

Policy and Procedures for



SCIE

Start-up Centre for Innovation & Entrepreneurship

Hosted By



National Institute of Technology Delhi

This document contains policy and procedures for operational matters related SCIE. 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 Start-up
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 SCIE to update themselves from time to time on amendments in SCIE policy and procedures. SCIE 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.

## **Introduction**

Start-up Centre for Innovation and Entrepreneurship (SCIE), is a centre established by National Institute of Technology, Delhi for its students. This is an initiative by central government. While the Union ministry of human resource development will provide 25 lakh per year, the directorate of science and technology will offer an equal amount as aid for the centre. The centre 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. The main aim is to create a paradigm shift to motivate students to undertake entrepreneurial activities translating into successful business ventures.

## **Eligibility:**

The UG/PG students and research scholars of the institute are encouraged to undertake innovative entrepreneurial activities (3rd/4th Year students of UG, 2nd year students of PG, Research scholars after the completion of their course work) IN SCIE , NIT Delhi leading to creation and nurturing of start-ups. The students must satisfy the following before applications:

1. Preferably a bona fide student/alumni of NIT Delhi.
2. Bona fide student of any institute of national importance/ university of India.
3. He/ She/they have/has no backlogs.
4. Not faced any disciplinary action from the institute.
5. Students applying for SCIE will not compromise regular academic activities. PG students need to produce recommendation from HoD and Dean Academics and PG students and research scholar are required to produce recommendation from their supervisor also.
6. NIT Delhi partner Universities/Organizations/Institutions (having MoU with NIT Delhi).

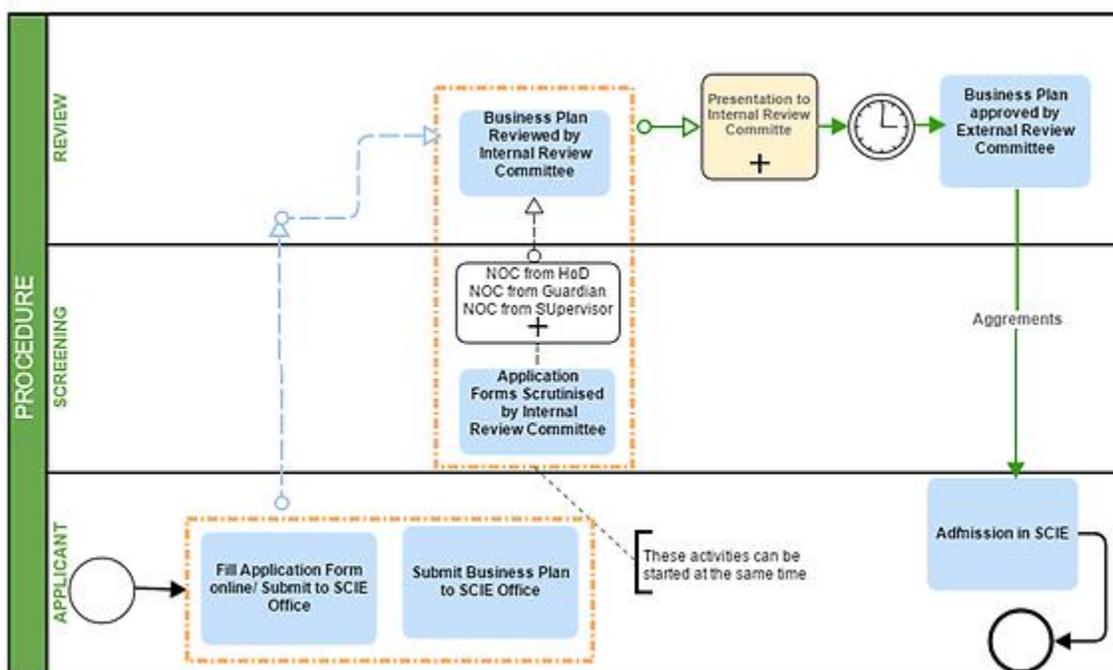
The proposals for business incubation must meet with one or more of the following parameters:

- i. Proposals with Intellectual Properties (IP) generated within NITD,
- ii. Proposals with IP belonging to faculty, student or alumni (created outside NITD),

- iii. Proposals with potentials for strong identifiable involvement or interaction with NITD faculty with/without usage of NITD facilities,
- iv. Proposals which will have social and strategic impacts,
- v. Proposals with potential for large job generation, impact value and visibility to NITD and to India as a whole.

