



Policy and Procedures for

Business Incubator

Hosted By

Society for Innovation and Entrepreneurship

Indian Institute of Technology Bombay

Powai, Mumbai 400076

## **Introduction**

Society for Innovation and Entrepreneurship (SINE), a society registered under the Societies Registration Act, 1860 is set up to promote innovation and entrepreneurship by converting and translating technology ideas and innovation in various disciplines of science and engineering into products, processes and services for commercial exploitation and for the benefit of society. To accomplish its goal, SINE runs and manages a Business Incubator (BI) at Indian Institute of Technology, Bombay (IITB) to facilitate incubation of new enterprises with innovative technologies by admitting them in BI and providing them physical, technical and networking supports and services.

This document contains policy and procedures for operational matters related to BI at SINE. It covers the following processes:

1. Eligibility
2. Admission process
3. Intellectual Property process
4. Seed Support
5. Incubation support
6. Periodic assessment
7. Information submission
8. Consideration
9. Tenure in BI
10. Exit (Graduation)
11. Conflicts of interest
12. Disclaimer
13. Agreements

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to/associated with BI to update themselves from time to time on amendments in BI policy and procedures. SINE reserves the rights to make an exception of all or any of the terms of policy for a particular company or a promoter on a case to case basis.

## **1. Eligibility**

1.1 Admission to BI is open to any of the following from IIT Bombay:

- Faculty members
- Students
- Alumni
- IITB's R&D partners (sponsors of R&D and consultancy projects),
- IITB's partner universities (having R&D collaborations in place), and
- Government agencies associated with IITB's research and innovations.
- Permanent staff of IITB
- SINE alumni on selective basis.
- Applicants supported under any program managed by SINE.

Focus of SINE for incubation of proposals/business ideas shall be on the following basis:

- IP Based Start-ups
- Physical Products
- Proposals with potentials for strong identifiable involvement or interaction with IITB faculty
- Proposals which will have social and strategic impacts,
- Proposals supported by any of GoI (central/state) initiatives, where BI support is a requirement.

- 1.2 Applicants must fulfil the eligibility criteria as above for making an application for admission in the BI, even in case of SINE's virtual incubation and or pre-incubation programme.
- 1.3 Applications for admission to BI will be made in the name of registered entity within the meaning of the Companies Act, 2013. 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 BI.

## 2. Admission Process

Based on the merits of the case, the evaluation of the idea/business plan for incubation purposes, any of the following processes could be adopted.

2.1. Through two levels of review process:

- Internal review- by senior business team members. A pitch template will be shared with the applicant for presenting to the internal team. This may take a few iterations till desired clarity of the idea/business is achieved.
- External review- A business plan/deck is prepared after satisfactory internal review by the applicant. This is then sent to two/three experts for their opinion/feedback. Experts could be from the domain, investor, established entrepreneur, potential client/user. Applicants may be asked to present to the concerned experts and feedback sought.

However, in the following cases the review process may be relaxed:

- Serial Entrepreneur
  - Existing ventures with revenues of Rs.50 lacs or above
  - Have got funding by Angels, Angel Network, VC of up to Rs.30 lacs
  - Customer Validation
- 2.2. In case of pre-screened and previewed business ideas/cases by government grants/competitions, on their approval, the same will be directly taken for pre-incubation or incubation as the case may be.
  - 2.3. All other cases will be processed as in (i) above with internal review followed by atleast two external reviews.

Incubation approval is subject to completion of satisfactory review process.

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

## 3. Process for Intellectual Property transfer/IIT B Faculty

3.1. Approval required from:

- a. Dean FA - NOC for starting a venture/association as an equity holder/mentor/advisor
- b. Dean R&D - Approval of IP license/transfer in case IIT B IP is involved
  - If there is no IIT B IP, NOC for starting a venture/association as an equity holder/mentor/advisor with an acknowledgment that there is no IP.

The companies or promoters/founders may have to pay consideration in lieu of the transfer / licensing of/ permission to use IP in their favour, which will be decided by IIT Bombay.

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

#### **4. Seed Support**

For additional funding, companies may apply by way of Seed Support Application, which will be considered by investment committee. The seed support will be in the form of convertible instrument of Rs. 35 lakhs for hardware start-ups and Rs. 15 lakhs for software start-ups. It will be subject to the investment policy guidelines from time to time.

#### **5. Incubation Support**

##### **DETAILS OF FACILITIES**

##### **5.1. Physical infrastructure:**

- Fully furnished Office Space
- Shared resources: Meeting rooms, Conference rooms, Pantry
- Office productivity equipment: Fax, Photocopier, Shredder, Scanner, Projector
- Lab: SINE Lab with Equipment and software tools, Facilitation for access to IITB Labs

##### **5.2. Utility#:**

- Electricity
- Internet

(# No cost for electricity/internet consumption or any utility or service is charged separately to the Incubatees. However, Incubator retains a right to limit the free electricity/internet consumption and other utility, beyond which charges will become payable by the Incubatee.)

