



TAGORE CENTRE FOR GREEN TECHNOLOGY BUSINESS INCUBATION (TCGTBI)
INDIAN INSTITUTE OF ENGINEERING SCIENCE & TECHNOLOGY (IIEST) SHIBPUR
(Formerly Bengal Engineering and Science Technology, Shibpur)
P.O. Botanic Garden, Howrah -711103

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Policy and Procedures for Business Incubator



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Introduction

Tagore Centre for Green Technology Business Incubation (TCGTBI), 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 the benefit of society. To accomplish its goal, TCGTBI runs and manages a Business Incubator (BI) at Indian Institute of Engineering Science and Technology, Shibpur (IEST, Shibpur) 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 TCGTBI. It covers the following processes:

1. Eligibility
2. Admission process
3. Intellectual Property
4. Seed Loan
5. Infrastructure
6. Common infrastructure
7. Other services
8. Periodic assessment
9. Information submission
10. Consideration
11. Tenure in BI
12. Exit (Graduation)
13. Conflicts of interest
14. Disclaimer
15. Agreements



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The policy is subject to periodical review and amendments. It will be the responsibility of the incubates / companies admitted to BI to update themselves from time to time on amendments in BI policy and procedures. TCGTBI 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:

- i. Faculty members (current and in the recent past), (one or many) along with possibly others
- ii. Students and alumni, along with possibly others
- iii. IEST, Shibpur's R&D partners (sponsors of R&D and consultancy projects), along with possibly others where any faculty is an advisor / mentor / promoter

The proposals for Business incubation must meet with one or more of the following parameters:

- i. Proposals with Intellectual Properties (IP) generated within IEST, SHIBPUR and transferred to the company for a consideration,
- ii. Proposals with IP belonging to faculty, student or alumni (created outside IEST, SHIBPUR),
- iii. Proposals with potentials for strong identifiable involvement or interaction with IEST, SHIBPUR faculty with/without usage of IEST, SHIBPUR facilities,
- iv. Proposals which will have social and strategic impacts,
- v. Proposals with potential for large resource generation, impact value and visibility to IEST, SHIBPUR, TCGTBI and incubation activities,

1.2 Applicants must fulfil all the above criteria for making an admission in the BI and for making an application for TCGTBI's incubation programme.

1.3 Applications for admission to BI 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 BI.



2. Admission Process

At the opening level, applicants for admission in BI will be required to submit a Pre-Application Questionnaire (PAQ), which can be availed from the TCGTBI office or downloaded from its website. The PAQ will be scrutinized internally by the TCGTBI team. While submitting PAQ, applicants will also disclose information on executive involvement of the promoters/ founders in other companies or commercial entities.

Based on the initial scrutiny of PAQ and affirmative assessment, applicants will be asked to submit a formal application for admission in BI along with a detailed proposal comprising of the following documents:

1. Business Plan.
2. Details of IP/ technology based on which a company is proposed to be promoted/ founded. In case the IP/ technology is developed at IEST, Shibpur, a copy of letter of approval from IEST, Shibpur for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies.

The Business plan is expected to cover the basics of the Business, namely, value proposition, products and services, market analysis, competition analysis, funding requirements, capital structure, milestones and timelines, development and marketing plan, organizational structure, team, risk analysis and projected financials. An illustrative template for a Business plan may be obtained from the TCGTBI office or may be downloaded from its website (Annexure). Applicants may give such additional information as they think would help in the assessment of their proposal.

Based on the documents submitted, the Business Plan will be screened by the TCGTBI 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. 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.



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Business Plan will be reviewed by experts having technical, Business and financial expertise. These members will be other than TCGTBI employees. The expert members would be invited/ identified depending on the nature of the proposal. The proposal will be handled in terms of TCGTBI's Policy on Conflicts of Interests and Confidentiality appended hereto as [Appendix A](#).

