



SIDDHARTH UNIVERSITY, KAPILVASTU  
SIDDHARTH NAGAR, UP

INCUBATION CENTER POLICY

*Our biggest victory is your success*

Incubation Policy

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## CONTENTS

<b>Definition of a Start-up</b> .....	<b>3</b>
<b>ABOUT INCUBATION CENTER</b> .....	<b>3</b>
<i>VISION:</i> .....	<b>4</b>
<i>MISSION:</i> .....	<b>4</b>
<b>INCUBATION POLICY AND GUIDELINES</b> .....	<b>4</b>
<b>SCOPE-</b> .....	<b>4</b>
<b>1. THRUST AREAS-</b> .....	<b>5</b>
<b>2. ELIGIBILITY-</b> .....	<b>5</b>
<b>2.1. For Pre-incubation-</b> .....	<b>5</b>
<b>2.2. For Incubation and Virtual incubation-</b> .....	<b>5</b>
<b>3. SELECTION CRITERIA-</b> .....	<b>6</b>
<b>4. ADMISSION PROCEDURE</b> .....	<b>8</b>
<b>5. SERVICES PROVIDED BY SIFSU</b> .....	<b>8</b>
<b>6. PERIOD OF INCUBATION-</b> .....	<b>8</b>
<b>6.1. Exit-</b> .....	<b>8</b>
<b>7. PERIODIC ASSESSMENT-</b> .....	<b>9</b>
<b>8. INTELLECTUAL PROPERTY</b> .....	<b>10</b>
<b>9. SEED FUNDING-</b> .....	<b>11</b>
<b>10. CONSIDERATION-</b> .....	<b>11</b>
<b>11. AGREEMENTS-</b> .....	<b>12</b>
<b>12. Credit System</b> .....	<b>12</b>
<b>POINT OF CONTACT</b> .....	<b>143</b>

## Definition of a 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, an entity shall be considered as a Start-up when:

- A. An 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'; *and*
- B. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded INR 25 crores; *and*
- C. Up to 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; *and*

## ABOUT INCUBATION CENTER

Incubation center at Siddharth University, Kapilvastu (hereinafter to be referred to as *SU*) has been incorporated under section 8 of the Companies Act, 2013. SIFSU aids students, alumni, and entrepreneurs from the university, its affiliated colleges, as well as institutes from all parts of the state, with their ideas and venture plans. SIFSU invite innovative ideas and incubate, nurture, and hold their hands till they are able to sustain and excel. An entrepreneurial environment is provided with culture of collaboration. SIFSU guide and help aspirants to prepare the business plan and help them present their startup on the appropriate platform so that financial help may be received from various government and private agencies/promoters.

**VISION:**

The vision is to be a trendsetter in Siddhartha Nagar for providing best equipment and facilities for students and young minds. The incubation center aims to provide the entire suite of services for establishing and flourishing of any form of a business entity.

**MISSION:**

To play a crucial role in promoting entrepreneurial culture and creating business leaders in thrust area, namely, Information & Communication technology, Mechanical Engineering (Focus Robotics & Automation) & Electronics.

**INCUBATION POLICY AND GUIDELINES**

SIFSU wishes to facilitate the creation of ideas and inventions that benefit society. The scope of this document is to define the policies and procedures for the operational matters related to the SIFSU. The policy is subject to periodical review and amendments. It will be the responsibility of the startups admitted to SIFSU to update themselves from time to time on amendments in Incubation policy and procedures. SIFSU reserves the rights to make an exception of all or any of the terms of policy for a particular company or a promoter on a case-to-case basis.

**SCOPE-**

Applications are accepted online or in person for three major incubation programmes:

- 1) Pre-Incubation
- 2) Incubation
- 3) Virtual Incubation (for companies located outside the SU campus)

It covers the following aspects:

1. Thrust Areas
2. Eligibility
3. Selection criteria
4. Admission procedure
5. Services provided by SIFSU
6. Period of Incubation
7. Periodic assessment
8. Intellectual Property
9. Seed funding
10. Consideration
11. Agreements

## 1. THRUST AREAS-

Different Sectors where incubation can be provided are among, but not limited to:

- Economics, Banking and Finance
- Renewable Energy Technology
- Food Technology and Processing
- Automation Technology
- Material Engineering
- Agriculture Sciences
- Hotel Management and Tourism
- Electrical and Electronics
- Architecture
- Computer Service & Info-Tech
- Water Resource Engineering and Management
- Agro-Technology and Allied sectors
- Social Work
- Other emerging areas or of social / national importance

## 2. ELIGIBILITY-

### 2.1. For Pre-incubation-

Only students, staffs, alumni, teachers or persons associated through extension services of the college desirous of availing pre-incubation facilities has to apply by downloading “CRUX App” from [www.crux.center](http://www.crux.center) or SIFSU official website (instruction are given there) in the prescribed format.

