



POLICY AND PROCEDURES FOR LIBA SOCIAL BUSINESS INCUBATOR (LIBA)

**Hosted by
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SECTION 1: INTRODUCTION

1.1 Rationale

21st century, specifically in India, with its younger population, skilled and aspirational requires creating opportunities to participate optimally in the market. The market, which is likely to ride on financialisation, internet, embedded technologies, agribusiness, etc., will bring about fundamental transformations in the way a business is set up and run. India is a slow starter in setting up facilities such as Incubators to promote a culture of entrepreneurship, incubate startups and actively contribute to product, service and online businesses.

MHRD and AICTE and NITI Aayog have been encouraging higher educational institutions, including management institutions such Loyola Institute of Business Administration (LIBA), to actively engage in promotion of entrepreneurship, innovation and skill building.

GoI's slew of initiatives, such as Startup India, Make in India, Stand up India, and Credit availability has kindled entrepreneurship aspirations, particularly among youth. Innovators, students, entrepreneurs, alumni and employees in formal / informal sector are looking for support to commercialise their ideas.

1.2 Need for promoting Social Entrepreneurship

Social enterprises combine professionalism of business ventures, innovative ways of solving various persisting social, economic and environmental problems and potential of scaling up to reach large segment of population affected by a problem with an affordable solution, product, service or alternative ecosystem. Social enterprises improves efficiency, effectiveness and problem solving perspective to deal with developmental issues. Instead of creating alternative options for the bottom of the pyramid, the SEs uses market mechanism to generate impact that improves well being of bottom of the pyramid. Scale / replicability and sustainability of SEs improves affordability, accessibility, availability and acceptability of solutions designed. SEs are latest innovation in business models that converges business principles, development perspective and sustainable solutions that are relevant for people, planet and prosperity.

1.3 Social Enterprises to address persisting social, economic and environment problems in India

Social Enterprises are a requirement for addressing persisting social, economic and environment problems and sharing of prosperity, particularly so in 21st Century. Such efforts will boost and strengthen formal economy and formalize informal economy facilitating application of efficient and effective management, technological, digital and financial tools. Social Enterprises shall adopt fair, ethical and effective business practices.

Setting up of Social Business IncubatorRecognising the need and in tune with entrepreneurial trends, globally and in India and felt need for supporting Social



Businesses, C.K. Prahalad Centre for Emerging India at LIBA has set up LIBA Social Business Incubator in 2016 in Loyola Institute of Business Administration (LIBA). LSBI will specifically focus on promoting innovation, entrepreneurship, investment and accelerating social / impact business.

1.4 Social Business Incubator at LIBA

LIBA has a focus on social innovation, social entrepreneurship and social businesses. LIBA's thrust on excellence, ethics and social responsibility are visible in course curriculum, pedagogy, evaluation emphasis, various activities, community outreach and networking. LIBA encourages entrepreneurship, specifically socially responsible perspective, among the Faculty, Staff, Research Scholars, Students, Alumni, Business Partners, etc. LIBA will directly and actively support the incubation of "LIBA Incubated Companies" by its Faculty / Staff / Research / Students / Alumni / Business Partners. Some of these companies may be founded based in part or in full on IP developed by LIBA, or jointly with it in collaborative mode. LIBA may also provide incubation support to external Start-ups with which Faculty / Staff / Research / Scholars / Students / Alumni / Business Partners are associated as consultants or mentors. Such external Start-ups may sometimes license IP developed by LIBA a priori. The commercialization of advanced solutions developed at the Incubator as a result of incubation will greatly benefit the Incubator as well as society at large and will contribute to the economic resurgence of our country.

1.5 About this document

To govern the functioning of LIBA Social Business Incubator (LSBI), it has been decided to prepare a detailed policy and procedures. The policy, thus prepared and accepted by the governing council, is subject to periodical review and amendments. It will be the responsibility of the companies admitted to LIBA Social Business Incubator to update themselves from time to time on amendments in Incubator policy and procedures. LIBA 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.