##### **5.3. IT Support@:**

- Cloud credits
- Online platform for HR

(@Several large companies offer the services only to startups incubated at a recognized incubator. The support being offered to the companies is based on its availability at the time of the incubation. Incubator may withdraw the facility if it is withdrawn by the service provider.)

##### **5.4. Cash and grants:**

- Upfront cash of Rs. 5 lakhs (Rs. 2.5 lakhs for virtual incubation)
  - Potential for additional seed support in form of convertible instrument of Rs.35 Lakhs for hardware startups and Rs.15 Lakhs for software startups,
  - Facilitation for Government funding programs
  - Application for EIR (30K/m) in first six months\*
  - Application for PRAYAS (10L) in first 18 months for hardware startups\*
- (\*Subject to eligibility and selection process.)

##### **5.5. Advisory and coaching:**

- Mentoring
- Trainings and workshops
- Free advisory from Experts- legal, CA, IP. Addition expert area may be added during the incubation. The Incubatees however will have to pay for specific transactions.

##### **5.6. Network:**

- Facilitation for business, professionals and expert network
- Facilitation for investors network
- Facilitation for industry connection
- Showcasing opportunities

##### **5.7. Ecosystem advantage:**

- Experiential learnings in incubator
- IITB ecosystem- technical resources and interactions, students, library, easy access to IP

- SINE-IITB brand
- Media visibility
- Address for incorporation (for resident incubatees under physical incubation)

**Notes:**

1. If physical incubation: The Incubatee will have to deposit Rs. 25,000/- (Rupees Twenty-Five Thousand only) with SINE as non-interest bearing returnable security deposit. The said amount will be returned at the time of vacating the Incubator after deducting outstanding dues if any.
2. The Incubatee shall pay for the usage of fax machine and photocopier on actual basis.
3. The ownership of all assets and facilities so provided as a part of Incubatee supports and facilities rests with Incubator or IITB as the case may be.
  - Pre Incubatees will be provided all the above incubation support except funding
  - Virtual Incubatees will be provided all the above incubation support except physical office space.

**6. Periodic assessment**

SINE/ BI will evaluate the performance of incubatee companies periodically. Incubatee companies will submit information to SINE/ BI in a prescribed format. (This can be obtained from SINE office or can be downloaded from its website.) The companies will also be subject to an annual assessment by a committee comprising of external experts.

A company which has taken seed support will have to submit additional information as may be asked by SINE/ BI. The un-disbursed portion of the seed support will be adjusted subject to the performance of the company.

It is mandatory for the Incubatee companies to submit a copy of their audited annual reports within a period of 7 days from the date of their finalisation.

**7. Information Submission**

Incubatee companies will submit information to SINE 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. SINE may require incubatee companies to submit other information as it deems fit. Prior concurrence of SINE should be obtained for effecting such changes.

Besides the above, as SINE is government recognised technology business incubator, it may be called upon by any government organisation/institution to share information regarding the incubated companies. SINE may, accordingly, call for such information. SINE will take the responsibility not to share/disclose any company specific details without prior permission of said company but may use the information for consolidation purposes only when reporting.

**8. Consideration**

In lieu of support and services to be provided by SINE/ IITB, the incubatee companies will be subject to following consideration.

- Subsidised Rental / Incubation fees
- Equity and Revenue share upto 6% to be split between the two (For e.g. – 5% + 1%, 4% + 2%, 3% + 3%)

For any specific (e.g. preincubation, BIG etc)/additional support or extension of incubation, additional consideration may be charged on case to case basis.

### **9. Tenure in BI**

Companies will be permitted to stay in BI, to begin with, for a period of 18 months. Further extension if any will be for another 18 months based on satisfactory performance review, the rental charges where physical incubation is provided will be levied as per prevailing market rates. Any stay beyond the total of 36 months is subject to SINE Board approval and will entail additional consideration to SINE including higher rentals, which terms will be decided at that point of time.

### **10. Exit (Graduation)**

Incubatee companies will leave the incubator under the following circumstances:

- Completion of stay for eighteen months, unless the stay is extended by SINE.
- Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by SINE on the case to case basis.
- Irresolvable disputes between promoters/ founders. SINE will decide the position or point when disputes are deemed to be irresolvable.
- Change in promoters'/ founders' team without concurrence of SINE.
- 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.
- Any other reasons which SINE may find it necessary for an incubatee company to leave BI.

