

**Indian Institute of Technology (Indian School of Mines), Dhanbad**

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**NOTIFICATION**

On the recommendation of the 22<sup>nd</sup> Finance Committee (Item No. 22/09) dated 28.06.2022, the Board of Governors in its meeting held on 28.06.2022 has approved the "Innovation and Start-Up Policy" of IIT (ISM), Dhanbad.

The copy of the "Innovation and Start-Up Policy" of IIT (ISM), Dhanbad is attached herewith for information and necessary action.

Encl: as above

  
[ P R K Sinha ]  
Registrar (Actg.)

To

1. Acting Dean (IIE)
2. Webmaster - for uploading on website
3. All employees

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धनबाद



IIIT  
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INDIAN INSTITUTE  
OF TECHNOLOGY  
INDIAN SCHOOL OF MINES  
DHANBAD



## INNOVATION AND STARTUP POLICY

INDIAN INSTITUTE OF TECHNOLOGY  
(INDIAN SCHOOL OF MINES), DHANBAD

JUNE, 2022

## **INDEX**

1.	DEFINITIONS	1
2.	PREAMBLE	1
3.	VISION	2
4.	MISSION	2
5.	OBJECTIVE AND SCOPE	2
6.	STRATEGIES FOR IE PROMOTION	2
7.	TYPES OF START-UPS WITH IIT (ISM) INVOLVEMENT	3
8.	GOVERNANCE OF INNOVATION AND ENTREPRENEURIAL ACTIVITIES OF THE INSTITUTE	4
9.	SUPPORT TO COMPANY BY IIT(ISM) INCUBATION CENTER	4
10.	MENTORING AND ADVISORY SERVICES	5
11.	MODES OF MEMBER'S ENGAGEMENT WITH COMPANY	5
12.	MEMBER'S / INCUBATION CENTER'S INVOLVEMENT IN EXTERNAL START-UP	6
13.	ROLE OF MEMBER IN START-UP	7
14.	RULES GOVERNING INTELLECTUAL PROPERTY (IP)	7
15.	MEMBER'S ENGAGEMENT PROCESS	8
16.	AGREEMENT	9
17.	CONFLICT OF INTEREST	9
18.	PERIODIC ASSESSMENT OF STARTUP	11
19.	WITHDRAWAL OF SUPPORT	11
20.	PROTECTION OF INSTITUTE'S FAIR NAME	11
21.	DISCLAIMER	12
22.	OTHER	12
23.	ENTREPRENEURIAL IMPACT ASSESSMENT	12
24.	STARTUP KIT	13
	Annexure – A (Form to be Submitted by IIT (ISM) Member/Personnel)	14
	Annexure – B (Incubation Agreement Between IIT(ISM) Incubation Center Dhanbad and Incubatee)	17
	Annexure C (Frequently Asked Questions)	29

## INNOVATION AND STARTUP POLICY

### 1. DEFINITIONS

**IIT(ISM) Member(s) (Henceforth called MEMBER or PERSONNEL):** Any permanent faculty/staff on duty or on short/long leave, research scholars and students having live registration.

**IIT(ISM) Incubation Center (Henceforth called “Incubation Center”):** Any unit including any separate legal entity established by IIT(ISM) Dhanbad with the purpose of promoting and fostering Incubation of Start-up companies, by administering and implementing IIT(ISM)’s policies on innovation and startup.

**IIT(ISM) Incubated Company (Henceforth called COMPANY or Start-up):** A registered Company promoted and / or invested in by IIT(ISM) Member(s) singly or jointly with others, or those incubated by any of the IIT(ISM) incubators located in IIT(ISM) premises or elsewhere, and declared by the IIT(ISM) Incubation Center as such, or an external start-up declared by the IIT(ISM) Incubation Center as such.

**External Start-up (ESU):** A registered Company promoted and invested in by non-IIT(ISM) Member(s) and not located in the IIT(ISM) / IIT(ISM) Incubation Center/ Incubator premises.

**“IIT(ISM) Dhanbad”** or the “Institute” shall mean “Indian Institute of Technology (Indian School of Mines) Dhanbad”.

**“Policy”** means Innovation and Startup policy of IIT(ISM) Dhanbad.

**“Promoter”** means a promoter as defined under Section 2(69) of Companies Act 2013.

**“Executive capacity”** shall mean a role as a Director or a Chief Executive Officer, Chief Operating Officer or Manager or any person, enjoying similar role, by whatever name called, in the Company, having executive power(s) in the Company.

**Incubator:** A physical and/or virtual unit that extends various forms of support for Start-ups and engages in specified relationships with them on behalf of the INSTITUTE and/or Incubation Center.

