

Policy and Procedures for
Business Incubator TIDES (Technology Incubation &
Development of Entrepreneurship Support Centre)

Hosted By

Technology Incubation and Entrepreneurship
Development Society (TIEDS)

Indian Institute of Technology Roorkee

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Introduction

Technology Incubation and Entrepreneurship Development Society (TIEDS), a society registered under the Societies Registration Act, 1860 is set up to promote innovation and entrepreneurship among the Faculty, Staff, Research Scholars, and Students at IITR. To accomplish its goal, TIEDS runs and manages a Business Incubator called Technology Innovation & Development of Entrepreneurship Support (TIDES) Centre at Indian Institute of Technology, Roorkee to facilitate incubation of new enterprises with innovative technologies by admitting them at TIDES Centre and providing them physical, technical and networking supports and services.

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to TIDES Centre to update themselves from time to time on amendments in TIDES Centre policy and procedures. TIEDS 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. Governance Structure: TIDES will have same governing structure as TIEDS

Except the ex-officio members, the remaining members will serve for a period of up to three years, and can be re-appointed for further periods. The Director, IITR will nominate the initial Governing Body, which will make subsequent appointments. In addition to its above members, the Governing Body may invite experts in legal, finance, audit, IPR, and other such areas, to its meetings as needed. It may also constitute subcommittees including such outside experts for specific tasks when needed.

2. Eligibility

Admission to TIDES Centre is open to:

- i. Registered Student of IITR,
- ii. Current Faculty members of IITR
- iii. Alumni of IITR

Applicants must provide the required details and proposal for making an admission in the TIDES Centre. Applications for admission to TIDES Centre will be made in the name of registered (unlisted) companies within the meaning of the Companies Act, 1956. 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 TIDES Centre.

3. Admission Process

The applicants will be required to submit business plan for admission in TIDES Centre, which can be availed from the TIDES Centre office or downloaded from its website. Based on the documents submitted, the Business Plan will be screened by the pre-selection team for assessing the suitability of the proposal for further evaluation by expert members regarding its potential for incubation. Detailed scrutiny including financial and technical due diligence of the proposal shall then be carried out by the expert members for evaluation of the proposal. Business Plan will be reviewed by experts having technical, business and financial expertise. Applicants may be invited with their teams to make a presentation on their proposal. In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants and/or revision in the proposal.

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

4. Intellectual Property

Following details will be considered during the assessment of Intellectual Property (Patents, Trademarks, Copyrights, Designs and any other form of IP) for incubation purpose:

1. Details relating to IP ownership, joint IP development, IP transfer, IP licensing and cross licensing etc.
2. If the IP is developed at IITR, whether any IITR infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s). If the IP is developed at IITR, whether any consultancy projects were executed in the proposed area.

Applicants, who are current faculty or students of IITR, aspiring for incubation shall first approach IITR for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies. They will initiate a letter to Dean -SRIC, IIT Roorkee requesting the transfer of IITR IP in favour of a start-up company in the TIDES Centre intended to be promoted/ supported by the inventor.

5. Seed Funding

The Incubatee Company will be eligible for seed funding which will be combination of convertible debt and equity. The maximum amount of investment per company would be Rs. 25 lakhs.

Following broad guidelines will be followed for the seed fund:

1. Investment decision will be taken on case to case basis and will be subject to the approval of Investment Committee.
2. In case of equity investment, an incubatee will be valued between Rs. 2 crore uniformly.
3. In case the incubatee company has already raised seed funding or is generating revenue, the valuation of the company will be assessed with the help of experts and investment will be done based on that valuation.
4. Maximum duration for redemption of equity would be 3 years.
5. There would be a separate guideline for terms for each of these investments.
6. The Seed investment will be offered only after 3 months to 6 months from the date of incubation of the startup. The offer and amount of investment will be made on case to case basis after the assessment of the startup.

A company desirous of getting seed fund may submit an application for seed fund on admission or any time during its tenure in TIDES Centre. Sanction of seed fund will be decided based on the eligibility criteria as decided by TIDES Centre. It would be also subject to the terms stipulated under specific grant or scheme as the case may be. Though seed fund may be sanctioned, disbursement shall be linked to the milestones. 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.

TIDES Centre will have sole discretion to sanction or reject an application for seed fund and the decision of TIDES Centre in this regard shall be final. TIDES Centre is not bound to give any reason in case an application for seed fund is rejected.