The Governing Council of LIBA, through its resolution # ratified this policy and procedures:

Whereas, LIBA has been conducting full time and part time, PG Diploma and Certificate courses, support companies / corporates in management training over 4 decades;

Whereas, over the years, LIBA inspired alumni's to take to entrepreneurship, setting up successful ventures, creating jobs, wealth and prosperity;

Whereas, LIBA, having seized of the need to engage entrepreneurs in solving social, economic and environmental problems, specifically in the context of Sustainable Development Goals (SDGs) intends to specialize in promoting social enterprises;

Whereas, having located in an inclusive eco-system being created by Loyola Inclusive



Innovation Impact Centre, the mandate for LIBA for to use support in addressing gaps in innovation, investments, interests, impact and knowledge / skill;

Whereas, to contribute effectively in engaging, involving, and benefitting bottom of the pyramid (BoP) with specific reference to Dalits, Women, Refugees and Other marginalized segments;

Therefore, resolved that C.K.Prahalad Centre shall design, setup and manage LSBI to promote social / impact ventures that find solutions for various social, economic and environment problems.

The structure, policy, and procedures are outlined below. The documents outlines definitions, types of startups to be enrolled, governance structure, services provided, mentor engagement and involvement, IP, selection criteria, process of admission, seed funding, infrastructures, assessment, member engagement, etc.

1.6 Incubator's Governance Structure

LIBA through LSBI intends to extends its expertise, experience and network to promote, nurture and incubate impact ventures, supporting alumni, students, faculty and others. This documents establishes the context, policy and procedures for operationalizing this vision by creating dedicated resources.

The Incubator will have a Governing Council (GC). The GC will have the following composition: The GC will have six members, as specified below:

- 1) Director, LIBA - Chairperson.
- 2) Professor-in-charge – Incubator Professor to be nominated by the Director, LIBA.
- 3) An external Expert having a good track record in incubating companies.
- 4) An external Expert with experience in Venture Capital/Private Equity.
- 5) An Alumnus Entrepreneur with an interest in social venturing
- 6) A nominee from Social Business Incubator in India

Except the ex-officio members, the remaining members will serve for a period of up to three years, and can be re-appointed for further periods. The Director, LIBA, will nominate the initial GC, which will make subsequent appointments.

The GC shall constitute, appoint, monitor and dissolve standing committees, that shall support executive team on various functions of incubator. The GC will set up the following standing committees:

- 1) Investment Committee;
- 2) Screening committee;
- 3) Progress review Committee;
- 4) Innovation and Immersion Committee; and
- 5) Alumni and Industry Engagement Committee

In addition to its above members, the GC may invite experts in finance, audit, IPR, and



other such areas, to its meetings as needed. It may also constitute sub- committees including such outside experts for specific tasks when needed.

Any changes in this document, addition, deletion, modification, rephrasing, etc., are to be approved by GC adopting a due process of meeting to discussion the changes and adopting them with a consensus.

Any procedure in this document shall be approved by Incubator in Charge with the approval of the Director – LIBA.

1.7 Type of Startups and Eligibility

Definitions

Incubator Fellows: Any permanent faculty/staff on duty or on short/long leave, research scholars, students, alumni, company/startup, innovator or entrepreneur, currently registered with the incubator.

Incubator: An unit in the institution set up for the primary purpose of promoting and fostering Incubation of Social / Impact Business Start-up Ventures involving one or more Incubator Member(s), by administering and implementing Incubator’s policies on incubation. The Incubator entity shall act as 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 Incubator.

Incubator Incubated Company (Henceforth called COMPANY): A registered Company promoted and / or invested in by Incubator Member(s) singly or jointly with others, or those incubated by any of the Incubators located in Loyola campus or elsewhere, and declared by the **Incubator** as such, or an external start-up declared by the **Incubator** as such.

External Start-up (ESU): A registered Company promoted and invested in by non-Incubator Member(s) and not located in the Incubator premises.

1.7.1 Type of Start-ups at the Incubator

The Incubator may be actively involved in pre-incubation and incubation of a Start-up company promoted by one or more MEMBER, or by others.

- MEMBER may promote Incubator Incubated Company (COMPANY).
- MEMBER can be involved with an External Startup (ESU).

