

Incubation Policy

CGC-J Technology Business Incubator Association

(CGC-J TBI Association)

(A Section 8 Company under the umbrella of Chandigarh Group
of Colleges Jhanjeri)

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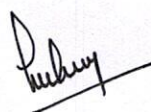
1. About

Technology Business Incubator was started in 2022 as an initiative of Chandigarh Group of Colleges Jhanjeri (CGC-J). The centre provides an appropriate platform and environment with a world class infrastructure of around 8,000 sq. ft. that offers a range of incubation facilities and services to the prospective entrepreneurs to convert their innovative ideas into commercially viable products. Since its inception, CGC-J TBI has constantly endeavours to provide a vibrant ecosystem for promoting innovations and entrepreneurship development.

2. Policy Objective

The intent of this document is not to eliminate all possible situations leading to conflict of interests, an obvious impossibility. Rather, it is to enable an interested person to recognize situations that may be subject to question, to take steps to minimize such conflicts and to ensure that such situations are properly reviewed and, if necessary, corrected. All potential conflict of interest situations should be handled in a manner and all relevant activities are conducted in a manner consistent with the values of CGC-J TBI, CGC-J TBI and public values and interests. This policy makes all stakeholders related to CGC-J TBI aware that no one should use his/her position in one role for personal gains in the other role, and when necessary, explicit permission of relevant stakeholder may be obtained.

Conflict of interest policy and operating guidelines of CGC-J TBI, if any, must be reviewed and followed by all incubatees of CGC-J TBI who aspire to set up a company to be incubated in the Business Incubator administered by CGC-J TBI. A key requirement for them is that care must be taken to separate clearly and cleanly the personal financial aspects of the entrepreneurial activities from their respective roles, duties and responsibilities in CGC-J TBI. On admission in the Business Incubator, such entrepreneurial activities should not be confused with assigned duties of CGC-J TBI. The use of CGC-J TBI facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of CGC-J TBI. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests.



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Also, each party in receipt of confidential information should restrict the use of such information for the purpose for which it is disclosed. Concerned parties should safeguard and protect confidentiality of information by using the same degree of care as they would use to protect their own information of like nature to prevent unauthorised disclosure.

3. Eligibility

3.1 Admission to CGC-J TBI is open to:

1. Students, Faculties, Researchers and Individual Innovators
2. From ideation to mature stage startups
3. Founders/ core team should be Indian citizens.

The proposals for business incubation must meet the following parameters:

Proposals with Innovation/IP component

Proposals which will have social and strategic impacts,

Proposals with the core team having a good background and credentials to execute the project.

Proposals having good technical and commercial viability

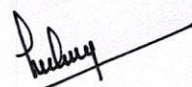
Proposals with potential for large resource generation, impact value and visibility to CGC-J TBI and incubation activities,

3.2 Applicants must fulfil all the above criteria for making an admission to the CGC-J TBI, for making an application virtual incubation programme, pre-incubation programme or acceleration programme.

3.3 Applications for admission to CGC-J TBI will be made in the name of registered companies within the meaning of the Companies Act. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/ founders must ensure that the company is registered within a period of three months from the date of approval of the application for admission in CGC-J TBI.

4 Admission Procedure

At the opening level, applicants for admission in CGC-J TBI will be required to submit an



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Pre-Application. The application will be scrutinized internally by the CGC-J TBI team. While submitting application, applicants will also disclose information on executive involvement of the promoters/ founders in other companies or commercial entities.

Based on the initial scrutiny of incubation application and affirmative assessment, applicants will be asked to give presentation via physical or virtual mode to explain their project in detail. A detailed proposal comprises of the following documents:

1. Business Plan/Pitch Deck
2. Details of IP/ technology based on which a company is proposed to be promoted/ founded.


The business plan/Pitch Deck is expected to cover the basics of the business, namely, value proposition, products and services, market analysis, competition analysis, funding requirements, capital structure, milestones and timelines, development and marketing plan, organizational structure, team, risk analysis and projected financials. An illustrative template for a business plan/Pitch deck may be obtained from the CGC-J TBI. Applicants may give such additional information as they think would help in the assessment of their proposal.

Based on the documents submitted, the Business Plan will be screened by the CGC-J TBI team for assessing the suitability of the proposal for further evaluation by expert members regarding its potential for incubation. Detailed scrutiny including financial and technical due diligence of the proposal shall then be carried out by the expert members for evaluation of the proposal. Applicants may be invited with their teams to make a presentation on their proposal. In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants and/or revision in the proposal.

