

eMERG Centre of Excellence

eMERG Engineering Manufacturer Entrepreneurs Resource Group is a not a profit association, registered under the societies act, & exempt from Income Tax under Sections 12A and 80G of the Income Tax, India. eMERG IS an organization with vibrant group of women in Business, Profession, Technology & Services. eMERG as an organization has a vision of supporting women entrepreneurs in scaling up their respective business both in National & International platforms through providing required Mentoring, Training, Policy advocacy and certification

The Centre of Excellence will include

- The Incubation Centre
- The Training Centre

Incubation Centre

eMERG in 2017, have an aspiration to promote a technology based Incubation/Accelerator Center to encourage young minds to be an entrepreneur, hence facilitating their ideas to have a positive social& economic impact. Working towards this direction the Incubation center has adopted a methodology to provide assistance and management structure for creating the required environment.

Incubation Policy and Procedures

This document contains the policies and procedures governing incubation at eMERG CoE. It covers the following processes:

1. Eligibility
2. Admission process
3. Infrastructure and Services
4. Information Submission
5. Intellectual Property Evaluation
6. Seed Funding
7. Periodic assessment
8. Consideration
9. Incubation Tenure
10. Conflicts of interest
11. Disclaimer
12. Agreements

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to eMERG Incubation Centre to update themselves from time to time on amendments in the policy and procedures. eMERG Incubation Centre reserves the right to

make an exception of all or any of the terms of policy for a particular company or a promoter on a case by case basis.

1. Eligibility

- 1.1** Any individual / group of individuals desirous of utilizing the incubation facility at eMERG Incubation Centre has to incorporate a private registered unlisted company under the Indian companies Act
- 1.2** If a company has not been formed then all the names of promoters/founders to be made available.
- 1.3** The above listed promoters/founders shall ensure that the company is formed and registered within a period of three months from the date of approval of the application for admission to the incubation facility.
- 1.4** Companies promoted by the Faculty of partner Institutions shall be governed by the MoU between the 2 organisations. If a company 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 government employees as shareholders are eligible to apply for incubation, and do not require to produce such a certificate
- 1.5** Any company engaged or proposing to be engaged in imparting educational courses and/or training programs, including vocational trainings or is planning to undertake such activities during or after its incubation at eMERG Incubation Centre is not deemed eligible for incubation and their application will not be entertained

2. Admission process

2.1 Stage 1 : Executive Summary/Business Plan Submission

- 2.2** The applicants for admission into eMERG incubation Centre be required to submit a filled in Incubation Application Form (IAF), which can be availed from the EMERG CoE office or downloaded from the emergindia.org website. This application should be supported by a Business Plan, Certificate of Incorporation and Memorandum and Articles of the company.

Evaluation Criteria:

- Novelty of the product idea in terms of technology content, innovativeness
- Profile of the core team and Promoters
- Financial commercial viability and future plans
- Time to Market
- Break Even Period
- Commercial viability, demand requirement
- Scalability

2.3 Stage 2: Presentation to Evaluation committee

If the Initial evaluation criteria is satisfied then eMERG Incubation centre facilitator would arrange a meeting with the Founders /core team. where the incubatees are

expected to have a power point presentation explaining the core aspects of business idea, which will be followed by Question and Answer Session

2.4 eMERG Incubation Centre core team, will have the sole discretion whether to admit or reject a proposal for incubation and the decision of eMERG core team, in this regard shall be final. eMERG core team is not bound to give any reason in case a proposal is rejected.

2.5 Through out the admission process as on a need basis the eMERG core team is free to perform due diligence of the applicant, during this process the eMERG core team may request the Applicant to modify the executive summary or may request for more information.

3. Infrastructure & Services

3.1 Upon onboarding for incubation, the following infrastructure facilities and services shall be made available to the incubatee on an individual basis:

- Office Space – company specific
- Standard Furniture with storage cupboards
- Internet Connection
- Phone Connection – each company will pay the bills and the rentals.

3.2 Apart from specific infrastructure facilities stated above, eMERG core team will also provide common facilities that will be shared by all the incubatee, such as :

- Video or teleconferencing Facilities
- Meeting/Conference room with projection equipment
- Photocopiers
- Document Scanners
- Server Room facility
- Library
- Training room

3.3 Apart from physical infrastructure as stated above, eMERG Incubation Centre intends to create certain other support and services which would include:

- Pool of mentors, experts in technology, legal, financial and related matters, with or without consideration
- Association with professionals for services for basic services such as:
 - Accounting Services – Routine Book – keeping and Invoice generation
 - IPR Services- Patent Search, Drafting & Filing
 - Services- legal – registration
 - HR services- Talent Acquisition, Leave & Payroll management
 - Framing of company policies
 - Project Management Support for Monitoring Budget, Schedule Risks
- eMERG Incubation Centre shall also provide other value-added services such as:

- sourcing of student talent for interns/ employment within the
- Identifying a faculty expert/ mentor in specific areas; and
- seed funding support.
- eMERG Incubation Centre will organize various programs and events to facilitate pitching of the incubatee companies to the potential investors.
- Awareness and training programs on soft skills and entrepreneurship development will be carried out by eMERGE Centre of Excellence

3.4 Incubated companies may apply to eMERG CoE for permission to brand themselves 'incubated by eMERG CoE. The terms and conditions for use of such branding shall be detailed in the Incubation Agreement.

