



LIBA-IIC Incubation Policies and Procedures 2021 - 2022



Submitted to the Officials of LIBA for comments and sanction the policy

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1. Introduction

The Innovation Incubation Council (IIC) of LIBA aims to nurture entrepreneurship by providing incubation support to promising business ideas. LIBA-IIC Incubator is an ecosystem that will help aspiring entrepreneurs to turn their ideas, energy and thoughts into profitable business ventures. We aim to provide the requisite instruments and frameworks, help start-ups in identifying market prospects and in developing a sustainable business model and financial plan.

Policy Objectives

The scope of this document is to define the policies and procedures for the operational matters related to the LIBA-IIC Incubator, LIBA. The policy is subject to periodical review and amendments. It will be the responsibility of the start-ups admitted to LIBA-IIC Incubator to update themselves from time to time on amendments in Incubation policy and procedures. LIBA-IIC 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.

2. Eligibility Criteria

- Innovation of the idea and viability of the solution is the major criteria for admission into the incubator.
 - A team, with at least two persons with full-time commitment as founders with complementary skills, are preferred.
 - Start-ups promoted by the Faculty of LIBA will be allowed for Incubation with a “No Objection Certificate” from the Director of LIBA.
 - Start-ups promoted by the full-time students of LIBA have to provide a “No Objection Certificate” and Self-declaration about their interest and LIBA-IIC will not be responsible for any impact on their academic activities.
 - Start-ups, not linked with LIBA, have to establish an association with LIBA, e.g., have a mentor or advisor from LIBA. LIBA-IIC will provide all support in facilitating the association. The IIC can incubate and allow time to identify the mentor. Any other exceptions will be decided by the IIC.
 - Founders with less than 18 years will be considered with the stated consent of parents.
 - A company if promoted by an employee of Govt. / organization shall be granted incubation only upon submission of “No Objection Certificate” from the competent authority or employer.
 - A graduated company shall not be incubated again for the same company.
 - Acceptance of the application for the incubation is subject to the discretion of the IIC management.
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3. Admission Procedure

The following steps shall be followed in admitting a start-up for incubation:

Step 1: Submission of Business Plan

Eligibility to be reinforced to improve the placement opportunity, year after year

The start-up should submit an incubation application containing the business plan. The business plan will be evaluated on the basis of the following representative criteria (not limited to these)

- Strength of the product idea in terms of its technical 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 projects of Profit & Loss a/c, Balance Sheet and Cash Flows
- Fund requirement and viability of raising finance
- Time to market
- Break-even period
- Commercial potential, demand and requirement in India
- Scalability

3. Admission Procedure

The following steps shall be followed in admitting a start-up for incubation:

Step 2: Presentation to Evaluation Committee

If the initial evaluation of the business plan is positive, the IIC will arrange a meeting with the company founders, during which the company will be expected to give a presentation describing critical aspects of the business plan. The presentation will be followed by questions. After the presentation, a final decision will be made regarding the start-up's entry into the incubator and will be communicated to the start-up.

Research and Due Diligence

Throughout the application process, on an as-needed basis, the IIC will perform research and due diligence of the start-up, the core team, the industry and current and future competitive elements facing the business. The IIC may require further information from the application and may ask the applicant to revise the business plan/presentation.

Non-Disclosure

LIBA-IIC adheres to strict confidentiality throughout the application process.

4. Commitments of Incubator

Upon admission to LIBA-IIC Incubator, the following services and facilities will be offered to the Incubatee on an individual basis:

4.1 Mentoring

Specific mentors will be assigned to INCUBATEE, depending on their business idea / POC, who will guide them in refining their business ideas, developing their business model and framing their business strategy. While assigning mentors, the coherence of the mentees with their mentors will be given the top priority.

4.2 Networking Opportunities

Depending on the need of INCUBATEE, assistance may be provided to get opportunities to network and to gain brand visibility through participation in national and international business events organized by reputed forums.