Business Plan will be reviewed by committee constituted by CGC-J TBI including experts having technical, business and financial expertise. The expert members would be invited/ identified depending on the nature of the proposal. The proposal will be handled in terms of CGC-J TBI Policy on Conflicts of Interests and Confidentiality.

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, timelines and market potential


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2. IP already generated and the potential of the idea for IP creation and scope for technology transfer to the Industry/SMEs/Clusters
3. Extent of involvement of CGC-J TBI facility, resources and support
4. Credentials of the core team
5. Funds requirement and viability of raising finance
6. Break-even period

CGC-J TBI will have a sole discretion whether to admit or reject a proposal for incubation and the decision of CGC-J TBI in this regard shall be final. CGC-J TBI is not bound to give any reason in case a proposal is rejected.

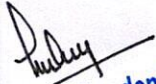
5 Non-Disclosure

CGC-J TBI adheres to strict confidentiality throughout the application process. However, CGC-J TBI will not sign any 'non-disclosure' agreement with the Start-up during the evaluation. However, external committee members sign the NDA for evaluating the proposal.

6 Intellectual Property

Intellectual Property (IP) can be a patent, software code, copyright, design registration, developed product, or alike. IP for incubation purpose will be assessed based on the following details:

1. Whether any seed grant (from public or private sources) has been used in developing the technology which will go into the product(s) of the proposed company.
2. If yes, details of the understanding with the funding agency in terms of sharing of the IP.
3. Whether any person other than the applicant has worked on the technology and if their work will be incorporated in the product(s). If yes, whether such other person has a right in IP ownership.
4. If the IP is developed at CGC-J TBI, whether any CGC-J TBI infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s).


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5. If the IP is developed at CGC-J TBI, whether any consultancy projects were executed in the proposed area.

6. A statement from the “owners/ innovators/ creators” of IP to the effect that they are the “owners/ innovators/ creators” of IP as the case may be.

Applicants, who are current faculty/student innovator aspiring for incubation, shall approach CGC-J TBI for consultation for IP filing/ transfer of / licensing of IP. They will initiate a letter to Managing Director, CGC-J TBI requesting the transfer of IP in favour of a start-up company in the Business Incubator intended to be promoted/ supported by the inventor.

The companies or promoters/founders will pay consideration in lieu of the transfer / licensing of/ permission to use IP in their favour, which will be decided by CGC-J TBI.

IP transfer/ IP licensing/ permission to use IP will be in favour of only the registered companies.

7 Grant/Seed Fund/ Soft Loan/Registration of Startup

CGC-J TBI may provide Grant, seed fund/ soft loan subject to the availability of funds/ grants/ schemes meant for this purpose. **Seed Fund will be sanctioned only to the registered companies and shall be based on merits of each company.** Promoters/ founders whose companies are not registered at the time of application shall not be eligible to apply for seed fund until their companies are incorporated. Further, admission to CGC-J TBI shall not automatically entitle the companies to seed fund/loan. Individual Innovators can be sanctioned with Monthly Fellowship and Individual Innovator grant as per the guidelines under various schemes.

A company desirous of getting seed fund may submit an application for the seed fund through the specific application format shared by the CGC-J TBI. Sanction of seed loan will be decided based on the eligibility criteria as decided by CGC-J TBI. It would be also subject to the terms stipulated under specific grant or scheme as the case may be. Though seed loan may be sanctioned, disbursement shall be linked to the milestones. One of the criteria for approval of the seed fund will be to help the company reach a level of maturity in terms of product development or go-to-market stage.

Preference will be given to companies with strong commitment and contribution from their promoters. CGC-J TBI will have sole discretion to sanction or reject an application for seed loan

reason in case an application for seed fund is rejected. CGC-J TBI will also provide financial support to CGC-J students/faculties for registering their start company.