4. Information Submission

4.1 Incubatee will submit information to eMERG CoE about all material changes or developments taking place in their companies from time to time.

4.2 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.

4.3 eMERG CoE may require incubatee to submit such other information as it deems fit.

4.4 Prior concurrence of eMERG CoE should be obtained for effecting such changes.

5. Intellectual Property Evaluation

5.1 IP can be in the form of a patent, copyright, design registration, algorithm, software or such other invention. The promoters/ founders should fill an IP declaration form at the time of admission and declare the Intellectual Property developed and owned by the incubatee. Submissions to eMERG CoE will be treated confidentially, however will not sign any Non Disclosure agreements.

5.2 IP for incubation purpose will be assessed based on the following details:

- 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. If yes, details of the understanding with the funding agency in terms of sharing of the IP.
- Whether any person other than the applicants have 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.
- 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.

5.3 In case the incubatee is desirous of using the Intellectual Property of eMERG CoE, like patent, software code, copyright, design registration, developed product, etc,

then the company shall make such request in writing to EMERG CoE. The terms and conditions for such IP licensing shall be decided by eMERG CoE.

5.4 EmergCoE and the incubatee may agree on sharing rights for the IP created during the incubation. In the absence of any specific contract between Partner and the company, the prevailing eMERG policy in this regard shall apply. The provisions of this clause shall also apply to: (a) pre-existing IP created at Partner or created in association with eMERG CoE; and (b) any improvements and derivative works created on the pre-existing IP whether from eMERG CoE from other sources.

5.5 The company shall inform if any students of any Partner have worked on the technology and if their work will be incorporated in the product(s).

5.6 The company shall inform if any IP has been generated as a result of the collaborative work with Partner faculty members (who are not promoters) and is being incorporated into the product(s).

5.7 The incubatee shall 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 eMERG CoE. Also, any IP developed during the incubation period shall be maintained by the incubatee in the register.

6. Seed Funding

6.1 A company desirous of getting seed fund may submit an application for seed fund on admission to eMERG CoE

6.2 Seed fund may be available subject to the availability of funds/ grants/ schemes meant for the specific purpose.

6.3 It will be sanctioned only to the incorporated registered companies which are being incubated at eMERG CoE and shall be based on merits of each company.

6.4. Sanction of seed fund will be decided based on the eligibility criteria as decided by eMERG CoE. It would be also subject to the terms stipulated under specific grant or scheme as the case may be.

6.5 Though seed fund may be sanctioned, disbursement shall be linked to the milestones.

6.6 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.

- 6.7** Further, admission to eMERG CoE shall not automatically entitle the companies to the seed fund.
- 6.8** eMERG CoE will have sole discretion to sanction or reject an application for seed fund and the decision of eMERG CoE in this regard shall be final.
- 6.9** eMERG CoE is not bound to give any reason in case an application for seed fund is rejected or if the quantum is reduced.
- 6.10** In exchange of the seed funding support extended to the company, the company must allot equity shares to eMERG CoE. The quantum of equity will be mutually agreed based on the contributions made by eMERG CoE to the company in terms of IP, branding, faculty and staff involvement, facilities, services, seed funding support, etc. eMERG CoE will also nominate a member or suggest an invitee to the company's board.

7. Periodic Assessment

- 7.1** A committee set up by eMERG CoE will evaluate the performance of the incubatee companies every quarter. The emphasis of evaluation will be on checking if the milestones specified in the business plan are met.
- 7.2** For a company which has taken seed fund, additional checks will be done on the financial health of the company in terms of its order booking, expenses, profitability, utilization of seed fund for the specified purposes and its ability to repay the fund. Further seed fund disbursement will be dependent on the progress shown in previous appraisal. The un-disbursed portion of the seed loan will be adjusted subject to the performance of the company.
- 7.3** Periodic assessment would vary depending on the stage of incubation the company will have to submit their annual reports within a period of 7 days from the date of their approval.
- 7.4** Some representative criteria for evaluation are:

7.4.1 Ideation / Innovation stage

- Concept development / Opportunity spotting
- Product Development
- Market assessment / Competition analysis
- First level Business Planning / Business Modeling
- Founding Team
- Intellectual property protection
- Seed Funding

7.4.2 Pre-Market Stage

- Proof of Concept/ Prototyping
- Product Development and enhancement
- Financial Assistance Required
- Test marketing
- Full scale business planning including production, sales and sourcing

7.4.3 Implementation Stage

- Full scale Business Planning
- Pitching for Venture Funding
- Scaling up operations
- Large scale commercialization
- Mature Team Formation

7.4.4. Exit stage

- Going National / Global
- Exit options for eMERGE CoE
- Full scale business Graduation
- Post incubation Survival
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The incubatee may be asked to provide more frequent updates to eMERG CoE.