Some representative criteria to be applied for evaluation (not limited to these)

1. Strength of the product idea in terms of its technology content, innovation, timeliness and market potential
2. IP already generated and the potential of the idea for IP creation
3. Extent of involvement of IEST, Shibpur faculty, employees and students
4. Strength of the core Business team
5. Funds requirement and viability of raising finance
6. Break-even period

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

3. Intellectual Property

Intellectual Property (IP) can be a patent, software code, copyright, design registration, developed product, or alike. IP for incubation purpose will be assessed based on the following details:

1. Whether any seed grant (from public or private sources) has been used in developing the technology which will go into the product(s) of the proposed company.
2. If yes, details of the understanding with the funding agency in terms of sharing of the IP.
3. Whether any people other than the applicants have worked on the technology and if their work will be incorporated in the product(s). If yes, whether such other person has a right in IP ownership.



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4. If the IP is developed at IEST, Shibpur, whether any IEST, Shibpur infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s).
5. If the IP is developed at IEST, Shibpur, whether any consultancy projects were executed in the proposed area.
6. A statement from the "owners/ innovators/ creators" of IP to the effect that they are the "owners/ innovators/ creators" of IP as the case may be.

Applicants, who are current faculty or students of IEST, Shibpur, aspiring for incubation shall first obtain necessary permission and approval from the Institute for transfer / licensing to use IP in favour of prospective incubatee companies in the Business Incubator intended to be promoted/ supported by the inventor.

The companies or promoters/founders will pay consideration in lieu of the transfer / licensing of / permission to use IP in their favour, which will be decided by TCGTBI as mentioned in section 10 hereinafter.

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

4. Seed Loan

TCGTBI **may provide seed loan** subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loan will be sanctioned only to the registered companies and shall be based on merits of each company. Promoters / founders whose companies are not registered at the time of application shall not be eligible to apply for seed loan until their companies are incorporated. **Further, admission to BI shall not automatically entitle the companies to seed loan.**

A company desirous of getting seed loan may submit an application for seed fund on admission in BI. Sanction of seed loan will be decided based on the eligibility criteria as decided by



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TCGTBI. It would be also subject to the terms stipulated under specific grant or scheme as the case may be. Though seed loan may be sanctioned, disbursement shall be linked to the milestones. One of the criteria for approval of the seed loan will be to help the company reach a level of maturity in terms of product development or go-to-market stage. Preference will be given to companies with strong commitment and contribution from their promoters. TCGTBI will have sole discretion to sanction or reject an application for seed loan and the decision of TCGTBI in this regard shall be final. TCGTBI is not bound to give any reason in case an application for seed loan is rejected.

5. BI Infrastructure

Upon admission to BI, the following infrastructural facilities will be offered to the incubatee companies on an individual basis, alongwith a set of shared/ common infrastructure mentioned hereinunder :

- Office space: Company specific
- Internet connection

Apart from company specific infrastructure as stated above, TCGTBI will provide certain facilities be shared by all incubatee companies which would include:

- a. File Server
- b. Fax machine
- c. Laser Printer
- d. Photocopier
- e. Scanner
- f. shredder
- g. Teleconferencing facilities as available. The usage of this facility will be paid by incubates as per the rate fixed by TCGTBI, time to time.
- h. Meeting/Conference room with projection equipment
- i. TCGTBI Library facilities
- j. Pantry facilities
- k. Common secretarial pool/staff (depending on availability of such staff with BI)



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6. Infrastructure of the Host / Partner Institution :

Besides, TCGTBI will facilitate the incubatee companies to access departmental laboratories and other resources of IEST, Shibpur or at its Partner Institute for their specific requirements. Access to Institutional resources is possible as per extant rules of the Institutes, after observing necessary formalities and on payment of required fees. Usage of such resources should be with permission of the concerned department to avoid conflict with departmental activities and objectives. The consideration payable to SRC for usage of departmental resources will generally be in the form of cash (payable by cheque or demand draft), though TCGTBI may recommend to the Institute for acceptance of consideration in the form of equity. However, decision as to whether to accept such consideration in form of equity will be solely rest with the Institute. Augmentation of resources in the department on account of such usage shall be the properties of the concerned department.

Irrespective of requirements of departmental facilities for usage, all incubatee companies will primarily locate at BI.