**“Equity”** shall mean ‘liability free’ equity shares (fully paid up), having voting rights, of the Company.

### 2. PREAMBLE

Indian Institute of Technology (Indian School of Mines) is dedicated to promote innovation and entrepreneurship within the institute and in society at large. The objective of this policy document is to set guidelines for nurturing the spirit of innovation in the institution and translate these into products, processes and services for commercial exploitation by actively engaging students, faculty members, and staff in innovation and entrepreneurship related activities.

### 3. VISION

This policy document is the guiding framework to envision an educational system oriented towards start-ups and entrepreneurship opportunities for student and faculties. The guidelines provide ways for developing entrepreneurial agenda, managing Intellectual Property Rights (IPR) ownership, technology licensing and equity sharing in start-ups or enterprises established by prospective entrepreneurs.

### 4. MISSION

To unleash the paradigm of an entrepreneurial mind set and facilitate start-ups by setting up an environment of ideating, creating, and commercializing the ventures at the institute to the core theme of the Center, anticipating that the new business entities will generate economic value and employment for the country and find practical business solutions to social and environmental challenges of present days.

### 5. OBJECTIVE AND SCOPE

- i. The objective of the Policy is to bring uniformity throughout the institutions in terms of ownership management of the intellectual property, technology licensing, and institutional startup policy, thus enabling creation of a robust innovation and start-up ecosystem across the institute.
- ii. The aim of the policy is to enable the faculty, staff and students of the IIT(ISM) Dhanbad to participate in innovation and entrepreneurship activities.
- iii. The policy will be applicable to all IIT(ISM) Incubated business ventures by its faculty/staff/students and it will also serve as a guideline to all the innovation and entrepreneurial activities undertaken within the institute.

### 6. STRATEGIES FOR IE PROMOTION

#### 6.1 Creating Innovation Pipeline and Pathways for Entrepreneurs at Institute Level

- a) To encourage the engagement of maximum students, faculty and staff of the IIT(ISM) in innovation and entrepreneurial activities and to support the pathway from ideation to innovation to market, following initiatives will be taken.
  1. Spreading awareness among students, faculty and staff of the Institute about the value of entrepreneurship and its role in career development or employability as a part of the institutional entrepreneurial agenda.
  2. Creating physical infrastructure and support systems necessary for innovation, and product development activities, such as laboratory facilities, access to high-tech equipment, mentorship, linkages to the industry, etc.
  3. Developing entrepreneurial mind set among students through experiential learning and by exposing them to training in cognitive skills (e.g. design thinking, critical thinking, etc.), by inviting entrepreneurs and/or experts to address young minds and mentoring them by academic and industry personnel, throwing real life challenges.
  4. Engaging students in innovation and entrepreneurial activities through the initiatives like innovation competitions, hackathons, workshops, bootcamps, seminars, conferences, exhibitions etc.

- b) IIT(ISM) will nurture nascent ventures by providing workspace and shared facilities along with focused counselling/mentoring. In the IIT(ISM) incubation center, the entrepreneurs can receive value added support and access to critical tools, information, education, contacts, resources that may otherwise would have been unaffordable. Virtual incubation that does not require physical presence in the campus will also be supported.
- c) Institution's Innovation Council (IIC) will be established as per the guidelines of MOE's Innovation Cell with appropriate budget for its activities. IIC will guide the institute in conducting various activities related to innovation, start up and entrepreneurship development. Collective and concentrated efforts will be undertaken to identify, scout, acknowledge, support and reward proven student ideas and innovations and to further facilitate their entrepreneurial journey.
- d) Institute will develop a ready reckoner of Innovation Tool Kit to answer the doubts and queries of the innovators and detailing the process of engaging with the IIT(ISM) Incubation Center.

## 6.2 Resource mobilization

In order to support/maintain pre-incubation, incubation infrastructure and facilities, and to reduce the organizational constraints to work on the entrepreneurial agenda, following measures will be taken

- i. Investment on the innovation and entrepreneurial activities will be a part of the institutional financial strategy. The institute may consider to create a separate 'Innovation Fund' and work towards allocating a fund equivalent to minimum 1% of the total annual budget of the institution for funding and supporting innovation and start-ups related activities.
- ii. The fund will also be raised from diverse sources to reduce dependency on the public funding. Bringing in external funding through government(state and central) such as DST, DBT, MoE, AICTE, TDB, TIFAC, DSIR, CSIR, BIRAC, NSTEDB, NRDC, Startup India, Invest India, MeitY, MSDE, MSME, etc. and non- government sources will be encouraged.
- iii. To support technology incubators, academic institutes may approach private and corporate sectors to generate funds, under Corporate Social Responsibility (CSR) as per Section 135 of the Company Act 2013.
- iv. Institute may also raise funding through sponsorship and donations. Institute will actively engage alumni network for promoting Innovation & Entrepreneurship.