4.3 Resource Sharing

INCUBATEE must use the intellectual (Faculty and Students of LIBA), technical and technological resources of LIBA on approval basis. The INCUBATEE must be assigned a dedicated faculty of LIBA for mentoring. Depending on the nature of the resources requested by INCUBATEE, INCUBATOR is reserved with the right to accept or decline it.

4. Commitments of Incubator

4.4 Infrastructural Support

INCUBATOR will offer physical workspace to INCUBATEE which will include facilities such as a printer, photocopier, scanner, meeting/conference room and canteen facilities. INCUBATOR is reserved with the right to restrict usage at any point in time, depending on the situation.

4.5 GTM Support

If the INCUBATOR is in need of the kind of product/service developed by the INCUBATEE, then while selecting the vendors, the INCUBATEE will be given first preference by the INCUBATOR.

4.6 Pitch Support

INCUBATOR will assist INCUBATEE in pitch preparation and presentation and will try to connect INCUBATEE with potential angel investors. INCUBATEE can ask for internal experts if they find any suitable candidate for that.

4.7 Confidentiality

Intellectual Property such as patent, copyright, design registration, developed product, algorithm, software or computer program, technique, process, formulation or other such invention submitted to INCUBATOR will be treated with utmost confidentiality. INCUBATOR will take care even in case of partial information used for validation and reviewing purposes. Any IPRs developed in the incubation will be co-owned by the INCUBATOR.

5. Obligations of Incubatee

5.1 INCUBATOR will assess and evaluate the performance of the INCUBATEE on a quarterly basis. INCUBATEE are required to submit the needed information as and when asked by INCUBATOR.

5.2 INCUBATEE is required to submit information to INCUBATOR about all material developments taking place in their firm from time to time. Material developments include (but not limited to) change in the name of the firm, change in business or product profile, change in directors, promoters, co-founders or shareholders, change in office address, additional equity or debt investments. Prior concurrent of the INCUBATOR should be obtained before effecting such changes.

5.3 INCUBATOR may require INCUBATEE to submit any other information as and when it deems fit.

5.4 INCUBATEE will have to appear for workshops, knowledge sharing sessions, conferences, mentor meetings, industry insight programs and performance review meetings with INCUBATOR without fail as and when called. INCUBATEE has to obtain the prior permission of INCUBATOR for getting absent from such events.

5.5 INCUBATEE and all its members and employees have to follow all the policies and procedures related to the use of the properties and resources of INCUBATOR, framed from time to time.

5.6 INCUBATEE has to indemnify INCUBATOR for any liability / obligations arising from any action or inaction of the INCUBATEE and has to compensate the INCUBATOR for any loss arising out of or in connection with any claim by any party which are attributable to INCUBATEE.

5. Obligations of Incubatee

5.7 INCUBATOR has the right to enter the space occupied by the INCUBATEE at all times without prior permission.

5.8 INCUBATEE has to be registered as a company, if not already registered, before the completion of the POC stage. Only INCUBATEE registered as a company will be allowed for the GTM stage and for the acceleration programme.

5.9 The INCUBATEE must conduct workshops, in their expertise, for the students of LIBA, in a mutually convenient way.

5.10 The INCUBATEE must shortlist the students who are interested to work with the INCUBATEE and must involve them in the operation of their venture, whenever possible, and the mentoring of the students must be owned by both the INCUBATEE and the Faculty of LIBA.

6. Eligibility to Enrol as Mentors

The Faculty who are desirous of becoming Mentors in IIC has to compulsorily go through IIC's TOT programme and has to get NOC from the Director of LIBA.

7. Involvement of LIBA Full-Time Students

LIBA Full-Time students can be allowed to work with the Start-ups, if they give Self declaration about their interest and LIBA-IIC will not be responsible for any impact on their academic activities.

8. Consideration

Liability free (paid-up) equity upto 3% would be assigned to LIBA for providing incubation facility, in all cases.

For acceleration (GTM support), the consideration would be in the form of revenue sharing. The per cent of revenue sharing will be in the range of 2% to 8%.