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

### **11. Conflicts of interest and confidentiality of information**

When a person plays two separate roles in two different positions and he/ she uses one position for his/ her personal benefit in the other role, a situation leading to conflict of interest arises. SINE 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 SINE/ BI considers the full voluntary disclosure as the best mechanism for managing conflicts of interest.

Since situations leading to conflicts of interests are inevitable, a transparent policy, based on full disclosure of relevant information by the concerned parties, and discouraging their influence on decisions and activities to avoid personal benefit to them, is appended hereto as [Appendix A](#). The policy is not exhaustive, and hence situations having potentials for conflicts of interest though not covered in the policy will nonetheless be subject to the policy. The policy makes all stakeholders related to SINE, BI and incubatee companies aware that no one should use his/ her position in one role for the personal gains in the other role, and when necessary, explicit permission of relevant stakeholder may be obtained. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests.

This policy also deals with maintenance of confidentiality of proprietary information.

A committee may be set up by SINE to resolve any dispute over such situation causing conflicts of interests.

## 12. Disclaimer

The incubatee company will understand and acknowledge that SINE 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, SINE 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 SINE and BI 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 BI/ SINE/ IITB network. Incubatee companies will have to apply their judgements before getting in to a relationship with them.

The incubatee companies agree that BI/ SINE/ IITB or their employees shall not be held liable for any reason on account of the above.

## 13. Agreements

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

- Incubation agreement:  
Between SINE, the incubatee company and its Promoters for SINE's equity holding and incubation support being provided..
- Seed Support Agreement:  
Between SINE, incubatee company & its promoters on sanction of seed support to the incubatee company. (CCPS/ OCPS/Equity)

**Appendix A**  
**Policy on Conflicts of Interests and Confidentiality**

**1. Introduction:**

Society for Innovation and Entrepreneurship (SINE) has been founded to promote innovation and entrepreneurship and to administer a Business Incubator for start-up companies with emphasis on technologies developed in IITB. SINE is hosted by Indian Institute of Technology Bombay (IITB) a premier academic and research institute with a significant contribution in science and technology. In recent years, IITB has been encouraging its faculty, employees and students to convert their technology ideas and innovation in various disciplines of science and engineering into commercial ventures for personal, institutional and social benefits. This process of translating knowledge in various disciplines of science and engineering into products, processes and services for commercial exploitation will also benefit the society.

In this process, however, complexities surrounding actual and potential conflict of interests and commitment are also involved. While IITB supports its faculty, non-faculty employees and other members in the commercialisation of technologies developed in various departments and laboratories, there are several key values that call for protection from conflicts that may arise from such activities because of their commitment in IITB to:

- Student education,
- Objective research,
- The society by bringing benefits of knowledge arising out of such research and education

When an individual holds two positions in different roles, and when he/she tries to use one position for personal benefits of his/her aspirations in another, a situation of conflict of interest arises. Certain positions held by employees of SINE which are of trust and confidence owe fiduciary responsibilities to those to whom SINE and its Business Incubator provides supports and services. Any significant, direct or indirect, financial interests held by SINE employees in any of companies supported by SINE and its Business Incubator could involve possible conflict of interests. Persons associated with SINE 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 SINE and IITB.

Further during the process of incubation, certain proprietary information may also be exchanged between various parties which are of confidential or sensitive nature. The confidentiality of such information needs to be maintained.

**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 recognise situations that may be subject to question, to take steps to minimise 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 SINE, IITB and public values and interests. This policy makes all stakeholders related to SINE and Business Incubator 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 IITB, if any, must be reviewed and followed by all faculty, employees and students of IITB who aspire to set up a company to be incubated in the Business Incubator administered by SINE. 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 IITB. On admission in the Business Incubator, such entrepreneurial activities should not be confused with assigned duties of IITB. The use of IITB facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of IITB. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests.

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. Definition:

- a. “Associates/ Affiliates”- means any person or entity directly or indirectly controlling or controlled by the other party or two parties are under a common control of one Party.
- b. “Confidential information”- means any information, whether in written, visual or oral form, disclosed by a disclosing party to the receiving party based on discussion or understanding between them, and-
  - which is clearly labelled or marked as ‘confidential’, ‘sensitive’ or its equivalent if disclosed in tangible form, or
  - which is concerning / provided by the disclosing party and is not known or generally available to the public at large, or
  - the nature of which should reasonably have been understood by the receiving party as being proprietary and confidential to the disclosing party.