## 7. TYPES OF START-UPS WITH IIT (ISM) INVOLVEMENT

IIT(ISM) Incubation Center may be actively involved in pre-incubation and incubation of a Start-up company promoted by one or more MEMBER, or by others. The types of Start-ups are as categorized below:

- i. MEMBER may promote an IIT(ISM) Incubated Company (COMPANY).
- ii. MEMBER can be involved with an External Startup (ESU).
- iii. IIT(ISM) Incubation Center through its incubator(s) may be involved with a COMPANY or ESU.



## 8. GOVERNANCE OF INNOVATION AND ENTREPRENEURIAL ACTIVITIES OF THE INSTITUTE

- i. The Innovation & Entrepreneurial activities of the Institute will be governed through a Governing Council (GC), which will formulate, amend, implement, and monitor the innovation, incubation and start-up policy in the Institute. The GC may have the following composition:
  - a. Director, IIT(ISM)/nominated person by the Director - Chairperson
  - b. Dean/Associate Dean, Innovation Incubation and Entrepreneurship, IIT(ISM)
  - c. Dean/Associate Dean, Research and Development, IIT(ISM)
  - d. HOC CHE and HOC NVCTI
  - e. Any two internal/external members nominated by the Director, IIT(ISM)
- ii. 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.
- iii. In addition to its above members, the GC may invite experts in finance, audit, IPR, and other such areas, to its meetings as needed. It may also constitute sub-committees including such outside experts for specific tasks when needed.

## 9. SUPPORT TO COMPANY BY IIT(ISM) INCUBATION CENTER

- a) The IIT(ISM) Incubation Center will carry out, on behalf of the institute, all dealings with Start-ups directly and/or through its incubator(s). It will also determine whether a Start-up is to be designated as an "IIT(ISM) Incubated Company" (COMPANY). IIT(ISM) Incubation Center will actively support the COMPANY with a combination of inputs, which could include(as per the prevailing IIT(ISM) norms):
  - i. **Branding:** permission to use branding in the form of 'IIT (ISM) Dhanbad Incubated Company' or 'Incubated by IIT (ISM) Dhanbad'
  - ii. **Infrastructure:** Facilities offered to the incubated companies, on individual and sharing basis, by IIT(ISM) Incubation Center would be explicitly mentioned in the agreement made between both the parties.
  - iii. Rent, Utility Charges and Security Deposit, as decided by IIT(ISM) Incubation Center, for the office space offered may be charged from the incubatee.
  - iv. **Financial support:** Seed funding (subject to availability of funds, grants, and schemes), introduction to angel investors, venture capitalists, and financial institutions.
  - v. **Business support services:** facilitation in technology development, ideation, creativity and design thinking, financial management, cash-flow management, new venture planning, business development, product development, product costing, marketing, brand development, human resource management, law, and regulations for businesses, etc.
  - vi. Permission to use the library, laboratories, workshop facilities, equipment, and intellectual resources at IIT (ISM) Dhanbad
  - vii. **Networking support:** Meetings with visitors of IIT (ISM), Dhanbad (such as academics, alumni, venture capitalists, industry professionals, etc.), showcasing work in networking events
  - viii. Periodic Monitoring of the COMPANY performance

This is subject to the availability of resources/services with a condition not to interfere/hamper the academic activities of the IIT(ISM).

- b) **Tenure of Incubation:** IIT(ISM) Incubation Center active support will be provided nominally for a duration of **two years** from the date of formal approval. There may be a pre-incubation period of at most one year. However, on a case-by-case basis, the IIT(ISM) Incubation Center may decide to support a COMPANY for a maximum period of **three years** from the date of formal approval if such support is warranted.
- c) The IIT(ISM) Incubation Center will govern multiple Incubators associated with different constituents of IIT(ISM). While each Incubator will have and enjoy the flexibility and independence it requires for success in the specific areas of its focus, the IIT(ISM) Incubation Center will ensure a uniform policy of governance. However, the Institute and/or Incubation Center shall not guarantee the success of the COMPANY.

## 10. MENTORING AND ADVISORY SERVICES

- i. **Strategic Check-ups:** IIT(ISM) Incubation Center may call for a meeting with the company CEOs/officials as deemed necessary for strategy reviews and discussion of operational issues.
- ii. An incubated company may be provided, based on demand, with a faculty advisor as a mentor on technology issues.
- iii. Specialized mentors may be made available, based on demand, to the companies to assist with strategic areas or to provide project-oriented consultation.
- iv. These arrangements may begin as a pro bono arrangement with an option for both parties to graduate to a paid relationship.
- v. An incubated company may avail the consulting services by empanelled professionals at their end.
- vi. Hiring of any consultant from outside IIT(ISM) directly by the Incubatee Company shall have to be paid directly with prior information to IIT(ISM) Incubation Center.

