



## **Incubation Policy**

### **About IIT B Innovation Center**

IIT B Innovation Center is created to foster innovation by supporting and promoting technology-based startups and providing an ecosystem for their growth by incubating them in the Center. The Center is a Section 25 Company under the Companies Act 1956 . One of its primary objectives is to incubate and nurture technology ventures by providing them with holistic support across the entire life cycle of their business, from ideation to commercialization. Incubation encompasses support for idea validation, technology prototyping, testing in real setting, solution refinement, business model definition, go-to-market strategy, fund raising –powered by research expertise and mentoring.

The mission of IIT B Innovation Center (IIT B-IC) at IIT B is to support Information and Communication Technology rooted startups and promote technology-based entrepreneurship. With the vision for building a stronger ecosystem of Innovation and Entrepreneurship, IIT B-IC has adopted this Incubation Policy to provide guidance and management structure to facilitate the development of entrepreneurship. This document aims to define the policies and procedures for the IIT B-IC.

### **Incubation Policy and Procedures**

This policy governs the procedures of the incubation program at IITB-IC.

The policy is subject to periodical review and amendments. It will be the responsibility of the companies and their promoters, admitted to IIT B – IC to update themselves from time to time on amendments in the policy and procedures. IIT B – IC reserves the rights to make an exception for application 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. Any person desirous of availing incubation facilities has to incorporate a private limited company (as defined in the Companies Act, 2013).
- 1.2. All companies accepted into the incubation program shall be assigned a mentor and shall have access to campus facilities based on availability.
- 1.3. A company if promoted by an employee of a Government Organization shall be granted incubation only upon submission of 'No Objection Certificate' from the competent authority of employer.
- 1.4. In case the company is promoted by the staff or an employee of an organization external to IIIT B, then a 'No Objection Certificate' has to be submitted from the authorized personnel at the organization.
- 1.5. A company may only be part of the incubation program once. Upon graduation, the company shall not permit to avail the facilities of incubation again. IIIT B Screening Committee reserves the right to make an exception at its discretion.
- 1.6. Misrepresentations or omissions by the companies during the application process shall be grounds for immediate expulsion from the program and legal action against such company.
- 1.7. IIIT B-IC reserves the right to accept or reject applications with or without providing reasons for the same at its sole discretion.

## **2. Screening process**

- 2.1 Interested applicants must apply online through the IIITB-IC portal. Application for incubation may only be made in the name of a private registered company within the meaning of the Companies Act, 2013.
- 2.2 Based on the initial internal screening of the application and affirmative

assessment, applicants will be asked to submit their proposal as a business plan adhering to the plan template. Applicants may provide such other additional information, which in their opinion, could further help with the assessment of their proposal.

- 2.3 Detailed assessment including business, financial and technical due diligence of the proposal shall then be carried out by the Screening Committee for evaluation of the proposal. In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants.
- 2.4 Applicants may be invited with their teams to make a presentation on their proposal to the screening committee. Requests for presentation through video conferencing will be entertained.
- 2.5 The proposal shall be evaluated based on strength of the product/service idea in terms of its technology content, innovation, timeliness and market potential and other preset criteria as determined by IIIT B-IC from time to time.
- 2.6 IIIT B- IC will have the sole discretion whether to admit or reject a proposal for incubation and the decision of IIIT B -IC in this regard shall be final. IIIT B -IC is not bound to give any reason in case a proposal is rejected.

### **3. Information Submission**

- 3.1. Incubatee companies will submit information to IIIT B-IC about all material changes or developments taking place in their companies from time to time.
- 3.2. 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, creation of charge on the company assets, or availing any monetary facility.
- 3.3. IIIT B -IC may require incubatee companies to submit the information along with any additional information as it deems fit within a span of 15 days from the date

of such request.

- 3.4. During the incubation period, if the incubatee company is desirous of working parallelly under a different incubation program, it must first inform IIIT B – IC and request for a No Objection Certificate from the Center.

#### **4. Intellectual Property**

- 4.1. In case the incubatee company is desirous of using the Intellectual Property of IIIT B like patent, software code, copyright, design registration, developed product, etc, then the company shall make such request in writing to IIIT B. The terms and conditions for use of such IP licensing shall be decided by IIIT B.

#### **5. Seed Funding**

- 5.1. A company desirous of undertaking seed fund may submit an application for seed fund during the application process to IIIT B-IC. Seed funding shall be subject to the various government schemes as may be applicable from time to time.
- 5.2. Seed fund may be made available, in part or full, subject to the availability of funds/ grants/ schemes meant for the specific purpose.
- 5.3. Sanction of seed fund will be decided based on the eligibility criteria as decided by seed fund committee. It would be also subject to the terms stipulated under specific grant or scheme as the case may be.
- 5.4. In the event of subscription to seed funding, the seed fund contribution disbursement shall be linked to the pre-agreed milestones.
- 5.5. 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 a market ready stage. Preference will be given to companies with strong commitment and contribution

from their promoters and R&D team.

- 5.6. It is hereby clarified that being selected for the incubation program shall not automatically entitle the Incubatee companies to a seed fund.
- 5.7. IIIT B-IC Investment Committee will have sole discretion to sanction or reject an application for seed fund and the decision of the IIIT B- IC Investment Committee in this regard shall be final.
- 5.8. IIIT B- IC Investment Committee is not bound to give any reason in case an application for seed fund is rejected or if the quantum is reviewed.