1.2 Applicants must fulfil all the above criteria for making an admission in the BI, for making an application for SCIE's virtual incubation programme or pre-incubation programme.

## 2. Admission Process



1. At the opening level, applicants for admission in SCIE will be required to submit an application form, which can be availed from the SCIE office or filled online from its website.
2. While submitting application form, applicants will also submit the detailed business plan to SCIE office. Format for business plan is available in SCIE website for reference purpose. 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 SCIE 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.
3. The application form will be scrutinized internally by the SCIE team.

4. Based on the initial scrutiny of application form and affirmative assessment, applicants will be asked to produce following documents:
  - a) No objection Certificate from HoD.
  - b) No objection Certificate from Guardian.
  - c) If the applicant is PG student/research scholar, No objection certificate from supervisor needs to be produced as well.
  - d) Details of IP/ technology based on which a company is proposed to be promoted/ founded. In case the IP/ technology is developed at NITD, a copy of letter of approval from Dean R&C, NIT Delhi for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies.
5. Based on the documents submitted and affirmative assessment, applicants will be asked to make a power point presentation for assessing the suitability of the proposal for further evaluation by internal review committee regarding its potential for incubation. 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.
6. Business Plan will be reviewed by experts having technical, business and financial expertise. The expert members would be invited/ identified depending on the nature of the proposal. The proposal will be handled in terms of SCIE's Policy.
7. Upon approval of external review committee, applicant needs to enter few necessary agreements with SCIE.
8. Applicant is allowed to start his/her tenure in SCIE for an incubation period of 12 months.

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 NITD faculty, employees and students
4. Strength of the core business team
5. Funds requirement and viability of raising finance
6. Break-even period

SCIE will have a sole discretion whether to admit or reject a proposal for incubation and the decision of SCIE in this regard shall be final. SCIE 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 person 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.
4. If the IP is developed at NITD, whether any NITD 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 NITD, 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 students of NITD, aspiring for incubation shall first approach office of Dean R& C, NITD for transfer of / licensing of/ permission to use IP in favour of prospective incubatee companies. They will initiate a letter to Dean -R&C, NIT Delhi requesting the transfer of NITD IP in favour of a start-up company 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 SCIE 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**

A seed loan of Rs. 2.5 Lakh/start-up would be given to all the incubatees.

#### **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 specific
- Personal Computers – up to two, depending on the team size
- Internet connection
- Two telephone lines – one line through internal exchange for communication within NITD campus, and one external line. SCIE will do the processing and acquire the lines. Each company will pay the rentals and bills.

### **NITD Infrastructure:**

Besides, SCIE will facilitate the incubatee companies to access departmental laboratories and other resources of NITD for their products development purposes. Access to departmental resources should be with permission of the concerned department to avoid conflict with departmental activities and objectives. 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 SCIE office.

### **Common infrastructure**

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

- a. Fax machine
- b. Laser Printer
- c. Photocopier
- d. Scanner
- e. shredder
- f. Teleconferencing facilities
- g. Meeting/Conference room with projection equipment
- h. SCIE Library facilities
- i. Canteen facilities

### **7. Other Services**

Apart from physical infrastructure as stated above, SCIE 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 NITD (such as alumni, VCs, industry professionals).

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

### **8. Periodic assessment**

SCIE will evaluate the performance of incubatee companies periodically. Incubatee companies will submit information to SCIE on quarterly basis in a prescribed format. The companies may also be subject to an annual assessment by a committee comprising of external experts.

### **9. Information Submission**

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

### **10. Consideration:**

In lieu of support and services to be provided by SCIE/ NITD, 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 SCIE.
- 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 SCIE. The percentage of Equity and revenue sharing will be decided by SCIE and is to be given in favour of SCIE. SCIE may ask for additional equity from the companies to whom SCIE has supplied specialised equipment.

- Consideration for usage of departmental laboratory facilities to be given to NITD.

