out the selection procedure. Various stages involved in the selection of a start-up company would be as follows:

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, Memorandum & Articles of Association, Infrastructure required and Justification for choosing SAGE Incubation Centre for start-up. SAGE Incubation Centre then shall present

the executive summary to an IRC for comments on technical and business feasibility of the idea. The evaluation criteria would include the following:

- 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 P&L, Balance Sheet and Cash Flows.
- Funds requirement and viability of raising finance.
- Time to market.
- Break-even period.
- Commercial potential, demand and requirement in India.
- Scalability.

STAGE 2: Presentation to the Internal Review Committee

If the initial evaluation of the business plan / executive summary is positive, SAGE Incubation Centre 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 IRC. The presentation will be followed by Q&A session. After the presentation, a final decision will be made regarding the acceptance of the company as a start-up. The presentation through video conferencing is also permitted.

Research & Due Diligence:

Throughout the application process, on need basis, SAGE Incubation Centre will perform research and due diligence of the company, management team, industry, and current and future competitive elements facing the business. SAGE Incubation Centre may seek further information from the applicant and may ask the applicant to revise the executive summary and/or presentation.

Non-Disclosure:

SAGE Incubation Centre will strictly adhere to confidentiality throughout the application process. However, SAGE Incubation Centre will not sign any 'non-disclosure' agreements.

8. **Agreement:** The Company will enter into an agreement with SAGE Incubation Centre, SAGE University, Indore once their business plan has been approved by IRC. The Company will not be allowed to commence its operation till the agreement is signed between both the parties.

9. **Infrastructure:**

- (a) Facilities offered to the incubated companies, on individual and sharing basis, by SAGE Incubation Centre would be explicitly mentioned in the agreement made between both the parties.
- (b) Rent and Security Deposit, as decided by SAGE Incubation Centre, for the office space offered would be charged by the incubatee.
- (c) SAGE Incubation Centre may facilitate access to the Institute infrastructure or laboratories as per the norms of SAGE University, Indore.

10. **Mentoring and Advisory Services:**

- Strategic Check-ups: SAGE Incubation Centre may call for a meeting with the company CEOs as deemed necessary for strategy reviews and discussion of operational issues.
- An incubated company may be provided, based on demand, with SAGE University, Indore faculty advisor or Expert as a mentor on technology issues.
- Specialized mentors may be made available, based on demand, to the companies to assist with 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 at their end.
- Hiring of any consultant from outside SAGE Indore directly by the Incubatee Company shall have to be paid directly with prior information to SAGE Incubation Centre.

11. **Member's engagement with Start-ups (Company or ESU)**: The member's engagement with the Start-up will fall under any of the categories mentioned below.

Faculty/Staff member involvement:

A faculty/staff start-up will necessarily be required to be incubated in the Institute. However, in the exceptional cases, where faculty/staff would like to open/operate/incubate the start-up company outside the institute, prior approval needs to be taken with sufficient justification on a No Objection Certificate (NOC format available at SAGE University, Indore webpage), which will be recommended by Head of concerned Department/Institute/Office and the recommendation of HEAD Incubation center will be submitted to the Board of Members for the final decision.

Incubation policy amended time to time will be applicable in all the cases of inside and outside incubation.

(a) **Capital Investment**: Faculty member may be involved in the Start-up by providing capital investment alone in return for equity (with prior approval of Board Members), with no other managerial, technical or mentorship involvement whatsoever. All equity thus allotted can be retained by the concerned Faculty, and the transaction is treated as a purely private commercial transaction of no concern to the institute. The member must declare this to SAGE Incubation Centre, to avoid conflict of interest situations.

(b) **Part time** (non-executive role): A Faculty member can participate in a Start-up on a part time basis as per SAGE Indore consultancy norms in accordance with the extent of time spent on such participation provided there is no conflict of interest as per point-13. They will do their normal teaching & other activity in their Departments/ Centers and can spend one day per week for the entrepreneurship activities. The compensation to the Faculty member may be as per SAGE University Indore norms for consultancy projects. As an alternative, a Faculty member can obtain equity of the Start-up company as compensation for the engagement with the company. In such a case, the Faculty member must apply for approval for engagement with the Start-up.

Research Scholars' / Students' Involvement

(c) **Full time:** A Research Scholar / Student can seek permission from SAGE Indore to take special leave for a semester, or an additional period for which formal permission is granted by SAGE University, Indore, to work for a Start-up on a fulltime basis. This may be treated as withdrawal under permission from SAGE University, Indore for the specified period for which such special leave is formally granted. The Research Scholar/Student, on returning, must satisfy all norms (including maximum duration norms of his/her respective programme of study) to earn a degree. If the Research Scholar / Student is compensated by the Start-up in the form of cash and/or equity, he/she must deposit 5%, or as decided by SAGE University, Indore, of the total cash/equity offered to him/her to SAGE University, Indore.

(d) **Part time:** A Research Scholar / Student can seek permission from SAGE Indore to work for a Start-up on a part time basis. The SAGE Indore part-time engagement norms in projects during a semester/vacation period will apply. If the Research Scholar / Student is compensated by the Start-up in the form of cash and/or equity he/she must deposit 7.5%, or as decided by SAGE University, Indore, of the total cash/equity offered to him/her to SAGE University, Indore.

Role of member in Start-up

(e) The **member** may play an executive role / non-executive role in a Start-up depending on whether they will be engaged fulltime or part-time. The **member** may be involved full time only after obtaining permission from the Institute for the appropriate type of leave. The part-time engagement will be as per existing SAGE Indore consultancy norms. The **member** can take up an executive role only if they are engaged full time with the start-up.

