

Policy and Procedures for

Business Incubator

Hosted By

Society for Innovation and Entrepreneurship

Indian Institute of Technology Bombay

Powai, Mumbai 400076

Introduction

Society for Innovation and Entrepreneurship (SINE), 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, SINE runs and manages a Business Incubator (BI) at Indian Institute of Technology, Bombay (IITB) 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 SINE. It covers the following processes:

1. Eligibility
2. Admission process
3. Intellectual Property evaluation
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

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to 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 is open to:

- i. IITB's faculty members (current and in the recent past),
- ii. IITB's students and alumni,
- iii. IITB's R&D partners (sponsors of R&D and consultancy projects),
- iv. IITB's partner universities (having R&D collaborations in place), and
- vi. Government agencies associated with IITB's research and innovations.

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

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

1.2 Applicants must fulfil all the above criteria for making an admission in the BI, for making an application for SINE's virtual incubation programme or pre-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 SINE office or downloaded from its website. The PAQ will be scrutinized internally by the SINE 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. IP declaration worksheet, along with a copy of letter of approval from IITB for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies.
3. Statement of infrastructure requirements.
4. Statement of Purpose or reason for incubation in BI (eg. what benefits and values do the promoters see from getting incubated in BI).
5. Time Frame - anticipated duration of stay within BI from the date of admission, which should be within the maximum period permitted in terms clause 11 of this policy.

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 SINE office or may be downloaded from its website. 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 SINE 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.

There will be at least three expert members (other than SINE CEO) having technical and financial expertise, including Professor-In-Charge for Innovation and Entrepreneurship, IIT Bombay. Professor-In-Charge for Innovation and Entrepreneurship, IIT Bombay will be a permanent member and others would be invited/ identified members depending on the nature of the proposal. SINE CEO will invite other members in consultation with the Professor-In-Charge. The strength of the members could be extended as and when necessary. The proposal will be handled in terms of SINE'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 IITB faculty, employees and students
4. Strength of the core business team
5. Funds requirement and viability of raising finance
6. Break-even period

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. Intellectual Property evaluation

Applicants aspiring for incubation shall first approach IITB for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies. They will submit with IITB an IP declaration worksheet containing the following details:

1. Details of IP proposed to be transferred from IITB to the applicant company. It can be a patent, software code, copyright, design registration, developed product, or alike.
2. Whether any IITB seed grants (from Industrial Research and Consultancy Centre (IRCC) or similar office) have been used in developing the technology which will go into the product(s) of the proposed company.
3. Whether funds from any Government agencies have been used in the development of technology. If yes, details of the understanding with the funding agency in terms of sharing of the IP.
4. Whether any students have worked on the technology and if their work will be incorporated in the product(s).
5. Whether collaborative work with other faculty members (who are not promoters) is being incorporated into the product(s)
6. Whether any IITB infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the technology that will go into the product(s).
7. Whether any consultancy projects were executed in the proposed area.
8. 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.

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 SINE 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

SINE 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. 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 simultaneously with submission of the application for admission in BI. Sanction of seed loan will be decided based on the eligibility criteria as decided by SINE. 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 at the time of approval of the proposal for admission, disbursement shall be made only on quarterly basis. One of the criteria for approval of the seed loan will be the contribution brought in by the promoters to the capital of their companies. Preference will be given to companies who already have some sources of revenue or some customer order booking. SINE will have sole discretion to sanction or reject an application for seed loan and the decision of SINE in this regard shall be final. SINE is not bound to give any reason in case an application for seed loan is rejected.

Particulars of the funds/ grants/ schemes meant for seed loans, if any, will be as per details given in [Appendix B](#).

5. Infrastructure

BI Infrastructure:

Upon admission to BI, 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 dependent
- Personal Computers – up to eight, depending on the team size
- Internet connection
- Two telephone lines –BI will do the processing and acquire the lines. Each company will pay the rentals and bi-monthly bills

IITB Infrastructure:

Besides, SINE will facilitate the incubatee companies to access departmental laboratories and other resources of IITB for their products development purposes. Access to departmental resources is possible through Industrial Research and Consultancy Centre (IRCC) of IITB and usage of such resources should be with permission of the concerned department to avoid conflict with departmental activities and objectives. Further usage of such resources shall be on commercial basis and in conformity with the policies of IRCC at IITB for consultancy/sponsored projects prevailing from time to time. The consideration payable to IRCC for usage of departmental resources will generally be in the form of cash (payable by cheque or demand draft), though SINE may recommend to IRCC 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 IRCC. 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 into BI.

