

## Policy and Procedures

Society for Innovation and Entrepreneurship (SINE)

Indian Institute of Technology Bombay (IIT Bombay)

Powai, Mumbai 400076

## Introduction

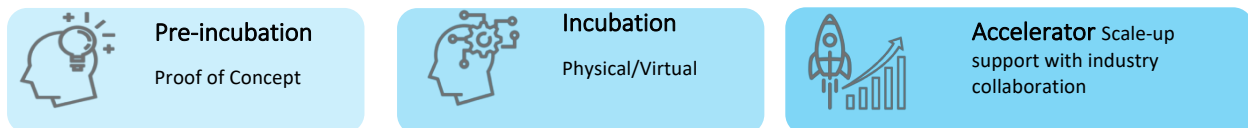
Society for Innovation and Entrepreneurship (SINE) is an umbrella organization at IIT Bombay for fostering entrepreneurship and nurturing tech start-ups. It administers a business incubator which provides ‘Start to scale’ support for technology-based entrepreneurship and facilitates the conversion of research activity into entrepreneurial ventures.

Set up in 2004, it is one of the earliest incubators in academia with a potential to create start-ups focusing on economic growth, strategic value and social relevance. SINE is actively participating in many new programs in collaboration with Government, Industry and Academia. It has also expanded its activities by reaching out for cross-border collaborations.

In addition to IIT Bombay (IITB), SINE is also supported by various ministries of the Government of India including Department of Science and Technology (DST), Biotechnology Industry Research Assistance Council (BIRAC) under Department of Bio Technology (DBT) and Ministry of Electronics and Information Technology (MeitY). DST has selected SINE as “Centre of Excellence” for scale up support.

## Applicability:

- a) This document contains the Policy and Procedures for operational matters related to following activities:



- b) The policy therefore is applicable to all SINE supported entities and teams, which include start-ups, companies and individual teams supported:

- Under pre-incubation programs (Pre-incubatees)
- Under Physical and Virtual incubation (Incubatees/ Companies/ Incubatee companies)
- Under seed support programs of SINE
- Under accelerator programs with/without post program follow-on support
- Using co-working space without formal incubation support
- Under co-incubation program

Reference to start-ups, companies and teams under each of the above supported categories are interchangeable.

This document covers the following processes:

1. Eligibility
2. Admission process
3. IIT Bombay association
4. IP from other sources
5. Incubation
6. Seed Support
7. Periodic Assessment
8. Information Submission
9. Consideration
10. Tenure in SINE/BI
11. Exit (Graduation)
12. Conflicts of Interest & Confidentiality of Information, and Code of Conduct
13. Disclaimer
14. 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 for incubation is open to Technology start-ups with preference to be given to start-ups having affiliation with SINE & IIT Bombay community which includes:

- 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
- Technology / IP from IITB
- Applicants supported under any program managed by SINE.

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

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

1.2 Certain programs may have their own eligibility norms and criteria for selection which will be as defined by the particular program.

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 following processes could be adopted for evaluation of the idea/business plan for incubation/support purposes.

2.1 Two levels of review process:

Incubatees are selected based on two steps

- i. Internal review (Comprising of SINE business team & senior members)
- ii. External review by 2 or more reviewers (Comprising of experts from the domain, investor, industry, established entrepreneur, potential client/user).

However, in the following cases the review process may be relaxed on case to case basis:

- Serial Entrepreneurs
- Customer Validation and/or adoption
- Existing ventures with revenues of Rs.50 lacs or above
- Have got funding by Angels, Angel Network, VC of up to Rs.30 lacs

2.2 In case of pre-screened and previewed business ideas/cases by government grants/competitions, on their approval, the same may be directly admitted as per program requirements.

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. IIT Bombay Association**

If any venture involves Intellectual Property (IP) transfer and/or IIT B Faculty involvement and/or usage of labs from IIT Bombay for incubating a start-up and/or for any other program, the following process will be followed:

3.1. IP and Faculty involvement from IITB: Approval required from:

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

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

3.2 IITB lab usage: If IITB labs are envisaged to be used during the course of association with SINE, explicit approval should be obtained from IITB including from the faculty-in-charge whose labs are going to be used. In addition, with view to ensure safety and security of all concerned, all compliances and procedures for lab usage should be strictly adhered to.