1.7.2 Eligibility and Selection Criteria

A team, with atleast two persons with full time commitment as founders, preferably with complementary skills, are eligible to apply. Founders with less than 18 years will be considered with stated consent of parents. Founding team with the following attributes or team composition will be encouraged

- 1) The founders known to each other for some time (atleast one year);



- 2) Innovation of the idea
- 3) Viability of solutions – product or service

The following shall be preferred at the time of selection as one of the founders:

- i. Registered Students of LIBA,
- ii. Current Faculty members of LIBA
- iii. Alumni of LIBA
- iv. Business Partners of LIBA
- v. Innovators or Entrepreneurs from BoP
- vi. Innovators or Entrepreneurs from marginalized segments – women, Dalits, tribes, rural inhabitants

The following selection criteria shall be used for selecting the incubatees.

- a) **Viable Product / Service:** Incubates have a viable product / service, acquired reference customers, a sound business plan for gaining traction, understanding of investment requirement, and a robust set of co-founders.
- b) **Pre-incubation support obtained or attracted seed capital:** Having gone through pre-incubation process, acquired seed capital and sold product / service to customers
- c) **Addressing profound problem / needs / gaps:** The incubate solution addresses a real life and compelling problem, needs or gaps, existing or unfolding one (not perceived but can get traction).
- d) **Innovation:** A combination of two or more aspects of new technology, component, gadgets, goods, products, process or marketing are required to establish an innovation. This shall set the solution apart from existing or non-existing solutions vs-a-vis competition.
- e) **Impact:** *1. business angle:* innovation, market, scalability, replicability and business sustainability. where feasible: *2. social angle:* job creation, wealth generation / distribution, skill building and expanding entrepreneurship; *3. environment angle:* least or no impact on environ, inclination to build green processes – procurement, production, and marketing; and *4. economic angle:* adopting circular / replacement economic process to reduce, reuse, recycle and reprocess.
- f) **Social / Impact ventures:** Innovative social ventures that has identified a core product or service to improve well being of people, society and environment will be encouraged. A minimum of 30% of selected incubatee will be setting up social / impact ventures.
- g) **Team Strength:** Successful applicants shall demonstrate a startup thinking: leadership skills to bootstrap a venture in a resource constrained scenario, vision, intelligence, risk taking, problem solving, resilience, curiosity, responsiveness, follow through, working as a team, found a co-founder and known each other and worked on the idea for atleast one year, inclusive and holistic perspective and flair for technology. On admission, the incubate will be encouraged to imbibe these qualities.
- h) **Implementation:** Performatory competence, the ability of the team to execute the



big vision and overcome obstacles is a requirement to graduate from incubation program.

Applicants must provide the required details and proposal for making an admission in the Incubator. Applications for admission to Incubator will be made in the name of registered (unlisted) companies within the meaning of the Companies Act, 1956. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/ founders shall be encouraged to register a company once the market fit for the product/service is established.

1.8 Incubation support for Companies

1.8.1 Incubator's active support to startup COMPANY

The Incubator will carry out on behalf of the institute all dealings with Start-ups directly and/or through its incubators. It will also determine whether a Start-up is to be designated as an “Incubator Incubated Company” (COMPANY). Incubator will actively support the COMPANY with a combination of service, which could include:

- a) **Appropriate and affordable space:** Incubator will provide co-working space with access to various facilities for effective functioning with deferred payment options.
- b) **Appropriate and affordable support services:** Incubator will provide services such as access to office, operational space and laboratories, fabrication of prototypes, legal and finance services, IPR, market research, hiring of human resource, business management advice, seed fund (where applicable), logistics, storage, distributions, networking, secretarial, monitoring, etc.
- c) **Mentoring Support:** The Incubator will assign a designated one or more mentors to each incubates. Incubator will use LIBA's existing large pool of mentors and its network partners' - TiE Chennai, Chennai Angels, Villgro, BYST, MMA, and Loyola/Jesuit Institutions.
- d) **Access to investment:** The Incubator has existing partnership with the Chennai Angels, TVS Capital, TiE Chennai, Alumni (successful entrepreneurs and HNI) and businesses in Chennai.
- e) **Effective professional networking:** Incubator will provide access to startup network platforms such as EDII (GoTN), National Entrepreneurship Network (NEN), TiE Chennai, Bharatiya Yuva Shakti Trust (BYST), NASSCOM Foundation and other incubators – IIT M, Villgro, NIIT Tiruchi, etc.
- f) **Entrepreneurship Education:** Incubator will provide access to learning opportunities in the campus, online and elsewhere. This continuing education format shall assist entrepreneurs and their core team to acquire knowledge, skills and practices that will support them in running their companies sustainably and successfully. In addition, the entrepreneurship education programme at the incubator shall focus on facilitating incubate to adopt design thinking, outside-in-perspective, community immersion for customer centric focus, co-creation possibilities (amongst startups, with communities).