Category of Startups	Criteria	Equity Sharing	Rent
Student/Faculty Startup of CGC-J	CGC-J Funded (Company Registration Financial Support)	On the bases of following norms 5 % for 1 Cr and above turn over/year or case to case bases 2 % for below 1 Cr turn over/year	No Rent will be charged for own student
	Self Funded (No support from CGC-J)	2 % equity sharing after mutual discussion	Rs 3000/- per month
Other Startup	Outside CGC-J	2 to 10 % equity sharing after mutual discussion	Rs 5000/- per month

8 Infrastructure

Upon admission to CGC-J TBI, the following infrastructural facilities will be offered to the incubate companies on an individual basis, apart from a set of shared/ common infrastructure mentioned hereinafter:

- ❖ Office space: Company specific
- ❖ Internet connection
- ❖ Common use printer and reception service
- ❖ Common Lab services

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CGC-J TBI Infrastructure:

CGC-J TBI will facilitate the incubate companies to access the laboratories and other resources of CGC-J TBI for their products development purposes. Access to departmental resources is possible through the request made to officials of CGC-J TBI and usage of such resources should be with permission of the concerned department to avoid conflict with departmental activities and objectives. Further usage of such resources shall be on commercial basis and in conformity with the policies of CGC-J TBI for consultancy/sponsored projects prevailing from time to time. The consideration payable to the CGC-J TBI for usage of departmental resources will generally be in the form of cash (payable by cheque or demand draft), though CGC-J TBI may accept the consideration in the form of equity. However, decision as to whether to accept such consideration in form of equity will be solely rest with CGC-J TBI. Augmentation of resources in the department on account of such usage shall be the properties of the concerned department. Irrespective of requirements of departmental facilities for usage, all incubatee companies will primarily locate into CGC-J TBI.

9 Common Infrastructure

Apart from company specific infrastructure as stated above, CGC-J TBI will provide certain facilities be shared by all incubatee companies which would include:

- I. File Server
- II. Laser Printer
- III. Photocopier
- IV. Scanner
- V. Shredder
- VI. Teleconferencing facilities
- VII. Meeting/Conference room with projection equipment
- VIII. Pantry facilities

10 Other Services

Apart from physical infrastructure as stated above, CGC-J TBI intends to create certain other supports and services which would include:

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- I. Pool of mentors, experts in technology, legal, financial and other related matters
- II. Organising events to help companies in networking and showcasing their technologies
- III. Meetings with visitors of CGC-J TBI (Entrepreneurs, VCs, Industry Professionals).

Incubatee companies can avail of the above support and services when offered by CGC-J TBI. In addition, CGC-J TBI will also build up information and knowledge pool to be useful generically for start-up companies. CGC-J TBI will coordinate with its allied partners and training providers to train the start-up companies.

11 Periodic Assessment

CGC-J TBI will evaluate the performance of incubatee companies periodically. Incubatee companies will submit information to CGC-J TBI on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts.

A company which has taken seed fund will have to submit additional information as may be asked by CGC-J TBI. The un-disbursed portion of the seed loan will be adjusted subject to the performance of the company. Incubatee companies will have to submit their progress/annual reports to CGC-J TBI.

12 Information Submission

Incubatee companies will submit information to CGC-J TBI about all material changes or developments taking place in their companies from time to time. Such information could be change in name of the company, change in business or product profile, change in directors, promoters or shareholders, acquisition of a new office, additional equity or debt investments. CGC-J TBI may require incubatee companies to submit other information as it deems fit. Prior concurrence of CGC-J TBI should be obtained for effecting such changes.

13 Consideration

In lieu of support and services to be provided by CGC-J TBI, the incubatee companies will be subject to consideration on following accounts to the extent applicable:

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- ❖ Monthly rent/ facilities charge at discounted rate for physical infrastructure to be paid to CGC-J TBI.
- ❖ Consideration in the form of equity and/or revenue sharing of the respective companies for transfer/ licensing of / permission to use IP in favour of the incubatee companies and the facilities provided by CGC-J TBI. The percentage of Equity and revenue sharing will be decided by CGC-J TBI on case to case basis and is to be given in favour of CGC-J TBI. CGC-J TBI may ask for additional equity from the companies to whom CGC-J TBI has provided funds.
- ❖ Consideration as per department usage policy for usage of departmental laboratory facilities to be given to CGC-J TBI.