6. Common infrastructure

Apart from company specific infrastructure as stated above, SINE 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. Teleconferencing facilities
- g. Meeting/Conference room with projection equipment
- h. SINE Library facilities
- i. Pantry facilities
- j. Common secretarial pool/staff

7. Other Services

Apart from physical infrastructure as stated above, BI intends to create certain other supports and services which would include:

- 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 IITB (such as alumni, VCs, industry professionals).

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

In addition, SINE will also build up information and knowledge pool to be useful generically for start up companies. SINE will coordinate with S J Mehta School of Management, IIT Bombay, on management education and training programmes designed for start up companies.

8. Periodic assessment

SINE/ BI will evaluate the performance of incubatee companies periodically. Incubatee companies will submit information to SINE/ BI on quarterly basis in a prescribed format. (This can be obtained from SINE office or can be downloaded from its website.) The companies will 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 SINE/ BI. 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 within a period of 7 days from the date of their approval.

9. Information Submission

Incubatee companies 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.

10. Consideration:

In lieu of support and services to be provided by SINE/ IITB, 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 SINE.
- 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 BI/ SINE. The percentage of Equity and revenue sharing will be decided by SINE and is to be given in favour of SINE. SINE may ask for additional equity from the companies to whom SINE has supplied specialised equipments.
- Consideration as per IRCC policy for usage of departmental laboratory facilities to be given to IITB.

The indicative range of the equity holding by SINE for infrastructure and IP will be 6-8%. The percentage of the equity holding of SINE 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 five years from the date of the last issuance of shares in favour of SINE, SINE 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 SINE 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 SINE/ IITB. The equity shall be issued in favour SINE.

11. Tenure in BI

Companies will be permitted to stay in BI, to begin with, for a period of 18 months. A nominal monthly service charge will be levied to a company for the period of first 18 months. SINE/ BI may, at its own discretion, permit companies to extend their stay for a maximum period of another 18 months. Companies will have to pay service charge at the prevailing market rate for the extended period, which would be for:

- Office space
- Personal Computers
- 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 eighteen months, unless the stay is extended by SINE.
3. Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by SINE on the case to case basis.
4. Irresolvable disputes between promoters/ founders. SINE 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 SINE.
9. 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.

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. SINE 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 SINE/ 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 SINE, 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 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 SINE to resolve any dispute over such situation causing conflicts of interests.

14. Disclaimer:

The incubatee company 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 developed in the Institute 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 an incubatee 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 incubatee companies through BI/ SINE/ IITB network. Incubatee companies will have to apply their judgements before getting in to a relationship with them.

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

15. Agreements:

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

Service agreement:

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

Equity agreement:

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

Transfer of technology Agreement/ Technology License Agreement:

Between SINE & an incubatee company for transfer of technology from in favour of incubatee companies.

Loan Agreement:

Between SINE & incubatee company on sanction of seed loan to the incubatee company in BI.

Usage of Departmental Lab:

Between IITB (IRCC) & an incubatee company for usage of departmental resources of IITB by the incubatee company as per the prevailing policy of IRCC of IITB.

Approved

September 23, 2004

PROF. ASHOK MISRA
Chairman, Governing Board

Appendix A

Policy on Conflicts of Interests and Confidentiality

1. Introduction:

Society for Innovation and Entrepreneurship (SINE) has been founded to promote innovation and entrepreneurship and to administer a Business Incubator for start-up companies with emphasis on technologies developed in IITB. SINE is hosted by Indian Institute of Technology Bombay (IITB) a premier academic and research institute with a significant contribution in science and technology. In recent years, IITB has been encouraging its faculty, employees and students to convert their technology ideas and innovation in various disciplines of science and engineering into commercial ventures for personal, institutional and social benefits. This process of translating knowledge in various disciplines of science and engineering into products, processes and services for commercial exploitation will also benefit the society.

In this process, however, complexities surrounding actual and potential conflict of interests and commitment are also involved. While IITB supports its faculty, non-faculty employees and other members in the commercialisation of technologies developed in various departments and laboratories, there are several key values that call for protection from conflicts that may arise from such activities because of their commitment in IITB to:

- Student education,
- Objective research,
- The society by bringing benefits of knowledge arising out of such research and education

When an individual holds two positions in different roles, and when he/she tries to use one position for personal benefits of his/her aspirations in another, a situation of conflict of interest arises. Certain positions held by employees of SINE which are of trust and

confidence owe a fiduciary responsibilities to those to whom SINE and its Business Incubator provides supports and services. Any significant, direct or indirect, financial interests held by SINE employees in any of companies supported by SINE and its Business Incubator could involve possible conflict of interests. Persons associated with SINE 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 SINE and IITB.