8. Consideration

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

8.1 Monthly rent/ facilities charge at subsidized rate for physical infrastructure to be paid to eMERGE CoE. Consideration in the form of equity and/or revenue sharing for transfer/ licensing of / permission to use IP in favour of the incubatee and the facilities provided eMERGE CoE. The percentage of equity and revenue sharing will be decided by eMERG CoE and is to be given in favour of eMERG CoE

8.2 The indicative range of the equity holding by eMERG CoE for infrastructure and IP will be 5-8%. (Should each and every items listed in the infrastructure support be listed with respective rates

Office Rent Space		
Printer Cost		
Scanner Cost		

8.3 The percentage of the equity holding of eMERG CoE shall be maintained by issuing additional shares or diluting the shares of the promoters/ founders or in

any other manner) till the company exits from eMERG CoE or the company and promoters raise investment from an Angel Investor, Venture Capital Fund or any other source.

- 8.4** 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 favor of eMERG CoE, eMERG CoE 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 eMERG CoE as stated above.
- 8.5** 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 there on are at least three times more than paid up capital and premium amount respectively.
- 8.6** The above will be subject to change from time to time by eMERG CoE. The equity shall be issued in favor of eMERG CoE.

9. Incubation Tenure

- 9.1** Companies will be permitted to stay in eMERG CoE, for a period of 12 months.
- 9.2** They may be granted a maximum of two extensions of 6 months each, at the sole discretion of eMERG CoE.
- 9.3** A monthly rental charge will be levied on the company for the incubation period.
- 9.4** Underperformance or non viability of business propositions as decided by eMERG CoE on case to case basis.
- 9.5** Change in the promoters/founders name without prior intimation to eMERG CoE
- 9.6** Violation of any eMERG CoE policy
- 9.7** Any change of more than 50% of equity ownership without prior consent from eMERG CoE
- 9.8** Any other reason for which eMERGE CoE may find it necessary for an incubated company to leave.
- 9.9** Irresolvable disputes between promoters/ founders and eMERG CoE such other circumstances, as decided by eMERG CoE on a case to case basis
- 9.11** Raising substantial investment from angel investor / Venture Capital Fund / any other investor– Rs. 2 crores or more.
- 9.12** When the number of employees of the company exceeds 5.
- 9.13** When the annual revenues of the company exceeds Rs. 2 crores or when a company achieves a Profit Before Tax of Rs. 60 Lakhs.

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

10. Conflicts of interest

- 10.1** eMERGE CoE endeavours to draw a line among 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.
- 10.2** Conflicts between private interests and official responsibilities of all stakeholders would be handled in a transparent manner, and eMERG CoE considers the full voluntary disclosure as the best mechanism for managing conflicts of interest.
- 10.3** Situations leading to conflict of interests are inevitable, therefore a policy based on full disclosure is set out in Annexure 1. The policy is not exhaustive and therefore situations having potential conflict of interests, though not covered will be subject to this policy.

11. Disclaimer

- 11.1** The incubatee company will understand and acknowledge that eMERG CoE intends to provide support and services to the Company in good faith to pursue its objective to promote entrepreneurship by incubating and supporting new enterprises.
- 11.2** It is understood that by agreeing to provide various supports and services, eMERGE CoE 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 eMERG CoE 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 eMERG CoE network. Incubatee companies will have to apply their judgment before getting in to a relationship with them.
- 11.3** The incubatee companies agree that eMERG CoE or its employees shall not be held liable for any reason on account of the above.

12. Agreements

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

- 12.1** Incubation agreement - Between eMERG CoE & the incubatee company for admission of the company in BI.

- 12.2** Equity agreement - Between eMERG CoE, the incubatee company and its Promoters for eMERG CoE equity holding in the incubatee company.
- 12.3** Fund Agreement - Between eMERG CoE and the incubatee company on sanction of seed fund to the incubatee company.
- 12.4** Transfer of technology Agreement/ Technology License Agreement: Between eMERG CoE and the incubatee company for transfer of technology from eMERG CoE favour of the incubatee company.

Appendix:

Partner:

~~A business partner is a commercial entity with which another commercial entity has some form of alliance. This relationship may be a contractual, exclusive bond in which both entities commit not to ally with third parties.~~