The pre-incubatee will be encouraged to contribute business ideas through CRUX App to foster the business idea. Once the business idea is qualified to become a start-up it can opt for Incubation or Virtual Incubation services.

### 2.2. For Incubation and Virtual incubation-

Any one desirous of availing incubation facilities has to incorporate 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.

The applicant for Incubation Program can be a start-up formed by an individual entrepreneur or

group of entrepreneurs that have not incorporated under either of the legal entities. In such cases an application may be made in the names of all promoters/founders of the start-up. However, if selected for the Incubation Program, the promoters/founders of the start-up must ensure that their start-up is incorporated under either of the legal entities within a period of three months from the date of signing of the incubation agreement with the SIFSU.

### **2.2.1. Eligibility Criteria:**

- a. The incorporated start-up must not be older than 7 years from the date of registration/ company incorporation.
- b. The incorporated start-up's annual turnover (as defined in the Companies Act, 2013) in any preceding financial year must not exceed ₹ 100 crore.
- c. The incorporated start-up must not be formed by splitting up, or reconstruction, of a business already in existence.
- d. The incorporated start-ups must not be working as a Proprietorship Company or Public Limited Company.
- e. The incorporated start-up must be working towards development of innovative products/ processes/services and must have a scalable business model with a high potential of employment generation or wealth creation.

*Further,*

- The startup or innovation promoted by faculties of SU shall be governed by SU and approved by the SIFSU. Companies that are promoted by students of SU shall not be offered incubation if student is holding executive position, however companies promoted by students are eligible to apply for incubation, provided, the student is not actively to be engaged with the company beyond any engagement which may be permitted by the Institute.
- Regular teachers, professors, or staffs shall be offered incubation only upon submission of '*No Objection Certificate*' from the competent authority of the University.
- Any company that is engaged or is proposing to be engaged in activities that are in conflict with the university, like imparting educational courses and/or training programs including vocational trainings or is planning to undertake such activities during the incubation period shall require explicit permission from the university. Upon Institutes' expressed approval, such companies shall be offered incubation.

## **3. SELECTION CRITERIA-**

A start-up applying to the Incubation/Virtual Incubation Program at SIFSU will be selected based

on following criteria:

- The start-up must have developed a Proof-of-Concept (PoC), business framework, business plan and started using performance matrix through CRUX App;
- The start-up must be working on an innovative idea/technology/product/service in one of the thrust areas;
- The start-up that is willing to pursue the Incubation Program full time with no other concurrent commitments during incubation period;
- The start-up that will preferably have a market ready prototype or PoC, or willing to commit to convert their idea into prototype during the tenure of the Pre-incubation Program;
- The start-up that has a strong business proposal, can confidently pitch to investors and raise funds, can be scaled up and become self-sustainable in 6 – 12 months' time.
- The start-up that offers technology enabled solutions with a social and strategic impact.
- The start-up that has a potential for large resource generation and can create an impact value and visibility for SIFSU.
- The start-up that is incorporated under either of the legal entities namely, private limited company, partnership fir, limited liability partnership, will have to meet the following additional criteria:
  - ✓ At least 51% of the start-up company should be owned by Indian nationals (directly or indirectly);
  - ✓ The start-up company has to ensure they have all required intellectual property rights (if applicable), including any technology license or patent assignment, to take the technology ahead. The start-up company may also be required to ensure that they will have Freedom to Operate.
- A start-up applying for the incubation program at SIFSU, it will not be considered for incubation if the proposed idea/ innovation/ technology or business plan falls under following conditions:
  - ✓ Start-ups proposing products, services or processes which lack novelty with no or limited incremental value;
  - ✓ Start-ups have been formed by splitting up or reconstruction of a business already in existence;
  - ✓ Start-ups with proposals that do not have potential for commercialization, or Start-ups proposing products, services or processes with no differentiation factor;
  - ✓ Start-ups with proposals those are not scalable and sustainable.