### **11. Tenure in SCIE**

Companies will be permitted to stay in BI, to begin with, for a period of 12 months. A nominal monthly charge will be levied to a company for the period of first 12 months. SCIE may, at its own discretion, permit companies to extend their stay for a maximum period of another 12 months. Companies will have to pay the 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.
- Telephone bill
- 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 SCIE 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. 1 crores or more.
2. Completion of stay for twelve months, unless the stay is extended by SCIE.
3. Underperformance or unviability of the business proposition: criteria for the same will be decided and applied by SCIE on the case to case basis.

4. Irresolvable disputes between promoters/ founders. SCIE 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. 1 crores or when a company achieves a Profit Before Tax of Rs. 30 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 SCIE.
9. Any other reasons which SCIE may find it necessary for an incubatee company to leave BI.

Notwithstanding anything written elsewhere, SCIE'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. SCIE 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 SCIE 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 SCIE 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 SCIE to resolve any dispute over such situation causing conflicts of interests.

#### **14. Disclaimer:**

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

The incubatee companies agree that SCIE/ NITD 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 SCIE & an incubatee company for admission of the company in SCIE.

### Equity agreement:

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

### Transfer of technology Agreement/ Technology License Agreement:

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

### Loan Agreement:

Between SCIE & Incubatee Company on sanction of seed loan to the incubatee company in Start-up centre.

### Usage of Departmental Lab:

Between NITD & an incubatee company for usage of departmental resources of NITD by the incubatee company as per the prevailing policy of NITD.

## Appendix A

### **Policy on Conflicts of Interests and Confidentiality**

#### **1. Introduction:**

Start-up centre for Innovation and Entrepreneurship (SCIE) has been founded to promote innovation and entrepreneurship and to administer a Business Incubator for start-up companies with emphasis on technologies developed in NITD. SCIE is hosted by National Institute of Technology Delhi (NITD) an institute of national importance. In recent years, NITD 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 NITD 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 NITD 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 SCIE which are of trust and

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

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 SCIE, NITD and public values and interests. This policy makes all stakeholders related to SCIE 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 NITD, if any, must be reviewed and followed by all faculty, employees and students of NITD who aspire to set up a company to be incubated in the start-up centre administered by SCIE. 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 NITD. On admission in the start-up centre, such entrepreneurial activities should not be confused with

assigned duties of NITD. The use of NITD facilities and equipment must be free from unauthorised or conflicting uses and must be compensated for as per the policies of NITD. 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 NITD, SCIE or Incubatee companies as the case may be. This also includes certain grey situations or grey areas that might involve the appearance of conflict.
  
- d. "NITD members"- means faculty members and non-faculty employees, student and staff of NITD,
  
- e. "Incubatee company" - means a company admitted to the start-up centre administered by SCIE.

- f. “Interested person”- means any person having any direct or indirect, actual or potential, financial or personal interest because of their relationships with SCIE or Incubatee companies in the Start-up centre.
- g. “SCIE associates”- means persons and entities associated with SCIE in their respective professional capacities. This will also include board members, mentors, consultants, various service providers and suppliers who are associated with SCIE their respective professional capacities.

#### **4. Scope:**

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

- NITD members who have actual or potential interest in entrepreneurship activities in the Start-up Centre,
- SCIE associates who can have actual and potential interest which are conflicting with the activities of the Start-up centre 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 NITD 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 NITD member is in a position to circumvent prevailing policies for making use of NITD's various facilities for the benefit of an incubatee company in which he/ she is an interested person.
- An NITD member is in a position to make use of the suppliers and service providers of NITD for undue advantage of an incubatee company in which he/ she is an interested person.
- An NITD member procures consultancy assignments or other business in name of NITD and out sources them to the incubatee company in which he/ she is an interested person.
- When an NITD member or a SCIE member is in a position to influence policy decisions of NITD or SCIE with an intention to benefit an incubatee company in which he is an interested person.
- Use of NITD 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 NITD or SCIE.
- An incubatee company, its employees and its staff having access to NITD resources are in position to exploit them by bypassing NITD's policies.

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

**6. Confidentiality of information:**

NITD members, SCIE 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 SCIE or Incubatee company, it should be reported to the Coordinator (SCIE),
- If it pertains to NITD, it should be reported to the Head of the concerned department of NITD.

If required, Coordinator (SCIE) or the Department Head of NITD will refer the matter to the Head, SCIE or the Director NITD as the case may be, whose decision in the matter shall be final.