6. Infrastructure & other support

- Upon admission to TIDES Centre, the following infrastructural facilities will be offered to the incubatee companies on an individual basis, apart from a set of shared/ common infrastructure mentioned hereinafter:
- Office space: Company specific (upto 8 people team)
- Internet connection
- Standard Furniture
- Uninterrupted Power supply
- Fax machine
- Printer
- Photocopier
- Scanner
- Teleconferencing facilities
- Meeting/Conference room with projection equipment

- Pantry facilities
- Common secretarial pool/staff (depending on availability of such staff with TIDES Centre)

Apart from physical infrastructure as stated above, TIDES Centre will provide access to the following:

- Pool of mentors, experts in technology, legal, financial and related matters, with or without consideration,
- Organising events to help companies in networking and showcasing their technologies,
- Meetings with visitors of IITR (such as alumni, VCs, industry professionals).

7. Periodic assessment

Incubatee companies will submit information to TIDES Centre on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts.

Incubatee companies will have to submit their annual reports within a period of 7 days from the date of their approval.

8. Information Submission

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

9. Consideration:

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

- Monthly rent/ facilities charge at discounted rate for physical infrastructure to be paid to TIDES Centre.
- Consideration in the form of equity and/or revenue sharing of the respective companies for transfer/ licensing of / permission to use IP in favour of the incubatee companies and the facilities provided by TIDES Centre. The percentage of Equity and revenue sharing

will be decided by TIDES Centre and is to be given in favour of TIDES Centre. TIDES Centre may ask for additional equity from the companies to whom TIDES Centre has supplied specialised equipments.

The incubatee company shall allot 3-6% of the equity to TIDES Centre towards incubation and shall be maintained by issuing additional shares or diluting the shares of the Promoters or in any other manner) till the Company exits from the TIDES Centre or the Company and Promoters raise investment from an Angel Investor, Venture Capital Fund or any other source. 3-6% equity will be decided based on various factors such as: duration of the incubation support needed by the company, financial condition of the company, revenue of the company etc.

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 favour of TIDES Centre, TIDES Centre 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 TIDES Centre as stated above. 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 thereon are at least three times more than paid up capital and premium amount respectively.

10. Tenure in TIDES Centre

Companies will be permitted to stay in TIDES Centre, to begin with, for a period of 24months. TIDES Centre may, at its own discretion, permit companies to extend their stay for a maximum period of another 12 months.

If a company is provided with specialised capital equipment, rent on the same will be decided on a case-by-case basis. This would, however be finalised prior to approval of a proposal for admission to TIDES Centre or at the time of procurement of the equipment as the case may be.

11. Exit (Graduation)

Incubatee companies will leave the incubator under the following circumstances:

1. Raising substantial investment from angel investor / Venture Capital Fund / any other investor– Rs. 2 crores or more.
2. Completion of stay for 24 months, unless the stay is extended by TIDES Centre.
3. Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by TIDES Centre on the case to case basis.
4. Irresolvable disputes between promoters/ founders. TIDES Centre will decide the

position or point when disputes are deemed to be irresolvable.

5. When the number of employees of the company exceeds 20.
6. When the annual revenues of the company exceeds Rs. 2 crores or when a company achieves a Profit Before Tax of Rs. 60 Lakhs.
7. 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.
8. Change in promoters'/ founders' team without concurrence of TIDES Centre.
9. Any other reasons which TIDES Centre may find it necessary for an incubatee company to leave TIDES Centre.

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otwithstanding anything written elsewhere, TIDES Centre'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 and confidentiality of information:

TIDES Centre 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 TIDES Centre considers the full voluntary disclosure as the best mechanism for managing conflicts of interest. Any significant, direct or indirect, financial interests held by TIDES Centre employees in any of companies supported by TIDES Centre could involve possible conflict of interests. Persons associated with TIDES Centre 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 TIDES Centre.

Conflict of interest guidelines policy and operating guidelines of IITR, if any, must be reviewed and followed by all faculty, employees and students of IITR who aspire to set up a company to be incubated in TIDES Centre. 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 IITR. On admission in the Business Incubator, such entrepreneurial activities should not be confused with assigned duties of IITR. The use of IITR facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of IITR. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests. A committee may be set up by TIDES Centre to resolve any dispute over such situation causing conflicts of interests.

13. Disclaimer:

The incubatee company will understand and acknowledge that TIDES Centre 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, TIDES Centre 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 TIDES Centre 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 TIDES Centre / IITR network.

The incubatee companies agree that TIDES Centre / IITR or their employees shall not be held liable for any reason on account of the above.

14. Agreements:

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

1. Facility Agreement: Between TIEDS& an incubatee company for admission of the company. Annexure-III(A)
2. Equity agreement: Between TIEDS, an incubatee company and its Promoters for TIEDS's equity holding in the incubatee company. Annexure-III(B)
3. Technology Commercialization Agreement: As per IITR IPR Policy and applicable to incubatees which are using technology or IP developed by IIT Roorkee.