

AURORA'S BUSINESS INCUBATOR

POLICY DOCUMENT



Aurora's Business School
Punjagutta, Hyderabad

CONTENTS

S.No	Particulars	Page No
1	Introduction	1
2	About Us	1
3	Vision	1
4	Mission	2
5	Objectives	2
6	The Eco System	3
7	Functions	3
8	Value added services	4
9	Facilities	4
10	Eligibility	5
11	Selection Process	6
12	Admission Procedure	6
13	Mentoring and advisory services	7
14	Tenure of Incubation	7
15	Exit Policy	7
16	Periodic Assessment	8
17	Proof of Concept/ Prototyping	8
18	Conflicts of Interest	9
19	Disclaimer	9
20	Agreements	9

1. INTRODUCTION

Entrepreneurship in India is on the verge of explosive growth. Angel investors, venture capital, media, startup clubs, service providers, mentors and training companies are going to grow. And one important cog in the wheel is the incubator – the place where startups are born. When a baby is born, he/she is kept in the incubator for the first few hours and maybe days – this gives them a chance to adjust to the outside environment, and grow stronger before they face the outside world! In a similar way, a startup is incubated in Incubation Center, which gives them a chance to bring their business in shape, before they reach out to the world. Thus incubation Centre is a space for new-age entrepreneurs and young minds to transform their innovative ideas into viable business propositions. Incubation will ensure that incubates have access to technological assistance which will be generated through mentors with multidisciplinary expertise.

2. ABOUT US

Aurora believes in the transformation of students' thoughts, ideas and inspirations into reality. We believe that every idea generated can be moulded, sculptured, designed and transformed into a meaningful outcome. In order to enhance the entrepreneurial skills and support the ideas of our students, Aurora's Business School started an incubation centre in the name of "**Aurora's Business Incubator**" (ABI) in November 2018 to facilitate its students, staff, alumni, as well as students of the region with the support of mentoring, providing space, training, networking, internet and other support that will help them in transforming their dreams into reality.

ABI is a Not for Profit Centre dedicated to promoting innovation and Entrepreneurship. It is a pedestal to help knowledge-driven enterprises to establish and prosper under organized scientific guidance. It also facilitates the swift commercialization of a product based on sophisticated technology. These incubators' "graduates" create jobs, commercialize new technologies, and strengthen national economies. Incubator tenants not only benefit from business and technical assistance, but they also benefit from official affiliation with the incubator, a supportive community with an entrepreneurial environment, a direct link to entrepreneurs, and immediate networking and commercial opportunities with other tenant firms.

3. VISION

To be a centre of excellence that fosters synergy between academia and industry to facilitate a platform for budding entrepreneurs to start a business venture with minimum risks and inculcate a research bent of mind among students to help them to be self-reliant and contribute to the nation-building.

4. MISSION

- To build an ecosystem to incubate and support innovative ideas in the region to enact wealth and employment action through successful startups
- To create entrepreneurial opportunities for students, faculty and researchers
- To support technology entrepreneurship and emerging technologies by marshalling the resource of Aurora's Business School
- To nurture technology and knowledge-based ventures through their start-up phase by providing the necessary support
- To assist in the commercialization of innovative ideas from students

5. OBJECTIVES

- To nurture a culture of innovation on the campus.
- Helping ideas to translate into reality and upgrade them to the level of commercial value.
- To create a startup ecosystem on the campus.
- To encourage solving real problems.
- To create value-added jobs and services.
- New Venture Creation through providing incubation and a host of other support
- Interfacing and Networking between academic, R & D institutions, industries and financial institutions.
- Value Addition through its services provided to its incubatees as well as to the existing technology-dominated SMEs.
- Creating value-added jobs & services, and fostering the entrepreneurial spirit.

6. THE ECOSYSTEM

As the **ABI** is at the very early stage, the initial operation will be focused on nurturing innovative ideas, support in developing the business proposal, support with the industry and related departments linkages, identifying the target market, providing space to work, consultation with the faculties, technological guidance, industry exposure, pre-launch & launch activities, feedback system and contact with the investors.

7. FUNCTIONS

Start-ups are being counselled, mentored, and given technical and business advice by experts and respective faculties of the institution. We will provide 3-tier counselling to the start-ups. **ABI** will act as also home to other support programs which have been able to support entrepreneurs and innovators. The following are the core functions of **ABI**:

- Creating a collaborative environment between industry and academia through joint research projects and consulting assignments.
- Incubating early-stage technology-based innovative entrepreneurial ventures.
- Encouraging and enabling the alignment of R&D activities to the potential needs of the industry.
- Identifying technologies/innovations which have the potential for commercial ventures.
- Physical infrastructure and support systems were created for business incubation activities. Foster and promote entrepreneurship spirit.
- Facilitate knowledge creation, innovation and entrepreneurship activities.
- Facilitate networking with professional resources, which include mentors, experts, consultants and advisors for the incubated companies.