(f) A **member** willing to involve himself/herself in entrepreneurial activity will be allowed to hold an office like President/ Chairman/ Director of the company during the period of incubation. Notwithstanding anything contrary herein, the Statute, Rules, Guidelines and any regulations of Government of India as amended or introduced from time to time shall prevail over this condition. The permission to allow a faculty as a President, Director, Promoter, Executive Director of the company can be withdrawn by SAGE University, Indore at any point of time. Once allowed to hold such office, the member will have to allot equity to SAGE Incubation center Indore
(0.5% to 5.0% + as per mutual consent).

12. **Intellectual Property Policy:** The Intellectual Property Policy Guidelines shall be as stated below.

For transfer/ licensing of/ permission to use IP owned by SAGE University, Indore in favour of the incubatee companies and for the facilities provided by SAGE Incubation Centre, the respective companies shall have to consider sharing of revenue (in form of equity/ cash). The percentage of equity and revenue sharing will be decided by the Board of Members of SAGE Incubation Centre and is to be given in favour of the SAGE University, Indore. SAGE Incubation Centre may ask for additional equity/ cash from the companies to whom SAGE University, Indore has supplied specialized equipment.

13. **Conflict of Interest**: Certain situations leading to conflict of interests are explained herein below. However, the list is not exhaustive, and hence situations having actual or potentials for conflicts of interest though not covered in this document will nonetheless be subject to this policy.

- (a) An SAGE University, Indore member is able to influence a departmental decision for acquisition of laboratory and other equipment which could benefit an incubatee company in which he/ she is an interested person.
- (b) An SAGE University, Indore member in a position to circumvent prevailing policies for making use of SAGE University Indore's facilities for the benefit of an incubatee company in which he/ she is an interested person.
- (c) An SAGE University, Indore member in a position to make use of the suppliers and service providers of SAGE University Indore for undue advantage of an incubatee company in which he/ she is an interested person.
- (d) An SAGE University, Indore member procures consultancy assignments or other business in name of SAGE University Indore and outsources them to the incubatee company in which he/ she is an interested person.
- (e) An SAGE University, Indore member in a position to influence policy decisions of SAGE University Indore with an intention to benefit an incubatee company in which he is an interested person.
- (f) Use of SAGE University, Indore students or employees to perform a work for an incubatee company without any compensation when the work is not related in any way for their academic pursuits.
- (g) A person who is interested in one incubatee company and involved in a decision-making process also affecting other incubatee companies leads to situation of conflict of interest.
- (h) When an incubatee company, its promoters, employees and staff or any interested person acts in manner to benefit the incubatee company at the disadvantage of SAGE University, Indore.
- (i) An incubatee company, its employees and its staff having access to SAGE University, Indore resources are in position to exploit them by bypassing SAGE University, Indore's policies.
- (j) When SAGE University, Indore members are neglecting their respective commitments to SAGE University, Indore for their association with incubatee companies.
- (k) SAGE Incubation Centre employees and associates are in position to use sensitive information pertaining to incubatee companies for their personal advantage.
- (l) Conflict of interest of any sort not limited to blood relations, spouse, etc. should be avoided.

14. **Tenure of Incubation**: The companies will be permitted to stay in the incubator initially for a period of five year. They may be granted further extensions at the sole discretion of SAGE Incubation Centre. An incubated company may be asked to leave the incubator under the following circumstances:

- (a) Completion of term as per agreement.
- (b) Underperformance or non-viability of business proposition as decided by SAGE Incubation Centre on case to case basis.
- (c) When the annual turnover of the company exceeds INR 25 crore, or as stated by the Government of India.
- (d) Irresolvable promoter's disputes as decided by SAGE Indore Incubation

Centre on a case to case basis.

(e) Violation of SAGE University Indore's policy.

(f) 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, equityholders, products or business plan.

(g) Change in promoters'/ founders' team without concurrence of SAGE University Indore Incubation Centre.

(h) Any other reason for which SAGE Incubation Centre may find it necessary for an incubated company to leave.

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

15. **Periodic Assessment:** Periodic assessment would be carried out by IRC and vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are as follows:

(a) Ideation / Innovation stage

- Background of entrepreneurs/ team
- Concept development / Opportunity spotting
- Product Development
- Market assessment / Competition analysis
- First level Business Planning / Business Modelling
- Intellectual Property Protection
- Seed Funding

(b) Pre-Market Stage

- Proof of Concept/ Prototyping
- Product Development and enhancement
- Financial Health
- 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
- Team Formation

(d) Exit stage

- Going National / Global
- Exit options for SAGE University INDORE
- Full scale business Graduation
- Post incubation Survival
- Incubatee may be asked to provide updates on the performance of the company to SAGE Incubation Centre.

16. **Disclaimer:** The incubatee company will understand and acknowledge that SAGE 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, SAGE Indore Incubation Centre does not undertake responsibility for:

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

17. **Others:**

- (a) Incubation policy, IP Policy and Institute norms amended time to time will be applicable in all the cases of Inside and outside incubation.
- (b) There will be no financial liability or legal implications on SAGE University, Indore and SAGE Incubation Centre due to incubation outside and inside the campus.
- (c) SAGE Incubation Centre does not guarantee success and/or feasibility of the technology transferred from the University. SAGE University, Indore or any person representing them shall not be liable for any acts or omissions of the incubated company.
- (d) The above policy is subject to periodical review and amendment at any time.
- (e) Any/all dispute between the parties shall be referred for arbitration to the Board of members, whose decision will be final and binding upon the parties. The place of arbitration shall be Indore.