Governments and NGOs), and collaboration for resource optimization.

- g) **Co-working space:** Available for incubate, local entrepreneur; and early stage startups
- h) **Branding:** The startups shall be permitted to brand 'Incubated at LIBA Incubator' wherever appropriate.

Incubator's active support will be provided nominally for a duration of three years from the date of formal approval. There may be a pre-incubation period of at most one year. However, on a case-by-case basis, the Incubator may decide to support a COMPANY for a maximum period of five years from the date of formal approval, if such support is warranted.

1.9 Support to Startup and ESUs - Consideration

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

- Monthly rent/ facilities charge at discounted rate for physical infrastructure to be paid to Incubator.
- 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 Incubator. The percentage of Equity and revenue sharing will be decided by Incubator and is to be given in favour of Incubator. Incubator may ask for additional equity from the companies to whom Incubator has supplied specialised equipments.

The incubatee company shall allot 9.5% of the equity to Incubator towards incubation and 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 Incubator or the Company and Promoters raise investment from an Angel Investor, Venture Capital Fund or any other source. Equity will be decided based on various factors such as: duration of the incubation support needed by the company, financial condition of the company, revenue of the company etc.

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 Incubator, Incubator 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 Incubator 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.

1.10 Member's / Incubator's involvement in ESUs

1.10.1 MEMBER's / INCUBATOR's involvement in External Start-up



A MEMBER will be permitted to involve with an ESU, either on a full-or part-time basis as promoter/adviser/consultant/any other approved role. The MEMBER will be permitted to use specified physical and/or intellectual resources (e.g., workshop equipment, laboratory instruments, computing resources, and assistance of MEMBER) of LIBA Incubator as per its prevailing consultancy and research norms¹. Any such use of LIBA resources will be governed by an agreement, which will include the contents and implications of the prevailing LIBA IPR policy.

If a MEMBER makes financial investments in an ESU, (1) without making any other contribution in the form of technical/managerial consulting advice, or (2) any involvement of LIBA in the form of any commercial transactions of IP, or (3) any use of LIBA facilities, such investments will be treated as a private matter of the MEMBER. The Incubator will have no role to play in such instances. The MEMBER should however declare this to LIBA in order to avoid any conflict of interest situation. If the ESU awards a consultancy project to the MEMBER, the prevailing LIBA rules and regulations for consultancy projects will apply.

If, however, the MEMBER, and/or Incubator or any of its designated entities, are provided shares in the company as compensation in part or full for technical/managerial consulting or for any support extended by Member, LIBA, or Incubator, the MEMBER and/or Incubator may be considered to be involved in the incubation of the ESU. In such a case, the ESU may seek to be designated as a COMPANY by the Incubator. The Incubator will then take an appropriate decision based on the significance of the role played by the MEMBER / Incubator in the ESU.

Only a Start-up formally designated as an “LIBA Incubator Incubated Company” by Incubator may publicize itself as such. All other Start-ups must desist from using the name or logo of LIBA in their publicity material in spite of any other form of engagement they may have with LIBA.

1.11 Tenure and Graduation / Exit

1.11.1 Tenure in Incubator

Companies will be permitted to stay in Incubator, to begin with, for a period of 24months. Incubator may, at its own discretion, permit companies to extend their stay for a maximum period of another 12 months.

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 Incubator or at the time of procurement of the equipment as the case may be.