#### **4. ADMISSION PROCEDURE**

- i. Submit an e-application form provided at official website or in person.
- ii. Screening by SIFSU Committee (Proposals are examined with attention to financial, technical and social impact parameters)
- iii. Qualified/ shortlisted Start-ups will enter in an agreement with SIFSU
- iv. Agreement executed to formally commence incubation at SIFSU

#### **5. SERVICES PROVIDED BY SIFSU**

Following are the services the SIFSU provides:

- Air-conditioned co-working space and facilities for operations
- Legal Support
- Secretarial Support
- Intellectual Property Protection Support
- Technology Support
- Accounting Support
- Business Mentoring
- High-Speed Internet
- Cafeteria with complementary tea & coffee
- Industry Connect
- Investors Connect
- Counselling & Guidance

#### **6. PERIOD OF INCUBATION-**

Pre-incubated startup will be permitted to stay in the incubator for a period of maximum 3 months. Additional two months extension may be granted at the sole discretion of SIFSU depending upon the performance of startup. Further, incubated startup (physical or virtual) will be permitted to work at SIFSU for a period of maximum one year. Maximum two extensions may be granted for 6 months, each at a time, at the sole discretion of the SIFSU.

##### **6.1. Exit-**

An incubated startup may be asked to leave SIFSU under the following circumstances:



- i. Completion of period of incubation as per agreement (if not extended); *or*
- ii. Underperformance or non-viability of business proposition as decided by Internal Review Committee (IRC) of SIFSU on case-to-case basis; *or*
- iii. When the annual turnover of the company exceeds INR 100 cr., or as stated by the Government of India; *or*
- iv. By mutual consent of both the parties; *or*
- v. Irresolvable promoter's disputes as decided by SIFSU on a case-to-case basis; *or*
- vi. Violation of the policy of SU or SIFSU; *or*
- vii. 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; *or*
- viii. Change in promoters'/ founders' team without concurrence of SIFSU; *or*
- ix. Any other reason for which SIFSU or the university may find it necessary for an incubated company to leave.

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

## **7. PERIODIC ASSESSMENT-**

Periodic assessment would be carried out by IRC and vary depending on the stage of incubation of the startup. The incubated startup has to submit a yearly audited statement of profit and loss account and unaudited quarterly statement about the activities. Notwithstanding, pre-incubated startup has to submit quarterly performance review report. Additionally, incubatee may be asked to provide more frequent updates to SIFSU.

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

- PoC/ 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 SIFSU
- Full scale business Graduation
- Post incubation Survival

**NOTE**, Compliances as laid down by the Companies Act 2013 are binding on the incubated promoters. Incubated companies must submit a quarterly report on the compliances adhered as laid down in the Act.

**FURTHER**, non-compliance of the same would make companies liable for penalty. Strict actions may be taken by the SIFSU are mentioned here forth-

- Non-adherence to the *first warning* of the non-compliance by the said Incubated Company will attract penalty of Rs. 1000 which will be billed with the facilities due.
- An action against the non-adherence to the *second warning* by the Incubated Company will make the incubatee ineligible to apply for any kind of fundings at SIFSU.
- An action against the non-adherence to the *third warning* in the form of notice to vacate the premises allotted to them and may result in end of incubation services.

## 8. INTELLECTUAL PROPERTY

SIFSU helps start-ups with getting intellectual property rights for their unique and innovative product/services. In addition, SIFSU encourage young and other aspiring entrepreneurs to bring in new ideas to build products and solutions using the latest and emerging technologies, file for patents,

trademark, and Copyright protection which will be jointly owned between the entrepreneurs and SIFSU.

## **9. SEED FUNDING-**

- 9.1. SIFSU aids incubate(s) in getting seed fund/loan subject to the availability of funds/ grants/ schemes meant for this purpose. Seed fund/loan may be sanctioned only to the registered companies and shall be based on merits of each company. Further, admission to SIFSU shall not automatically entitle the promoters to seed fund/loan.
- 9.2. A promoter desirous of getting seed fund/loan may submit an application for seed fund after three months from the date of admission in SIFSU. Sanction of seed loan will be decided based on the eligibility criteria as decided by SIFSU. Information regarding available seed fund/loan will be provided only to the incubated startups.
- 9.3. SIFSU will have sole discretion to sanction or reject an application for seed loan and the decision of SIFSU in this regard shall be final. SIFSU is not bound to give any reason in case an application for seed loan is rejected.
- 9.4. Though seed funding may be sanctioned at the time of approval of the proposal, disbursement shall be subject to satisfaction of IRC, that suitable progress has been made.
- 9.5. Notwithstanding anything contrary contained herein the Seed fund sanction and disbursal shall be governed by governing council of SIFSU.

## **10. CONSIDERATION-**

SIFSU will charge for infrastructure and services from the incubated startups while pre-incubation facilities are free of cost. This payment would be in the form of service charges and equity share as per following details:

- For physical incubation- Recommended fee of INR 2500 per incubate per month for 2 seats occupancy and 2 to 9.5 percent equity (subject to approval of governing council of SIFSU, fee may be reduced or waived-off based on status of applicant);
- For Women entrepreneurs and Differently abled entrepreneurs- Recommended fee of INR 2000 per incubate per month for 2 seats occupancy and 2 to 9.5 percent equity (subject to approval of governing council of SIFSU, fee may be reduced or waived-off based on status of applicant);
- For virtual incubation- Recommended fee of INR 5000 per incubate per year and 2 to 9.5 percent equity (subject to the approval of governing council of SIFSU, the fee may be reduced or waived-off based on the status of the applicant).

