**INCUBATION CENTRE**

**CENTRAL UNIVERSITY OF KERALA**

**POLICY AND PROCEDURES**

**FOR INFORMATION TECHNOLOGY (IT) SECTOR**

**JUNE 2021**

The goal of CUK Incubation Center (CUKIC) at Central University of Kerala is to promote technology based entrepreneurship and thereby facilitate practical application of knowledge for public use. CUKIC wishes to facilitate the creation of ideas and inventions that benefit society. To this end, CUKIC has adopted this Incubation Policy to provide guidance and management structure to facilitate development of entrepreneurship.

The scope of this document is to define the policies and procedures for the operational matters related to the CUK Incubation Center (IT SECTOR).

Thrust Area of CUK Incubation Center (IT SECTOR) includes, but not limited to, the following.

1. AI and ML
2. Mobile computing &IOT
3. Computational Biology
4. Wireless Technology & Signal Processing
5. Cyber Security
6. Digital Humanities
7. Data Sciences and Big Data
8. Image and Signal Processing
9. HCI
10. Robotics and Drone Technology

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to CUKIC to update themselves from time to time on amendments in Incubation policy and procedures. Central University of Kerala 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.

1. **Governing Council of CUK Incubation Center (CUKIC)**

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| No. | Position  |  |
| (i) | Chairman | The Vice Chancellor, CUK |
| (ii) | Member Secretary | The Registrar |
| (iii) | Special Invitee | The Finance Officer  |
| (iv) | Director | Nominated by VC for period of 3 years from the level of Associate Professor/ Professor  |
| (v) | All Assistant Directors | Each sector of CUKIC will have an Assistant Director, nominated by Director and approved by Chairman |
| (vi) | One administrative staff | Nominated by VC |
| (vi) | Any other special invitees |  |

1. **Governing Council of CUK Incubation Center (CUKIC) – IT Sector**

|  |  |
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| No. | Position  |
| (i) | Director |
| (ii) | Assistant Director of CUKIC – IT Sector |
| (iii) | One faculty expert in the area of IT Sector |
| (vi) | Any other special invitees |

1. **Eligibility**

Any person desirous of availing incubation facilities has to incorporate a private/public limited company under the Indian Companies Act and apply in the prescribed format along with required documents. No application for incubation can be entertained if the applicant has not incorporated a private/public limited company under the Companies Act.

The companies promoted by Faculty/non-teaching staff of Central University of Kerala shall be governed by Faculty Entrepreneurship Policy which will be prepared and approved based on the necessity in future amendments.

Companies that are promoted by students enrolled for full-time Degree at an educational institute shall not be offered incubation if student is holding Executive position, however companies promoted by students are eligible to apply for incubation provided student is not holding any active position and not actively engaged with the company’s day to day activities.

A company if it is promoted by regular Government staff or employee shall be granted incubation only upon submission of “No Objection Certificate” from the competent authority or employer. However, companies having employees as shareholders are eligible to apply for incubation.

Any company that is or proposing to be engaged in imparting educational programmes including vocational programs or is planning to undertake such activities during or after its incubation at CUKIC is not deemed eligible for incubation and their application will not be entertained. But project trainings, internships, coaching for certifications and competitive exams in various domains and emerging areas will be considered.

1. **Admission Procedure**

***STAGE 1: Submit Executive Summary or Business Plan***

As a first step in the admissions process, the prospective company should submit an Incubation Application containing

1. A business plan must cover all the following issues
	1. Introduction / Company overview
	2. Concept / Proposition / Product description /Training details
	3. Market opportunity
	4. Competition survey
	5. Development plan and milestones
	6. Marketing plan
	7. Management / Organizational chart
	8. Financials
	9. Risks and de-risking strategies
2. Certificate of incorporation and Memorandum & Articles of Association
3. Incubation Agreement for equity holding stating that 3% of the promoters’ non-dilutable equity provided to CUK. The equity must be maintained in proportion to the promoter’s equity (i.e. if promoters increase their shareholding then they shall have to give additional shares to CUK to maintain the 3% equity).
4. Certificate in letter head stating that the applicants have read and agree to the policy of the CUKIC

***STAGE 2: Evaluation***

CUKIC shall present the executive summary to an internal review committee consisting of two experts nominated by CUKIC-IT Sector for comments on technical and business feasibility of the idea.

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

1. Strength of the product idea in terms of its technology content, innovation, timeliness and market potential
2. Profile of the core team/ promoters
3. Intellectual Property generated and the potential of the idea for IP creation
4. Financial/ Commercial Viability and 5 year projections of Profit & Loss Account, Balance Sheet and Cash Flows
5. Funds requirement and viability of raising finance
6. Time to market
7. Break-even period
8. Commercial potential, demand and requirement in India/abroad
9. Scalability
10. Internships, coaching/training and projects in emerging areas

***STAGE 3: Presentation to Evaluation Committee of CUKIC***

If the initial evaluation of the business plan / executive summary is positive, CUKIC will arrange a meeting at CUKIC with the company founders, during which the company will be expected to present a presentation describing critical aspects of the business plan to an evaluation committee. The presentation will be followed by questions. After the presentation, a final decision will be made regarding the company's entry into the incubator. The company will be informed of final decision execution of the Minutes of the said Meeting. Such presentation through video conferencing is also permitted.

The constitution of the evaluation committee will consist of governing council of corresponding sector of CUKIC and special invitees (like technical, financial experts).

***Research & Due Diligence:***

Throughout the application process, on an as-needed basis, CUKIC will perform research and due diligence of the company, the management team, the industry, and current and future competitive elements facing the business. CUKIC may require further information from the applicant, and may ask the applicant to revise the executive summary and/or presentation. CUKIC may at its discretion seek advice of various government bodies who have sponsored the incubation centre like DSIR, DST, TDB, NSTEDB, TIDE, MCIT, MSME, etc.