## **6. Periodic Review**

- 6.1. The Incubatee companies shall be required to submit quarterly reports for the evaluation. IIIT B-IC will evaluate the performance of the Incubatee companies based on each such report. The emphasis of evaluation will be to not only monitor the progress of the milestones, but also to provide the necessary support to achieve the same.
- 6.2. For a company which has availed of a seed fund or grant, 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 adherence to all conditions and requirements imposed by the agency providing the fund or grant. Further seed fund disbursal will be dependent on the successful and timely achievement of previous milestones. In the event that the Incubatee fails to reach a milestone within the stipulated timeline, it must give reasons in writing for the same and any complications which may have occurred. The undisbursed portion of the seed fund will be adjusted later subject to the performance of the company as evidenced by the achievement of milestones.

## **7. Charges**

For the support and services to be provided by IIIT B -IC, the Incubatee companies shall compensate IIIT B – IC on the following basis:

- 7.1. Service charge at the rate set out by IIIT B – IC.
- 7.2. Convertible Debentures which, when converted, equal to shares in the range of 2 to 5% of equity, as mutually agreed upon prior to final acceptance of the applicant. The percentage will depend on the level of involvement required from the IC and the facility requirements of the Incubatee.
- 7.3. The above will be subject to change from time to time based on the policies of IIIT B -IC.

## **8. Period of Incubation**

- 8.1. The incubatee will be permitted to operate in IIIT B -IC for the period of incubation. The incubatee may not use IIIT B's address for any postal or agreement requirements.
- 8.2. The incubatee may be granted a maximum of two extensions of 6 months each, at the sole discretion of IIIT B -IC.

## **9. Graduation (Exit)**

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

- 9.1. Completion of incubation period, unless the incubation period is extended by IIIT B-IC.
- 9.2. Underperformance or non-viability of business proposition, criteria for which will be decided and applied by IIIT B-IC on a case-to-case basis.
- 9.3. In the event of serious disputes between promoters/ founders and IIIT B -IC or similar circumstances, the parties shall take reasonable efforts to amicably settle

the disputes within a period of 60 (sixty) days, failing which IIIT B -IC may at its sole discretion and on a case-to-case basis instruct the Incubatee to exit the incubation program.

- 9.4. Change in promoters'/ founders' team without intimation and concurrence of IIIT B -IC.
- 9.5. When the company enters into an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial 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. IIIT B - IC may make an exception in this scenario on a case-to-case basis at its sole discretion.
- 9.6. Raising substantial investment from angel investor / Venture Capital Fund / any other investor– Rs. 5 crores or more.
- 9.7. When the annual revenues of the company exceeds Rs. 2 crores or when a company achieves a Profit before Tax of Rs. 60 Lakhs.
- 9.8. Other reasons such as unethical and antisocial practices or practices of moral turpitude, in which case IIIT B-IC shall find it necessary for the Incubatee company to leave the incubator. This shall include the failure to follow IIIT-B guidelines and code of conduct, as amended from time to time. In the event of the Incubatee company being admitted into insolvency. Notwithstanding anything written elsewhere, IIIT B -IC's decision in connection with the exit of an Incubatee company shall be final and bound by Clauses from 9.1 to 9.8.

## **10. Conflict of Interest**

- 10.1. IIIT B- IC endeavors 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 must be handled in a transparent manner, and IIIT B -IC requires the full voluntary disclosure of any form of familial or commercial interests and connections during the application stage of incubation, which the relevant committee shall take into account while taking a decision on approval or rejection of the candidate. If at a later date any familial or commercial interests and/or connections are found, IIIT B retains the right to take punitive action at the time including but not limited to monetary fines and legal action as may be required.

## **11. Disclaimer**

11.1. The incubatee company must understand and acknowledge that IIIT B- IC 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. By agreeing to provide various supports and services, IIIT B -IC does not undertake responsibility for:

11.2.1. Ensuring success of an incubatee company, its products/ process/ services or marketability;

11.2.2. Assurance to customer acquisition at any of the external partner organizations of IIIT B;

11.2.3. Ensuring quality of support and services provided by IIIT B -IC to the complete satisfaction of the incubatee companies or their promoters/ founders;

11.2.4. Ensuring quality of services of the consultants engaged by the incubatee companies through IIIT B -IC network. incubatee companies will have to apply their judgment before getting in to a relationship with them;

11.2.5. The temporary break-down or malfunction of IIIT B assets and machinery;

11.2.6. The incubatee companies agree that IIIT B -IC or its employees shall not be held



liable for any reason on account of the above.

11.2.7. Under no circumstances shall IIIT B-IC be responsible for the actions of the incubatee, nor does the incubatee represent IIIT B-IC in any manner. The incubatee shall be solely liable for its actions and any penalties which may arise from it.

## **12. Agreements**

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

- 12.1. Incubation Agreement - Between IIIT B-IC and the incubatee company at the time of acceptance into the incubation program.
- 12.2. Debenture Subscription Agreement - Between IIIT B-IC, the incubatee company and its Promoters for IIIT B -IC's debenture holding in the incubatee company.
- 12.3. Fund Agreement - Between IIIT B-IC and the incubatee company on sanction of seed fund to the incubatee company (on a case-to-case basis).
- 12.4. Indemnity Agreement – Between IIIT B-IC and the incubatee company stating that in the event of any loss, damages, costs or charges raised upon IIIT B due to actions of the incubatee company employees and/or partners or the project of the incubatee company, the incubatee Company shall indemnify IIIT B-IC for any losses, including attorney's fees.