¹ Refer to LIBA’s policies on Research and Consultancy



1.11.2 Exit from Incubator

Incubatee companies will leave the incubator under the following circumstances:

- a) Raising substantial investment from angel investor / Venture Capital Fund / any other investor.
- b) Completion of stay for 24 months, unless the stay is extended by Incubator.
- c) Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by Incubator on the case to case basis.
- d) Irresolvable disputes between promoters/ founders. Incubator will decide the position or point when disputes are deemed to be irresolvable.
- e) When the number of employees of the company exceeds 20.
- f) When the company profit exceeds Rs. 2 crores.
- g) 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.
- h) Any other reasons which Incubator may find it necessary for an incubatee company to leave Incubator.

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

1.12 IP, Conflict of Interest and Confidentiality

1.12.1 Rules governing Intellectual Property (IP)

A MEMBER, while on duty or on leave, may be involved in the creation of IP either solely or in association with a COMPANY or ESU.

If such IP is created with the involvement of the MEMBER, then any contract between LIBA and the Start-up specifying the sharing rights for the IP will hold good.

In the absence of such a contractual obligation, the prevailing LIBA IPR Policy, rules and regulations shall serve as the reference in such a context.

In case the MEMBER develops any IP while on leave at the COMPANY which leverages prior IP developed earlier at LIBA, MEMBER must ensure the prior IP is properly licensed by the COMPANY as described below in Section 23.

1.12.2 Conflicts of interest and confidentiality of information

Incubator endeavours to draw a line between appropriate and inappropriate interactions among its board members, employees, mentors, consultants, affiliates, incubatee companies, their employees, persons connected to them or



their promoters, employees and staff, various service providers and suppliers. Conflicts between private interests and official responsibilities of all stakeholders must be handled in a transparent manner, and Incubator considers the full voluntary disclosure as the best mechanism for managing conflicts of interest. Any significant, direct or indirect, financial interests held by Incubator employees in any of companies supported by Incubator could involve possible conflict of interests. Persons associated with Incubator in various capacities other than for employment may also face situations leading to conflict of interests. The avoidance of such conflict is important to the integrity and philosophy of Incubator.

Conflict of interest guidelines policy and operating guidelines of LIBA, if any, must be reviewed and followed by all faculty, employees and students of LIBA who aspire to set up a company to be incubated in Incubator. 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 LIBA. On admission in the Business Incubator, such entrepreneurial activities should not be confused with assigned duties of LIBA. The use of LIBA facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of LIBA. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests. A committee may be set up by Incubator to resolve any dispute over such situation causing conflicts of interests.

1.13 Pre-seed Funding

The Incubatee Company can apply for pre-seed funding. The maximum amount allotted per incubate shall not exceed Rs. 2 lakhs.

1.14 Key success criteria for the incubator

Success criteria for the incubator and key performance aspects for incubates are listed in this section.

1.14.1 Success criteria for the incubator

LSBI shall document, report and accept feed back on the following success criteria. The GC council shall periodically review annually or as informed and provide feed back and viable options for improvements. They are:

1. Funding secured for incubator: Corpus generated; government / CSR grants
2. Number of incubate enrolled
3. Number of incubate commercializing their idea
4. Number of incubate attracting seed funding
5. Follow on funding for incubators
6. Quantum of pre-seed fund disbursed
7. Diversity of networks and partnerships
8. Number of events / activities organized in collaboration with partners



9. Revenue generated from services and investment in startups

1.14.2 Success criteria for the incubate

1. Time taken at each stages – Idea, prototype, revenue, scale up / replication
2. Grants / Investment raised
3. Achievement of Business Plans in different year

1.15 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 MEMBER to engage further with the Start-up in any manner, though they and the Incubator 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 as a COMPANY, from which point the Start-up will be required to desist from advertising itself as such thereafter. Should the need arise, the Incubator 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.

1.16 Protection of LIBA's fair name

When a Start-up is designated as a COMPANY, 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 COMPANY indulges in improper behavior or dealings, LIBA's fair name will be tarnished by association with the COMPANY. In order to protect itself from such risks, LIBA, through the Incubator, may seek a seat on the Board of the COMPANY, without liability, in order to ensure transparency in all its dealings. The Incubator may seek access to the un-audited and audited balance sheets of the COMPANY. In certain cases, the Incubator may even seek visibility of payments above a specified value made by the COMPANY, before such payments are made. All such requirements will be specified in the agreement that will be entered into by the Incubator with the COMPANY.