For fundraising support, the consideration would be upto 3% of the fund rose through the support of LIBA.

With respect to the mentoring support, the consideration will be paid in the form of liability free (paid-up) equity by the incubatee. The percentage of equity will be decided between the mentor and the incubatee and to be intimated to the IIC.

If the Incubatee wants any value-added service from LIBA (other than the Generic services mentioned in heading 4 – Commitment of the Incubator, then the consideration for such service will be decided on a case-to-case basis.

9. Tenure of Incubation

Start-ups will be permitted to stay in Incubator, to begin with, for a period of 12 months. The incubator may, at its own discretion, permit companies to extend their stay for a maximum period of another 6 months.

If a company is provided with specialised capital equipment or IT infrastructures on request, rent on the same will be decided on a case-by-case basis. This would, however,

be finalised prior to the approval of a proposal for admission to Incubator or at the time of procurement of the equipment as the case may be.

10. Graduation/ Exit from Incubator

The incubated start-ups will leave the incubator under the following circumstances:

- Raising substantial investment from angel investor/ venture capital fund/ any other investor.
- Completion of stay for 12 months, unless the stay is extended by LIBA-IIC.
- Underperformance or unviability of the business proposition: criteria for the same shall be decided by applied by the IIC on the cases to case basis.
- Irresolvable disputes between promoters/ founders. IIC will decide the position or point when disputes are deemed to be irresolvable.
- When the number of employees of the start-up exceeds 20.
- When the start-up's profit exceeds Rs. 2 crore.
- When the start-up enters in an acquisition, merger or amalgamation deal or reorganisation deal resulting substantially a change in the profile of the start-up, its promoters, directors, shareholders, products or business plans, or when the start-up plans for a public issue.
- Any other reasons which the IIC may find it necessary for the incubated start-up to leave the incubator.

Notwithstanding anything written elsewhere, Incubator's decision in connection with the exit of an incubated start-up shall be final and shall not be disputed by any incubated start-up.

11. Conflicts of Interest

In case of conflict of interests, the decision of LIBA shall be final and binding upon the parties.

12. Disclaimer

LIBA-IIC does not guarantee to the start-up incubated its success or feasibility. LIBA or LIBA-IIC or any person representing LIBA or LIBA-IIC shall not be liable for any acts or omissions of the incubatee, however, in case of any such even the incubatee shall do all that is required to hold LIBA or LIBA-IIC or any person representing LIBA or LIBA-IIC harmless from any loss including damage, penalty, etc.

13. Agreement

All incubatee shall enter into an Incubation Agreement with LIBA, containing rules and other incubation norms, consideration, equity holding, etc.

In addition to this, a Seed-Fund Agreement shall be signed by the incubated start-ups availing seed-fund, containing rules of disbursement and repayment.

14. Withdrawal of Support

LIBA reserves the right to withdraw its support to any start-up that it engages with, following a due process of notice. This may involve withdrawal of access to LIBA's facilities, and / or withdrawal of permission to mentors to engage further with the start-up in any manner, though they and the start-up can continue to hold the shares they already possess in the start-up. It will also involve withdrawal of the status of the Start-up an incubatee of LIBA, from which point the start-up will be required to desist from advertising itself as such thereafter. Should the need arise, the IIC may also seek modifications to the agreement signed with the start-up through an amendment, in order to protect LIBA's fair name and its interests.

15. Protection of LIBA's fair name

When a start-up is incubated, it is permitted to advertise itself as such wherever such advertisement is appropriate. However, such advertising carries with it the risk that in case the start-up indulges in improper behaviour or dealings, LIBA's fair name may be damaged because of the association with the start-up. In order to protect itself from such risks, LIBA, through the IIC, may seek a seat on the Board of the Start-up, without liability, in order to ensure transparency in all its dealings. The IIC may seek access to the un-audited and audited balance sheets of the start-up. In certain cases, the IIC may even seek visibility of payments above a specified value made by the start-up, before such payments are made.

LIBA-IIC TEAM



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