The indicative range of the equity holding by CGC-J TBI for infrastructure, fund and IP will be 1-5%. The percentage of the equity holding of CGC-J TBI shall be maintained by issuing additional shares or diluting the shares of the Promoters or in any other manner) till the Company exits from the CGC-J TBI or the Company and Promoters raise investment from an Angel Investor, Venture Capital Fund or any other source. If the company fails to raise investment from an Angel Investor, Venture Capital Fund or any other source for a period of five years from the date of the last issuance of shares in favour of CGC-J TBI, CGC-J TBI will have a right to sell its holding to the promoters of the Company at a value which will be higher of book value and fair value, and promoters of the Company will be bound to buy the shares from CGC-J TBI as stated above. Investment for the purpose of this section means an investment received in form of equity by the Company from any sources other than its promoters the value of which as well as premium thereon are at least three times more than paid up capital and premium amount respectively.

The above will be subject to change from time to time by CGC-J TBI. The equity shall be issued in favour CGC-J TBI.

14 Tenure in CGC-J TBI

Companies will be permitted to stay in CGC-J TBI, to begin with, for a period of 18 months. A nominal monthly charge will be levied to a company for the period of first 18 months. CGC-J TBI may, at its own discretion, permit companies to extend their stay for a maximum period of

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another desired period. Companies will have to pay the charge at the prevailing market rate for the extended period, which would be for:

- ❖ Office space
- ❖ Internet connection
- ❖ Electricity charges including air-conditioning
- ❖ Any other facility as may be provided at that time

If a company is provided with specialised capital equipment, rent on the same will be decided on a case-by-case basis. This would, however be finalised prior to approval of a proposal for admission to CGC-J TBI or at the time of procurement of the equipment as the case may be.

15 Graduation

Incubatee companies will leave the incubator under the following circumstances:

- I. Raising substantial investment from angel investor / Venture Capital Fund / any other investor.
- II. Completion of stay for eighteen months, unless the stay is extended by CGC-J TBI.
- III. Under performance or unviability of the business proposition: criteria for the same will be decided and applied by CGC-J TBI on the case to case basis.
- IV. Irresolvable disputes between promoters/ founders. CGC-J TBI will decide the position or point when disputes are deemed to be irresolvable.
- V. When the annual revenues of the company exceeds Rs. 1 crores.
- VI. When the company enters in an acquisition, merger or amalgamation deal or reorganisation deal resulting substantially a change in the profile of the company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue.
- VII. Change in promoters'/ founders' team without concurrence of CGC-J TBI
- VIII. Any other reasons which CGC-J TBI may find it necessary for an incubatee company to leave CGC-J TBI.

Notwithstanding anything written elsewhere, CGC-J TBI's decision in connection with the graduation of an incubatee company shall be final and shall not be disputed by any incubatee company.

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16 Acknowledgement

The incubatee company shall acknowledge the assistance of CGC-J TBI and respective supporting Government agencies i.e. DST/BIRAC-DBT/MeitY/MSME/DFID/TDB etc. while publishing or presenting in any manner, its progress or its success.

17 Disclaimer

The incubatee company will understand and acknowledge that CGC-J TBI 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, CGC-J TBI does not undertake responsibility for:

- ❖ Ensuring success of an incubatee company, its products/ process/ services or marketability
- ❖ Ensuring quality of support and services provided by CGC-J TBI to the complete satisfaction of the incubatee companies or their promoters/ founders.
- ❖ Ensuring quality of services of the consultants engaged by the incubatee companies through CGC-J TBI/CGC-J TBI network. Incubatee companies will have to apply their judgements before getting in to a relationship with them.

The incubatee companies agree that CGC-J TBI or their employees shall not be held liable for any reason on account of the above.

18 Agreements

The following agreements are required to be signed by the companies to the extent applicable:

Incubation Agreement: Between CGC-J TBI & incubatee company for admission of the company in CGC-J TBI.

Non Disclosure agreement (NDA):

Between CGC-J TBI & incubatee company/Client for availing R&D services in CGC-J TBI on a case to case basis

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Equity agreement: Between CGC-J TBI, and incubatee company and its Promoters for CGC-J TBI's equity holding in the incubatee company.

Transfer of technology Agreement/ Technology License Agreement:

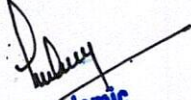
Between CGC-J TBI & incubatee company/licensee for transfer of technology from CGC-J TBI in favour of Licensee

Loan Agreement:

Between CGC-J TBI & incubatee company on sanction of seed loan to the incubatee company in CGC-J TBI

Usage of Departmental Lab:

Between CGCJ Departmental lab & an incubatee company for usage of departmental resources of CGCJ/CGC-J TBI by the incubatee company as per the prevailing policy of Departmental lab of CGCJ.


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