Further during the process of incubation, certain proprietary information may also be exchanged between various parties which are of confidential or sensitive nature. The confidentiality of such information needs to be maintained.

2. Policy objective:

The intent of this document is not to eliminate all possible situations leading to conflict of interests, an obvious impossibility. Rather, it is to enable an interested person to recognise situations that may be subject to question, to take steps to minimise such conflicts and to ensure that such situations are properly reviewed and, if necessary, corrected. All potential conflict of interest situations should be handled in a manner and all relevant activities are conducted in a manner consistent with the values of SINE, IITB and public values and interests. This policy makes all stakeholders related to SINE and Business Incubator aware that no one should use his/her position in one role for personal gains in the other role, and when necessary, explicit permission of relevant stakeholder may be obtained.

Conflict of interests policy and operating guidelines of IITB, if any, must be reviewed and followed by all faculty, employees and students of IITB who aspire to set up a company to be incubated in the Business Incubator administered by SINE. 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 IITB. On admission in the Business Incubator, such entrepreneurial activities should not be confused

with assigned duties of IITB. The use of IITB facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of IITB. Appropriate judgement should be applied by all concerned parties while assessing the genuineness of conflicting interests.

Also, each party in receipt of confidential information should restrict the use of such information for the purpose for which it is disclosed. Concerned parties should safeguard and protect confidentiality of information by using the same degree of care as they would use to protect their own information of like nature to prevent unauthorised disclosure.

3. Definition:

- a. “Associates/ Affiliates”- means any person or entity directly or indirectly controlling or controlled by the other party or two parties are under a common control of one Party.
- b. “Confidential information”- means any information, whether in written, visual or oral form, disclosed by a disclosing party to the receiving party based on discussion or understanding between them, and-
 - which is clearly labelled or marked as ‘confidential’, ‘sensitive’ or its equivalent if disclosed in tangible form, or
 - which is concerning / provided by the disclosing party and is not known or generally available to the public at large, or
 - the nature of which should reasonably have been understood by the receiving party as being proprietary and confidential to the disclosing party.

Notwithstanding the above, Confidential Information shall not include any information which:

- i. is or becomes publicly known through no wrongful act on the receiving party's part; or
 - ii. is already known to the receiving party at the time of disclosure; or
 - iii. is rightfully received by the receiving party from a third party without breach of obligation to maintain confidentiality by the receiving party, or
 - iv. is furnished to a third party by the disclosing party without a similar restriction on such third party's rights; or
 - v. is independently developed by the receiving party without breach of any agreement with the disclosing party; or
 - vi. is explicitly approved for release by the disclosing party; or
 - vii. is required to be disclosed by the receiving party under any prevailing law or to a court of competent jurisdiction or any appropriately empowered governmental agency.
- c. "Conflict of interest"- in this policy refers to a situation in which financial or other personal considerations compromise, or have an appearance of compromising an individual's professional judgement and ability to perform his/ her responsibilities to IITB, SINE or Incubatee companies as the case may be. This also includes certain gray situations or gray areas that might involve the appearance of conflict.
- d. "IITB members"- means faculty members and non-faculty employees, student and staff of IITB,
- e. "Incubatee company" - means a company admitted to the Business Incubator administered by SINE.
- f. "Interested person"- means any person having any direct or indirect, actual or potential, financial or personal interest because of their relationships with SINE, Business Incubator or Incubatee companies in the Business Incubator.

- g. “SINE associates”- means persons and entities associated with SINE in their respective professional capacities. This will also include board members, mentors, consultants, various service providers and suppliers who are associated with SINE their respective professional capacities.
- h. “SINE employees”- Those who are in employment of SINE or hired by SINE on contractual position.

4. Scope:

This policy applies to all interested persons. This will include:

- IITB members who have actual or potential interest in entrepreneurship activities in the Business Incubator,
- SINE employees and SINE associates who can have actual and potential interest which are conflicting with the activities of the Business Incubator or incubatee companies,
- Incubatee companies, their promoters, employees and staff, or their affiliate or associate company.

5. Situations leading to Conflict of Interests:

Certain situations leading to conflict of interests are explained herein below. However the list is not exhaustive, and hence situations having actual or potentials for conflicts of interest though not covered in this document will nonetheless be subject to this policy.

- An IITB member is in a position to influence a departmental decision for acquisition of laboratory and other equipments which could benefit an incubatee company in which he/she is an interested person.