8. VALUE-ADDED SERVICES

The following value-added services shall be provided to the prospective entrepreneur part from the above-specified core functions:

- Mentoring (round the clock)
- Technical support (Design, Simulations, Development and Testing)
- Financial support (Seed Support, Innovation, Refinement & Commercialization Grant)
- Legal advice is given with the help of Intellectual Property
- Fabrication Assistance
- Market Information (Product Development Strategies, Business Intelligence and Business Architecture)
- Networking with Research Laboratories (For Knowledge diffusion and day to day interactions).

9. FACILITIES

ABI shall provide the Infrastructure and services to the Incubates upon admission. The following facilities will be offered to the incubated companies or to the entrepreneur on an individual basis:

a. Infrastructure Support

Exclusive infrastructure is reserved for the Incubates at the **ABI** to facilitate the smooth flow of their business operations. The following are the details of the same:

S.No	Room Type	No. of Rooms	Area (in Sq.m)	Total Area (in Sq.m)
1	Project Room	3	66	198
2	Faculty Room	2	20	40
3	HOC Room	1	20	20
4	Conference Room	2	35	70
5	Office Room	1	30	30
6	Lab	2	33	66

Apart from the above-mentioned infrastructure, the following other facilities are also provided to the incubates at the ABI

b. Facilities Support

- Personal computers
- Printers
- Electricity
- Telecom facilities
- Internet connectivity
- Laboratory Facilities of Incubation Labs

c. Business Support

- Business plan assistance
- Mentoring support
- Access to professionals with legal, financial, accounting, IP and industry expertise
- Showcasing events for the exhibition of products and solutions
- Expert guidance by Faculty, Industrialist and Researchers
- Networking events to facilitate interaction with investors and industries
- Training programmes and seminars relevant to entrepreneurs

d. Shared Resources

- Meeting and conference rooms equipped with projectors & audio/video conferencing facilities
- High-end photocopying, fax, scanning machines
- Pantry facilities
- Computer Lab facilities
- Library Facilities
- Parking

10. ELIGIBILITY

ABI seeks to support all members of the to translate innovation into products, processes and services that are commercially viable. It is open to proposals with strong social and strategic impact. The scope of support is envisaged to be broad-based and covers technologies/ IP developed wholly at the institute or partly through collaborations elsewhere. Admission to the Incubation centre is open to:

1. Faculty and Staff including Adjunct faculty
2. Students and Alumni <2 years

11. SELECTION PROCESS

A panel of eminent technocrats will process the applicants, interview the promoters and select the ventures for incubation after carefully evaluating the business idea, market availability, the potential value of the technology, growth prospects, innovative content and promoter team. The panel will consist of experienced and qualified professionals from specific industry, leading bankers, seasoned venture capitalists and academicians of repute. The following is the selection process:

1. Submit an application form to ABI.
2. Applications will be accepted semi-annually in March and October.
3. Screening by ABI Committee
4. Proposals are examined with attention to financial, technical and social impact parameters
5. Final approval by ABI Head
6. Agreement executed to formally commence incubation at ABI
7. Incubation support is offered for 2 years

12. ADMISSION PROCEDURE

a. Application Submission

Submit Executive Summary/ Business Plan - As a first step in the admission process, the prospective entrepreneur shall submit an Incubation Application with the Business plan, Certificate of incorporation, Memorandum & Articles of Association. We then shall present the executive summary to an internal review committee for comments on the technical and business feasibility of the idea.

b. Evaluation Criteria:

- 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 projections of P&L, Balance Sheet and Cash Flows.
- Funds requirement and viability of raising finance.
- Time to market.
- Break-even period.
- Commercial potential, demand and requirement in India.

c. Presentation to Evaluation Committee

Once the initial evaluation of the business plan / executive summary is provisionally selected by the ABI, the entrepreneur shall give a detailed project report and a presentation describing critical aspects of the business plan to the evaluation committee. Based on the presentation, a final decision will be made regarding the company's entry into the incubator.

d. Research & Due Diligence: Throughout the application process, on an as-needed basis, ABI will perform research and due diligence on the company, the management team, the industry, and the current and future competitive elements facing the business.

e. Non-Disclosure: ABI adheres to strict confidentiality throughout the application process. However, we will not sign any 'non-disclosure' agreements.

13. MENTORING AND ADVISORY SERVICES:

The R&D Head will meet the company CEOs or New Entrepreneurs at least once a month for strategy reviews and discussion of operational issues. An incubated company will have to take a faculty advisor as a mentor on technology issues. Specialized mentors will also be made available to the companies to assist with particular strategic areas or to provide project-oriented consultation. These arrangements may begin as a pro bono arrangement with an option for both parties to graduate to a paid relationship. An incubated company may avail the consulting services by empanelled professionals. Mentorship one of the objectives of Incubation is to utilize the technical expertise and lab infrastructure of Aurora's Business School. Therefore, every company that is offered incubation has to select one faculty member from the Institute who shall act as a mentor to the incubated company and guide the company on product development. The company has to offer a minimum 1% of share equity to the mentor as a consideration of mentorship.