Notwithstanding the above, Confidential Information shall not include any information which:

- i. is or becomes publicly known through no wrongful act on the receiving party’s part; or
- ii. is already known to the receiving party at the time of disclosure; or
- iii. is rightfully received by the receiving party from a third party without breach of obligation to maintain confidentiality by the receiving party, or
- iv. is furnished to a third party by the disclosing party without a similar restriction on such third party’s rights; or
- v. is independently developed by the receiving party without breach of any agreement with the disclosing party; or
- vi. is explicitly approved for release by the disclosing party; or
- vii. is required to be disclosed by the receiving party under any prevailing law or to a court of competent jurisdiction or any appropriately empowered governmental agency.
- c. “Conflict of interest”- in this policy refers to a situation in which financial or other personal considerations compromise, or have an appearance of compromising an individual’s professional judgement and ability to perform his/ her responsibilities to IITB, SINE or Incubatee companies as the case may be. This also includes certain gray situations or gray areas that might involve the appearance of conflict.
- d. “IITB members”- means faculty members and non-faculty employees, student and staff of IITB,
- e. “Incubatee company” - means a company admitted to the Business Incubator administered by SINE.
- f. “Interested person”- means any person having any direct or indirect, actual or potential, financial or personal interest because of their relationships with SINE, Business Incubator or Incubatee companies in the Business Incubator.

- g. “SINE associates”- means persons and entities associated with SINE in their respective professional capacities. This will also include board members, mentors, consultants, various service providers and suppliers who are associated with SINE their respective professional capacities.
- h. “SINE employees”- Those who are in employment of SINE or hired by SINE on contractual position.

#### **4. Scope:**

This policy applies to all interested persons. This will include:

- IITB members who have actual or potential interest in entrepreneurship activities in the Business Incubator,
- SINE employees and SINE associates who can have actual and potential interest which are conflicting with the activities of the Business Incubator or incubatee companies,
- Incubatee companies, their promoters, employees and staff, or their affiliate or associate company.

#### **5. Situations leading to Conflict of Interests:**

Certain situations leading to conflict of interests are explained herein below. However the list is not exhaustive, and hence situations having actual or potentials for conflicts of interest though not covered in this document will nonetheless be subject to this policy.

- An IITB member is in a position to influence a departmental decision for acquisition of laboratory and other equipments which could benefit an incubatee company in which he/ she is an interested person.
- An IITB member is in a position to circumvent prevailing policies for making use of IITB’s various facilities for the benefit of an incubatee company in which he/ she is an interested person.
- An IITB member is in a position to make use of the suppliers and service providers of IITB for undue advantage of an incubatee company in which he/ she is an interested person.
- An IITB member procures consultancy assignments or other business in name of IITB and out sources them to the incubatee company in which he/ she is an interested person.
- When an IITB member or a SINE member is in a position to influence policy decisions of IITB or SINE with an intention to benefit an incubatee company in which he is an interested person.
- Use of IITB students or employees to perform a work for an incubatee company without any compensation when the work is not related in any way for their academic pursuits.
- A person who is interested in one incubatee company and also involved in a decision-making process affecting other incubatee companies leads to situation of conflict of interest.
- When an incubatee company, its promoters, employees and staff or any interested person acts in manner to benefit the incubatee company at the disadvantage of IITB or SINE.
- An incubatee company, its employees and its staff having access to IITB resources are in position to exploit them by bypassing IITB’s policies.
- When IITB members, SINE employees and associates, promoters, employees and staff incubatee companies are neglecting their respective commitments to IITB or SINE for their association with incubatee companies.
- SINE employees and associates are in position to use sensitive information pertaining to incubatee companies for their personal advantage.

#### **6. Confidentiality of information:**

IITB members, SINE employees and associates, incubatee companies, their promoters, employees and staff may come in possession of proprietary information which may be of confidential or



sensitive nature. Recipients of such information should make all efforts to preserve confidentiality of such information. They should not disclose or use it for their financial or personal benefits without explicit approval of the disclosing party.

#### **7. Management of conflict of interest:**

Since situations leading to conflict of interests are inevitable, it is expected that the interested persons follow transparency in their actions based on full disclosure of relevant information by them. Following guidelines are suggested for management of actual or potential conflict of interests and to address disputes arising out of conflict of interests and maintenance of confidentiality:

- Appropriate disclosure of the conflicting situations involved in a decision or transaction,
- Abstaining from participating in decision making process or transactions involving such situations,
- Obtaining appropriate approvals to avoid conflicts,
- Reporting of the breach of the policy without deliberate intention or knowledge.

If any dispute arises in terms of this policy, the same should be reported to:

- If it pertains to SINE or Incubatee company, it should be reported to the Chief Executive Officer/Chief Operating Officer/ Professor-in-Charge (SINE),
- If it pertains to IITB, it should be reported to the Head of the concerned department of IITB.

If required, Chief Executive Officer/Chief Operating Officer/ Professor-in-Charge (SINE) or the Department Head of IITB will refer the matter to the Chairman, SINE or the Director IITB as the case may be, whose decision in the matter shall be final.