However, SIFSU may at its discretion revise the rates from time to time.

## 11. AGREEMENTS-

All incubate shall enter into following agreements as per decided after discussion with governing council of SIFSU:

- i. *Incubation agreement with SIFSU:* Containing rules and other incubation norms, consideration, equity holding, etc. (Applicable to all except pre-incubated startups)
- ii. *Seed-Fund/loan agreement with SIFSU:* Containing rules of disbursement and repayment. (Applicable to incubated startup/company availing seed-fund/loan)
- iii. *Technology commercialization agreement with SIFSU:* Applicable to incubate using technology or IP developed by SIFSU.
- iv. *Rent agreement with SIFSU:* Containing discounted rental rates for the Incubation premises, infrastructure and facilities. Each successful applicant, admitted as a resident member of the Incubator, will have to pay INR \*\*\* per square feet per month, as rent for the office space. The utilization charges will be subject to enhancement every two (2) years.
- v. *Equity share agreement with SIFSU and/or any third party consultant:* Containing the terms and conditions for the incubatee. The incubatee shall be required to share the profits (minimum of 5% of the profits after tax) and 6-8% of the equity, as negotiated between incubatee and SIFSU or third party consultant for proper handholding of the Incubatee.

## CREDIT SYSTEM

SIFSU is not only focusses on StartUps and StartUp eco system, SIFSU realizes its wider responsibility towards employment and employability.

SIFSU is introducing a credit system which will enhance the critical thinking and employability of the students of SU.

- **Maximum 120 Credits can be earned**
- **120 Credits are worth a degree course**
- **Every activity is defined and elaborated as skill sets, aptitude and capabilities to the employers (when student applies for a job). The elaborated definitions will also explain what benefits will an employer get by hiring a candidate having SIFSU Credits.**

S. N.	Activity	Process	Validation	Credits
1	<b>Submission of a ‘viable’ Business Idea</b> When contributor is only submitting the Business Idea and he/she is not either will to or equipped to undertake the whole project as startup, but he /she can	<b>The Business Idea has to be submitted either through <a href="http://www.crux.center">www.crux.center</a> or CRUX android app</b>	<b>Rafts and Rivers (Consultants) will validate the ‘viability’ of the Business Idea</b>  <b>Certificate and documentation will be</b>	20

	share the whole concept to anyone who can seriously undertake the whole concept and build a startup around the same. The contributor will be named as the person behind the StartUp and can ask for equity at mutual terms.	<b>Detailed “Proof of Concept”, “Business Framework”, “Business Plan” is to be submitted.</b>	<b>published by SIFSU on its website.</b>	
<b>2</b>	<b>Submission of a ‘viable’ Business Idea and ready to undertake it as a startup after “pre-incubation program”</b> Contributor is willing to work as a Co-founder and chief enabler under the guidance of Incubation program.	<b>The Business Idea has to be submitted either through <a href="http://www.crux.center">www.crux.center</a> or CRUX android app</b>  <b>Detailed “Proof of Concept”, “Business Framework”, “Business Plan” is to be submitted.</b>	<b>Rafts and Rivers (Consultants) will validate the ‘viability’ of the Business Idea</b>  <b>Certificate and documentation will be published by SIFSU on its website.</b>	<b>60</b>
<b>3</b>	<b>A student is willing to contribute his/her skills as a “co-creator” of startup but not in capacity of a founder or co-founder.</b> He/she can be given equity based on mutual consent and after quantify his/her contribution.	<b>Student will use “Profile Building Module” on <a href="http://www.crux.center">www.crux.center</a> or CRUX android app</b>	<b>Rafts and Rivers (Consultants) will validate the skill set/s.</b>  <b>Certificate and documentation will be published by SIFSU on its website.</b>	<b>30</b>
<b>4</b>	<b>A student who is convinced with a “viable” Business Idea and willing to be a co-founder.</b> He/she is willing to bring in a capital/resources (proportionate to the equity share at pre money valuation)	<b>Student will use “Profile Building Module” on <a href="http://www.crux.center">www.crux.center</a> or CRUX android app</b>	<b>Rafts and Rivers (Consultants) will validate the arrangements.</b>  <b>Certificate and documentation will be published by SIFSU on its website.</b>	<b>40</b>

## **POINT OF CONTACT**

For queries, feedback and discussions about Incubation Center please contact:

Incubation Manager