SECTION 2: PROCEDURES

2.1 Incubatee

2.1.1 Application

The applicants will be required to submit a document in the form of presentation, video / audio clips or business plan. These could be uploaded in the designated website or email to a designated email id. The applicants will be required to present their ideas to a panel consisting of a few members of standing committees. Viable ideas that aligns with Incubator expectation will be asked till an application form.

2.1.2 Screening and Selection

The application and documents submitted will be screened by the pre-selection team for assessing the potential for pre-incubation or incubation at the incubator. Detailed scrutiny including financial and technical due diligence of the proposal shall be reviewed by experts having technical, business, financial, social, economic and environment sector expertise.

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.

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

2.1.3 Onboarding (and signing of agreements)

The incubatee company will understand and acknowledge that Incubator 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, Incubator 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 Incubator 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 Incubator / LIBA network.

The incubatee companies agree that Incubator / LIBA or their employees shall not



be held liable for any reason on account of the above.

To be developed

2.1.4 Mentoring

- Pool of mentors, experts in technology, legal, financial and related matters, with or without consideration

To be developed

2.1.5 Progress Review

2.1.5.1 Periodic assessment

Incubatee companies will submit information to Incubator on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts.

Incubatee companies will have to submit their annual reports within a period of 7 days from the date of their approval.

2.1.5.2 Information Submission

Incubatee companies will submit information to Incubator about all material changes or developments taking place in their companies from time to time. Such information could be (but not limited to) 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. Incubator may require incubatee companies to submit other information as it deems fit. Prior concurrence of Incubator should be obtained for effecting such changes.

2.1.6 Request for Services / Charges

To be developed

2.1.7 Infrastructure & other support

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

- Office space: Company specific (recommended - 10 persons)
- Internet connection
- Standard Office Furniture
- Uninterrupted Power supply
- Printer
- Photocopier
- Scanner



- Teleconferencing facilities
- Meeting/Conference room with projection equipment
- Pantry facilities
- Common secretarial pool/staff (depending on availability of such staff with Incubator)

Apart from physical infrastructure as stated above, Incubator will provide access to the following:

- Organising events to help companies in networking and showcasing their technologies,
- Meetings with visitors of LIBA (such as alumni, VCs, industry professionals).

2.1.8 Application for pre-seed funding

To be developed

2.1.9 Exit process

To be developed

2.1.10 Incubator reporting

To be developed

2.1.11 Disclosure of other interests

To be developed

2.1.12 Disclaimer

2.2 Incubator Fellow's engagement

2.2.1 Incubator Fellow Registration

The MEMBER must begin his / her engagement with a COMPANY by submitting a proposal through Head of his / her Department, who will determine the eligibility of the MEMBER to engage with a COMPANY or ESU. After ascertaining eligibility, Dean (Admin) will forward the proposal to the Incubator. After the Incubator accepts the proposal, the MEMBER will be authorized to perform the actions necessary for pre-incubation or incubation, including registration of the Start-up, fund raising, team development, product/services development, consulting, market research and development, etc.

Prior to embarking on these activities, an agreement must be signed between the concerned COMPANY / ESU and the Incubator to establish the mode and nature of involvement of the MEMBER in the COMPANY / ESU. Such an agreement is necessary with a COMPANY / ESU when:



- its shares are given to the Member or the Incubator as compensation in part or in full for the MEMBER's contribution, and/or
- LIBA's IP is licensed to the COMPANY/ESU, which wishes to pay for the same in part or full in the form of shares.
In addition, the COMPANY / ESU must also enter into an agreement with LIBA through the Office of the Dean (Consultancy) if
- the COMPANY / ESU intends to pay cash in part or in full to LIBA for licensing IPR owned by LIBA Incubator
- the MEMBER provides consultancy to the COMPANY / ESU or undertakes research-based consultancy as per consultancy norms while on duty.

2.2.2 Modes of MEMBER's engagement with Start-ups (COMPANY or ESU)

Incubator will negotiate with the COMPANY or ESU the amount of shares that the incubated company will allot to Incubator at par value in lieu of LIBA's Incubation and other services provided. This share will be first negotiated with the company before Incubator acquires shares through faculty / staff / student involvement (as discussed below). Incubator's total holding in a company at any time should not exceed 9.5% of the total allotted shares of the Start-up from all kinds of services provided, IP provided and the faculty-share (as discussed below).