14. TENURE OF INCUBATION

The companies will be permitted to stay in the incubator for a period of two years. They may be granted a maximum of two extensions for 6 months each at a time at the sole discretion of the Institute.

15. EXIT POLICY

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

- Completion of two-year stay (if no extension is granted).
- Underperformance or non-viability of a business proposition as decided by ABI on case to case basis.
- Irresolvable promoters dispute on a case to case basis.
- Violation of ABI policy.

- When the company enters into an acquisition, merger or amalgamation or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
- Change in promoters'/ founders' team without the concurrence of Incubation cell.
- Any change of more than 50% of equity ownership would require prior approval.
- Any other reason for which we may find it necessary for an incubated company to leave.
- Notwithstanding anything written elsewhere, Our decision in connection with the exit of an incubated company shall be final and shall not be disputed by any company.

16. PERIODIC ASSESSMENT

A committee set up will evaluate the performance of the incubator every 3 months. The emphasis of evaluation will be on checking if the milestones specified in the business plan are met. For a company which has taken a seed fund loan, additional checks will be done on the financial health of the company in terms of its order booking, expenses, profitability, utilization of seed money loan for the specified purposes and its ability to repay the loan. Further seed fund disbursement will be dependent on the progress shown in the previous appraisal. The periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are:

- Ideation / Innovation stage
- Concept development / Opportunity spotting
- Product Development
- Market assessment / Competition analysis
- First level Business Planning / Business Modelling
- Founding Team
- Intellectual property protection
- SeedFunding
- Pre-MarketStage

17. PROOF OF CONCEPT/PROTOTYPING

- Product Development and enhancement
- Financial Assistance Required
- Test marketing
- Full scale business planning including production, sales and sourcing
- Implementation Stage
- Full scale Business Planning
- Pitching for Venture Funding
- Scaling up operations
- Large scale commercialization
- Mature Team Formation
- Exit stage
- Going National /Global
- Full-scale business Graduation

- Post incubation Survival

18. CONFLICTS OF INTEREST

In case of any conflicts of interest, the decision of the **ABI** shall be final and binding upon the parties.

19. DISCLAIMER

ABI does not guarantee the success and/or feasibility of the technology transferred from the Institute. ABI/ ABS or any person representing them shall not be liable for any acts or omissions of the incubated company. However, in case of any such event, the incubated company shall do all that is required to hold ABI/ABS or any person representing them harmless from any loss including damage or penalty.

20. AGREEMENTS

All incubatees shall enter into the following agreements with the Institute:

- i. **Incubation Agreement:** Contain rules and other incubation norms, consideration, equity holding, etc. (Applicable to all.)
- ii. **Seed-Fund Agreement:** Contain rules of disbursement and repayment. (Applicable to incubatees availing seed-fund.)
- iii. **Technology Commercialization Agreement:** Applicable to incubatees using technology or IP developed by ABI
- iv. **Seed Funding:** We may provide a seed loan subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loans will be sanctioned only to the registered companies and shall be based on the merits of each company. Further, the admission to incubation cell shall not automatically entitle the companies to seed loans. A company desirous of getting a seed loan may submit an application for a seed fund after three months of incubation. The seed loan will be sanctioned based on the eligibility criteria. It would also be subject to the terms stipulated as per the Seed funding Guidelines. One of the criteria for approval of the seed loan will be the contribution brought in by the promoters to the capital of their companies. Preference will be given to the companies who already have some sources of revenue or some customer order booking. We will have the sole discretion to sanction or reject any application for a seed loan and our decision in this regard shall be final. We are not bound to give any reason in case an application for a seed loan is rejected. Though seed loan may be sanctioned at the time of approval of the proposal for admission, disbursement shall be subject to the R&D Head's satisfaction over the suitable progress made by the company. Notwithstanding anything contrary contained herein, the Seed fund sanction and disbursal shall

be governed by Seed Fund Guidelines. The company will be subjected to regular performance reviews.

- v. **Repayment:** The repayment options have been decided by a committee comprising members from the grant agencies, advisory Board, Industry Experts, CA & legal consultants.

- vi. **Business Plan Template:** The following template can be used for creating a comprehensive business plan. Though the sequence shown is not mandatory, the plan must cover all the sections listed in the template:
 - a. Introduction
 - b. Company overview
 - c. Concept
 - d. Proposition
 - e. Product description
 - f. Market opportunity
 - g. Competition survey
 - h. Development plan and milestones
 - i. Marketing plan Management
 - j. Organizational chart
 - k. Financials Risks and de-risking strategies