***Non-Disclosure:***

CUKIC adheres to strict confidentiality throughout the application process. However, CUKIC will not sign any "non-disclosure" agreements.

1. **Infrastructure and Services of CUKIC and Virtual Incubation**

Upon admission to CUKIC, minimum facilities will be offered to the incubate companies on a rental basis. This will be amended as and when more facilities are available.

***Virtual Incubation:***

The virtual incubation may be offered in following cases

* 1. An existing company and intends to operate remotely, however is desirous of having some ‘footprints’ for handholding or technology refinement/development
	2. Seeks a license of any patent or technical know-how from CUK and/or CUKIC
	3. Seeks to utilize the laboratory and technical infrastructure of CUK and/or CUKIC

Virtual incubates can operate from anywhere in India

1. **Tenure of Incubation**

Companies will be permitted to stay in the incubator for a period of five years. It can be extended upto 10 years at the sole discretion of the CUKIC (ie. CUKIC has power to decide on the extensions).

1. **Exit**

An Incubate company will leave the incubator under the following circumstances:

1. Completion of five years stay (if no extension granted)
2. Underperformance or non-viability of business proposition as decided by CUKIC on case to case basis
3. Irresolvable promoters disputes as decided by CUKIC on a case to case basis
4. Violation of any CUK or CUKIC policy
5. When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
6. Change in promoters'/ founders' team without concurrence of CUKIC.
7. Any change of more than 50% of equity ownership would require a prior approval of CUKIC.
8. Any other reason for which CUKIC may find it necessary for an incubate company to leave.

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

1. **Compliances**

Compliances as laid down by the Companies Act 2013 or other amendments are binding on the Incubate Companies. The companies will give a quarterly report on the compliances adhered as laid down in the Companies Act. Non Compliance of the same would liable to penalty/strict action by the Centre

* 1. Non Adherence to the first warning of the non compliance by the said Incubate Company will attract penalty of Rs. 1000 which will be billed with the facilities due
	2. An action against the Non Adherence to the second warning by the Incubate Company will make the Company ineligible to apply for Seed fund at the Centre
	3. An action against the Non Adherence to the third warning in the form of notice to vacate the residential premises allotted to them
1. **Periodic assessment**

The Incubate Companies during the period of Incubation at the Centre will mandatorily get their accounts audited and their books of Account are open for Inspection by any competent person nominated/appointed by CUK or by empanelled Chartered Accountants of the CUK or CUKIC. The incubate company has to submit a yearly audited financial statements and unaudited quarterly statement and other activities. However, incubate may be asked to provide more frequent updates to CUKIC.

1. **Intellectual Property**

Promoters should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubate company.

* 1. In case the incubate company is desirous of using the Intellectual Property of CUK like patent, software code, copyright, design registration, developed product, etc. Then the company shall make such request in writing to CUKIC. The terms and conditions for such IP licensing shall be decided by CUK or CUKIC.
	2. The company shall inform if any students have worked on the technology and if their work will be incorporated in the product(s).
	3. The company shall inform if anyIP has been generated as a result of collaborative work with faculty members (who are not promoters) is being incorporated into the product(s).
	4. The company shall inform if any CUK infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s).
	5. The company shall inform if any about any agreement with CUK that the IP has been assigned to the company for commercialization.
	6. The entrepreneur would have option of first purchasing the rights of IP from CUK and then being incubated or assigning equity to CUK in lieu of direct payments to CUK.

The incubate would maintain a register with the details of any IP (patents, licenses, copyrights etc) that has been brought into the company prior or during their stay at CUKIC. Also, any IP developed during the stay would be maintained in the register. Notwithstanding anything written above, Intellectual Property Rights will be governed by the Intellectual Property Policy of CUK.

1. **Seed Funding:**

CUKIC currently do not have any seed funding (as loan) and this section will be amended as per the funding availability and based on merits of each company. In such cases a company desirous of getting seed loan may submit an application for seed fund after three months from the date of admission in CUKIC. Sanction of seed loan will be decided based on the eligibility criteria as decided by CUKIC. CUKIC is not bound to give any reason in case an application for loan is rejected. The loan must be repaid back in intervals as decided by CUK or CUKIC. CUKIC have the right to convert loans into equity at par (face value of the equity share) and the conversion of loan into equity is at the discretion of CUKIC or CUK.

1. **Consideration:**

CUKIC will charge the incubates for infrastructure and services. This payment would be in the form of service charges and equity share as per following details.

1. Liability free (paid-up) Equity of 3% would be assigned to CUK for providing incubation facility, infrastructure services in all cases.
2. For a company which needs office space, charges per sq.ft will be decided as per Central Government norms. However, CUKIC may at its discretion revise the rates from time to time.
3. PC rental at Rs10000 per PC per month
4. Printer at Rs 2500 per month (Laser)
5. Internet connection per login per month As charged byCUK
6. Electricity charges including air-conditioning On actual
7. Telephone Bills On actual
8. For Virtual incubation centres the above (i) and (ii) are not applicable.

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1. **Conflicts of interest**

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

1. **Disclaimer**

CUKIC does not guarantee to company incubated about success and/or feasibility and warrantee technology transferred from CUK. CUKor CUKIC or any person representing CUKor CUKIC shall not be liable for any acts or omissions of the incubate company, however, in case of any such event the incubate company shall do all that is required to hold CUKorCUKIC any person representing CUKor CUKIC harmless from any loss including damage, penalty.