2.2.2.1 Faculty / Staff involvement

- **Capital Investment:** Faculty / Staff may be involved in the Start-up by providing capital investment alone in return for shares, with no other managerial, technical or mentorship involvement whatsoever. All shares thus allotted can be retained by the concerned Faculty / Staff, and the transaction is treated as a purely private commercial transaction of no concern to the institute. The member must declare this to LIBA / Incubator, so as to avoid conflict of interest situations.
- **Sabbatical / EOL:** Faculty / Staff MEMBER may avail of sabbatical / EOL as per the prevailing LIBA leave rules and may work full time for the COMPANY or ESU. If the compensation to the faculty / staff for this is through shares of the COMPANY / ESU in part or in full, in lieu of cash payment, the MEMBER must declare the same to the Incubator. No compensation is due to LIBA as long as the involvement of the MEMBER, for which the compensation was paid, completely ceases after the leave period. Member must not involve himself / herself in any capacity with the company / ESU except as shareholder on re-joining LIBA after sabbatical / EOL. In case, he / she is involved as a mentor, consultant or any other form other than a shareholder after sabbatical / EOL, rules applicable will be same as that of part-time.

2.2.3 Role of Fellows in Start-up

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 LIBA consultancy norms. The MEMBER can take up an executive role only if they are engaged fulltime with the Start-up.

2.2.4 Member Engagement - Conflict of interest

When a MEMBER utilizes leave of absence (Sabbatical / EOL, or any applicable equivalent) for direct, active participation in a COMPANY / ESU, it is obligatory that the concerned Head(s) of Department be informed at least three months in advance. Shorter notice needs to be specifically approved by the Head of Department. This is to ensure that the academic programmes of LIBA are not affected.

It is essential that the MEMBER must avoid any conflict of interest between their roles in LIBA and in the COMPANY / ESU. This is particularly important if there are LIBA resources in their control, which are also sought by the Start-up with which they are involved. A similar situation arises if they are developing IPR in a research activity / project in LIBA that is closely related to the IPR they may be developing when on leave and working in the Start-up. Another situation arises when the relative shareholding of the MEMBER and Incubator is sought to be changed by infusion of fresh capital in the Start-up by the MEMBER. While such a move could be a bona-fide move on the part of the MEMBER to support the Start-up, it could potentially have a mala-fide motive of changing the relative shareholding pattern prior to some anticipated upward evaluation and infusion of investment by other parties. Yet another potential conflict of interest arises when shares are allotted by a Start-up to a close relative (spouse, children, parents) of a MEMBER who is involved with the Start-up.

The Incubator will determine the potential areas/activities where there is conflict of interest in the case of each MEMBER who applies for approval for engaging with a Start-up, and arrive at an agreed upon methodology for ensuring transparency in decision making in respect of these activities/areas. The Incubator may, if it chooses to, set up an - oversight committee of Faculty / Staff for specific relationships to ensure that conflicts of interest do not arise. The Incubator may also require the MEMBER to declare their financial interests, and those of their close relatives, in the Start-up, at the time of engagement, as well as whenever a change in such interests takes place due to additional investment in the Start-up, or payment / share allotment by the Start- up. In any case, every MEMBER involved with a Start-up must file a declaration periodically with the Incubator irrespective of whether there is a change in their financial interests in the Start-up or not. The required periodicity will be determined by the Incubator.

The Incubator reserves the right to obtain a third- party evaluation of the value of the Start-up's shares before an MEMBER or their evaluation will be carried out in a reasonable time-frame. If the Incubator deems it fit, it may choose to make



an investment in the Start-up of its own at the same price applicable to the MEMBER and obtain shares for the corresponding amount. The Incubator reserves the right to make the acceptance by the Start-up of the additional investment by the MEMBER or their close relative(s) conditional on the acceptance of the corresponding additional investment by the Incubator.

In case a member of the Incubator Governing Council has shares in a COMPANY, the Governing Council will determine whether the said member should resign from the Council, in order to avoid potential conflict of interest, or only recuse himself / herself when matters pertaining to the Start-up with which he / she is involved are discussed.



P. Christy

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