- An IITB member is in a position to circumvent prevailing policies for making use of IITB's various facilities for the benefit of an incubatee company in which he/ she is an interested person.
- An IITB member is in a position to make use of the suppliers and service providers of IITB for undue advantage of an incubatee company in which he/ she is an interested person.
- An IITB member procures consultancy assignments or other business in name of IITB and out sources them to the incubatee company in which he/ she is an interested person.
- When an IITB member or a SINE member is in a position to influence policy decisions of IITB or SINE with an intention to benefit an incubatee company in which he is an interested person.
- Use of IITB students or employees to perform a work for an incubatee company without any compensation when the work is not related in any way for their academic pursuits.
- A person who is interested in one incubatee company and also involved in a decision making process affecting other incubatee companies leads to situation of conflict of interest.
- When an incubatee company, its promoters, employees and staff or any interested person acts in manner to benefit the incubatee company at the disadvantage of IITB or SINE.
- An incubatee company, its employees and its staff having access to IITB resources are in position to exploit them by bypassing IITB's policies.

- When IITB members, SINE employees and associates, promoters, employees and staff incubatee companies are neglecting their respective commitments to IITB or SINE for their association with incubatee companies.
- SINE employees and associates are in position to use sensitive information pertaining to incubatee companies for their personal advantage.

6. Confidentiality of information:

IITB members, SINE employees and associates, incubatee companies, their promoters, employees and staff may come in possession of proprietary information which may be of confidential or sensitive nature. Recipients of such information should make all efforts to preserve confidentiality of such information. They should not disclose or use it for their financial or personal benefits without explicit approval of the disclosing party.

7. Management of conflict of interest:

Since situations leading to conflict of interests are inevitable, it is expected that the interested persons follow transparency in their actions based on full disclosure of relevant information by them. Following guidelines are suggested for management of actual or potential conflict of interests and to address disputes arising out of conflict of interests and maintenance of confidentiality:

- Appropriate disclosure of the conflicting situations involved in a decision or transaction,
- Abstaining from participating in decision making process or transactions involving such situations,
- Obtaining appropriate approvals to avoid conflicts,
- Reporting of the breach of the policy without deliberate intention or knowledge.

If any dispute arises in terms of this policy, the same should be reported to:

- If it pertains to SINE or Incubatee company, it should be reported to the Chief Operating Officer/ Professor-in-Charge (SINE),
- If it pertains to IITB, it should be reported to the Head of the concerned department of IITB.

If required, Chief Operating Officer/ Professor-in-Charge (SINE) or the Department Head of IITB will refer the matter to the Chairman, SINE or the Director IITB as the case may be, whose decision in the matter shall be final.

Appendix B

Seed Loan

Currently, following seed grants have been approved:

1. Seed Grant from Ministry of Communication, Information and Technology (MCIT):

MCIT has extended a grant for seed loan to incubatee companies in Information and Technology (IT) areas. SINE may provide seed loans to the registered companies falling in the above categories, on case to case basis, which are admitted to the BI. As per terms of MCIT, companies whose promoters' team does not have an IITB faculty as one of the promoters shall not be eligible for seed loan. Seed loan will be subject to the following terms and conditions, which are subject to review from time to time:

- a. A total loan to be sanctioned to a single company will not exceed Rs 12 lakhs over a period of one year. This is the upper limit. Companies will normally be granted an amount lower than Rs. 12 lakhs. Also, This can not be more than 50% of the total project cost.
- b. The loan will carry an interest rate of 3% (three percent) p.a.
- c. The repayment schedule will be worked out at the time of sanction of loan application and shall be part of the Loan Agreement. However, if a company exits from BI before the specified repayment period, the loan should be repaid before its exit from BI.
- d. At the time of repayment, the company may be given an option to repay the loan amount as below:
 - 50% of due amount in cash and 50% by of converting the loan amount into equity at the prevailing valuation, or
 - Entire amount in cashSINE will decide about the mode of repayment, which could differ from company to company.
- e. The borrowing companies will be subject to periodic assessment and shall submit such information as may be required by SINE/ BI from time to time.

- f. The following documents/ information will be required to be submitted along with an application for seed loan:
- Purpose for which seed loan is required
 - Certificate of Incorporation
 - Memorandum and Articles of Association
 - If an application is made after commencement of operations of a company, the company will submit its latest financial position
 - Promoters' contribution to the capital

Any other material to substantiate its loan application such as outstanding client orders, letters of intent for placing orders, strategic alliance agreements with customers, invoices for services rendered, and alike.