

Society for Innovation and Entrepreneurship, (SINE), IIT Bombay

Guidelines for Approval of Funding Support from SIDBI

- 1. Program Name:** “SIDBI Seed Fund Programme at SINE”
- 2. Purpose:** The Programme shall provide funding support to start-ups incubated with the Society for Innovation and Entrepreneurship [SINE], at IIT Bombay for scaling up their business activities.
- 3. Funding Agency:** SIDBI will be providing the funding support directly to the startup. SINE will be an implementing partner for the support.
- 4. Instrument:** Fund support can be in the form of equity/equity-like investment
- 5. Funding support:** In the range INR 25 lakh to INR 100 lakhs as per the decision of the IC.
- 6. Funds usage:**
 - TRL 6 and above
 - Scale up fund for business activities

The Support shall not be utilized for:

- Repayment of loans or dues of promoters and their associates to the company
- Repayment of loans from any other source nor for payment of interest on the support borrowed from such other source,
- For extending loan support to promoters, and their associates.
- For making any inter-corporate deposits or any speculative purpose,
- Personal benefit of promoters or their associates
- Company/ Promoter buying shares or any other security of the company or any other company.

7. Eligibility Norms for Start-ups:

- Companies incubated at SINE shall be eligible to apply for Funding support under the Programme
- Start-ups will be required to comply with the following common requirements:
 - o They should be registered/recognized with DPIIT and shall have Income Tax related exemption from the "Angel Tax" provisions
 - o The post investment shareholding of SIDBI in any single individual start-up company shall in general not exceed 10%
 - o No investment is to be made in any entity which is in the financial sector or financial sector infrastructure under this arrangement/Programme
 - o Shareholding of Indian promoters should be minimum 51%
 - o An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Start-up"

8. Application and evaluation:

The applications are on a rolling basis for the incubated startups at SINE only.

- These applications shall be reviewed and evaluated by the Investment Committee for Funding Support ("IC") every quarter.
- Investments by SIDBI would be made after approval of the Investment Committee of SINE to the startups selected under the Programme.
- IC will decide the quantum of funds to be invested and the number of tranches in which funds will be disbursed along with the valuation of the start-ups during the round of investment.
- The disbursement of investment shall be as per milestones to be decided at the time of approval of support.
- Promoters and the company shall fulfil their commitments with regard to the milestones, financial contribution, etc. before requesting for release of disbursements.

9. All Funding support is subject to prevailing regulatory compliances. The Promoters/Company shall comply with provisions of the relevant Rules, Regulations and Acts applicable to the Promoters/ Company.

10. SINE shall collect necessary KYC-related documents, appropriate due diligence, and execute appropriate SHA/Investment agreements with the start-up company listing out the above terms and conditions.

Noncompliance with the terms and conditions may invite legal action from SINE and may force the Promoters/Company to exit from the Business Incubator. SINE may initiate legal action if noncompliance is willful or a fraudulent act.

11. In case a company fails in its business or stops its operations, SINE may exercise a prudent approach towards the company and its promoters as long as the promoters have made full efforts to achieve success, and there is no willful or fraudulent act.

12. Monitoring: An appropriate monitoring process will be put in place for the funding support provided to the startup company. Monitoring will include the following aspects:

- SINE will ask for CA-certified fund utilization certification on a tranche basis and after the completion of the fund utilization.
- SINE will monitor the timely completion of activities listed in the funding support proposal.
- Startup should Maintain an appropriate record of assets purchased from the support.
- Startups should share periodical utilization reports as stipulated by SINE. SINE may seek audited reports of utilization where it deems necessary.
- To ensure that the promoters/ startup company will submit audited annual reports on a timely manner.
- SINE may reserve a right to review or cancel the undisbursed portion of the funding Support in case of non-performance or non-compliance of the terms. In case of slow or lack of progress in performance of the company, SINE may revise the terms of sanction of the support and stipulate such additional conditions as SINE in its absolute discretion deem

necessary.

- The startup should ensure that the Promoters/Company shall take prior concurrence of SINE for effecting material changes or developments taking place in their companies that are likely to affect its business.
- The startup should ensure that the Promoters/Company shall take care of all its statutory liabilities.
- Startups should undertake periodic assessments and seek any such information as may be required by SINE and/or from concerned authorities from time to time.
- The startup should ensure that the Promoters/Company shall observe/comply with the conditions as may be stipulated by SINE for monitoring progress.

Note: This is a suggestive guideline. SINE may adopt a modified approach.