7. Other Services

Apart from physical infrastructure as stated above, BI intends to create certain other supports and services which would include but not limited to :

- 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 IEST, Shibpur (such as alumni, Venture Capitalists, industry professionals).

Incubatee companies can avail of the above support and services when offered by TCGTBI.



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In addition, TCGTBI will also build up information and knowledge pool to be useful generically for start-up companies. TCGTBI will coordinate with Department of Human Resources Development, IEST, Shibpur, on management education and training programmes designed for start-up companies.

8. Periodic assessment

TCGTBI will evaluate the performance of incubatee companies periodically. Incubatee companies will submit information to TCGTBI on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts. A company which has taken seed loan will have to submit additional information as may be asked by TCGTBI. The un-disbursed portion of the seed loan will be adjusted subject to the performance of the company. Incubatee companies will have to submit their annual reports each year within a period of 2 months from the date of annual closing of accounts.

9. Information Submission

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



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10. Consideration :

In lieu of support and services to be provided by TCGTBI/ IEST, Shibpur, 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 TCGTBI.
- Consideration in the form of equity and/or revenue sharing:
 - A liability free equity of 10% in the company for a period of 10 years. Against this equity, the institute shall permit the use of IP developed within IEST by the founding members and students.
 - In case the institute provides loan to the company, institutes' rules will apply for repayment / additional equity holding.
- Consideration as per SRC policy for usage of departmental laboratory facilities to be given to IEST, Shibpur.

The equity holding by TCGTBI for infrastructure and IP will be 10%. The percentage of the equity holding of TCGTBI 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 BI or the Company and Promoters raise investment from an Angel Investor, Venture Capital Fund or any other source. If the company fails to raise investment from an Angel Investor, Venture Capital Fund or any other source for a period of ten years from the date of the last issuance of shares in favour of TCGTBI, TCGTBI 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 TCGTBI 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.

The above will be subject to change from time to time by TCGTBI/ IEST, SHIBPUR. The equity shall be issued in favour TCGTBI.



11. Tenure in BI

Companies will be permitted to stay in BI, to begin with, for a period of 36 months. A nominal monthly charge will be levied to a company for the period of first 36 months. TCGTBI/ BI may, at its own discretion, permit companies to extend their stay for a maximum period of another 24 months. Companies will have to pay the charge at the prevailing market rate for the extended period, which would be for:

- Office space
- Internet connection
- Electricity charges including air-conditioning
- Any other facility as may be provided at that time

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 BI or at the time of procurement of the equipment as the case may be.

12. 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 thirty six months, unless the stay is extended by TCGTBI.
3. Underperformance or unviability of the Business proposition: criteria for the same will be decided and applied by TCGTBI on the case to case basis.
4. Irresolvable disputes between promoters/ founders. TCGTBI will decide the position or point when disputes are deemed to be irresolvable.
5. When the number of employees of the company exceeds 20.



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6. When the annual revenues of the company exceeds Rs. 2 crores or when a company achieves a Profit Before Tax of Rs.1 crore.
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 TCGTBI.
9. Any other reasons which TCGTBI may find it necessary for an incubatee company to leave TCGTBI.

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

13. 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. TCGTBI 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 TCGTBI/ 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 TCGTBI, 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



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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 TCGTBI to resolve any dispute over such situation causing conflicts of interests.

14. Disclaimer:

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

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



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15. Agreements:

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

Service agreement:

Between TCGTBI & an incubatee company for admission of the company in BI.

Equity agreement:

Between TCGTBI, an incubatee company and its Promoters for TCGTBI's equity holding in the incubatee company.

Transfer of technology Agreement/ Technology License Agreement:

Between IEST, Shibpur (SRC) & an incubatee company for transfer of technology from IEST, Shibpur in favour of incubatee companies.

Loan Agreement:

Between TCGTBI & Incubatee Company on sanction of seed loan to the incubatee company in BI.

Usage of Facilities at Host / Partner Institute :

Between Host / Partner Institute & an incubatee company for usage of institutional facilities / resources by the incubatee company as per the prevailing policy of Host / Partner Institute .