### **4. IP from other sources:**

4.1 If IP of any other organisation or institution is involved, NOC from the said organisation or institution should be obtained.

In any of the above cases, if there are anyone/ team who has worked on the IP and if any of them is not part of the start-up, an NOC shall be obtained from such members for usage of the IP in the start up.

### **5. Incubation Support**

#### **DETAILS OF FACILITIES**

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

- Furnished Office Space
- Shared resources: Meeting rooms, Conference rooms, Pantry
- Office productivity equipment: Photocopier, Shredder, Scanner, Projector, video audio conferencing facilities
- Lab: SINE Lab with Equipment and software tools, Facilitation for access to IITB Labs, and or of any other institute/organization. It will be subject to the said organization/ Institute's approval and policy.

5.2. **Utility:**

- Electricity
- Internet

5.3. **IT Support\*:**

- Cloud credits
- Online platform for HR

(\*based on its availability at the time of the incubation. Incubator may withdraw the facility if the relationship with the concerned service provider ceases.)

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 equity/convertible instrument/loan subject to SINE's investment guidelines from time to time,
  - 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, fund raising. Areas may be added/ removed during the incubation. The supported entities 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
- IITB network of alumni and experts

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 supported entities under physical incubation)

**Notes:**

1. Virtual Incubatees will be provided all the above incubation support except physical office space.
2. 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.
3. The supported entity shall pay for the usage of photocopier on actual basis.
4. The ownership of all assets and facilities so provided as a part of supported entity supports and facilities rests with Incubator or IITB as the case may be.
5. Pre-incubatees will be provided all the above incubation support except for funding

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

**6. Seed Support**

For additional funding, SINE supported entities may apply by way of Seed Support Application through a call-for-applications, which will be considered by investment committee. The seed support shall be in the form of equity/convertible instrument/loan. Additional investment will be subject to terms and conditions as per SINE's guidelines from time to time.

**7. Periodic Assessment**

SINE/ BI will periodically evaluate the performance of its incubatees and pre-incubatees. Incubatee companies will submit information to SINE/ BI in a prescribed format. They will also be subject to an annual assessment by a committee comprising of external experts if necessary.

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

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.

**8. Information Submission**

Incubatees and preincubatees companies/ teams 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.

## **9. Consideration**

In lieu of support and services to be provided by SINE/ IITB, the SINE supported entities will be subject to consideration

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

For any specific additional support or extension of incubation, additional consideration may be charged on case to case basis.

SINE may dilute the consideration terms on a case to case basis when companies have achieved significant milestones as to revenues/investments at the time of making an application for incubation.

## **10. Tenure in SINE/BI**

Tenure in BI/ SINE would depend on terms of particular program. Companies under formal incubation will be permitted to stay in SINE/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, which terms will be decided at that point of time.

## **11. 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 non-viability 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 or business profile of the company without concurrence of SINE.
- When the company enters in an acquisition, merger or amalgamation deal or reorganisation deal resulting in substantial change in the profile of the company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue.
- Non-compliance of terms of SINE's terms and conditions
- 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.

## **12. Conflicts of interest & Confidentiality of Information, and Code of Conduct**

Supported teams and companies will adhere to SINE's policies of Conflicts of Interest & Confidentiality, and Code of conduct as applicable at any given point of time.

## **13. Disclaimer**

The SINE supported entity 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 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 a supported 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 supported entities through BI/ SINE/ IITB network. supported entities will have to apply their judgements before associating with them.

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

Support by SINE under its programs or programs of state or central government does not tantamount that SINE or the concerned departments are co-promoters of the supported incubatees or teams. However, startups may give visibility to such support.

## 14. Agreements

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

- Incubation agreement: Between SINE, supported entity and its Promoters for SINE's incubation support
- Founders' Agreement: Between the founders of the company, copy of which is shared with SINE
- Seed Support Agreement: Between SINE & seed supported company on sanction of seed support to the incubatee company in BI. Equity/Convertible Instruments(CCPS/OCPS)/Loan
- Program agreement/documents as specified.