## 11. MODES OF MEMBER'S ENGAGEMENT WITH COMPANY

The member's engagement with the COMPANY will fall under any of the categories mentioned below:

### a) **Faculty / Staff involvement**

- i. **Capital Investment:** Faculty / Staff may be involved in the Start-up by providing capital investment alone in return for shares, with no other managerial, technical or mentorship involvement whatsoever. All shares thus allotted can be retained by the concerned Faculty / Staff, and the transaction is treated as a purely private commercial transaction of no concern to the institute. The member must declare this to IIT(ISM), so as to avoid conflict of interest situations.
- ii. **Full Time (Sabbatical / EOL):** Faculty / Staff may avail of sabbatical / EOL as per the prevailing IIT(ISM) leave rules and may work full time for the company or ESU. Alternatively, they can devote full time by keeping lien with IIT(ISM). Compensation offered to the Faculty/Staff member through shares and/or cash, must be declared by the member to IIT(ISM). No compensation is due to IIT(ISM) as long as the involvement of the



Faculty/Staff, for which the compensation was paid, completely ceases after the leave period. Member must not involve himself / herself in any capacity with the company / ESU except as shareholder on re-joining IIT(ISM) after sabbatical / EOL. In case, he / she is involved as a mentor, consultant or any other form other than a shareholder after sabbatical / EOL, rules applicable will be same as that of part-time.

- iii. **Part time:** A Faculty / Staff member is allowed to participate in a Start-up on a part time basis as per IIT(ISM) consultancy norms with regard to the extent of time spent on such participation provided there is no conflict of interest. The compensation to the faculty member may be as per IIT(ISM) norms for consultancy projects. As an alternative, a faculty member can obtain shares of the Start-up company as compensation for the engagement with the company. In such a case, the faculty member must apply for approval for engagement with the Start-up. Further, the faculty member will offer 20%, or as decided by IIT(ISM), of the shares offered to them, to IIT(ISM). It should be noted however that the faculty member of IIT (ISM) Dhanbad should take all possible steps to ensure that his/her duties and responsibilities as a member of IIT(ISM) Dhanbad faculty, take precedence over all other activities regardless of the nature of his/her engagement with the Company.

**b) Research Scholars' / Students' Involvement**

- i. **Full time:** A Research Scholar/Student can seek permission from IIT(ISM) to take special leave for a semester, or an additional period for which formal permission is granted by IIT(ISM), to work for a Start-up on a fulltime basis. This may be treated as withdrawal under permission from IIT(ISM) for the specified period for which such special leave is formally granted. The Research Scholar/Student, on returning, has to satisfy all norms (including maximum duration norms of his/her respective programme of study) in order to earn a degree. If the Research Scholar / Student is compensated by the Start-up in the form of cash and/or shares, he/she must deposit 5%, or as decided by IIT (ISM), of the total cash/shares offered to him/her to IIT(ISM).
- ii. **Part-time:** A Research Scholar/Student can seek permission from IIT(ISM) to work for a Start-up on a part-time basis. The IIT(ISM) part-time engagement norms in projects during a semester/vacation period will apply. If the Research Scholar / Student is compensated by the Start-up in the form of cash and/or shares he/she must deposit 7.5%, or as decided by IIT(ISM), of the total cash/shares offered to him/her to IIT(ISM).

**12. MEMBER'S / INCUBATION CENTER'S INVOLVEMENT IN EXTERNAL START-UP**

- i. A MEMBER will be permitted to involve with an ESU, either on a full-or part-time basis as promoter/adviser/consultant/any other approved role.
- ii. The MEMBER will be permitted to use specified physical and/or intellectual resources (e.g., workshop equipment, laboratory instruments, computing resources, and assistance of MEMBER) of IIT(ISM) as per its prevailing Industrial consultancy and sponsored research norms of the institute. Any such use of IIT(ISM) resources will be governed by an agreement, which will include the contents and implications of the prevailing IIT(ISM) IPR policy.
- iii. If a MEMBER makes financial investments in an ESU without:
  - (a) making any other contribution in the form of technical/managerial consulting advice,
  - or

- (b) any involvement of IIT(ISM) in the form of any commercial transactions of IP, or any use of IIT(ISM) facilities,

such investments will be treated as a private matter of the MEMBER. The IIT(ISM) Incubation Center will have no role to play in such instances. The MEMBER should however declare this to IIT(ISM) in order to avoid any conflict-of-interest situation.

- iv. If the ESU awards a consultancy project to the MEMBER, the prevailing IIT(ISM) rules and regulations for consultancy projects will apply.
- v. If, however, the MEMBER, and/or IIT(ISM) Incubation Center or any of its designated entities, are provided shares in the company as compensation in part or full for technical/managerial consulting or for any support extended by Member, IIT(ISM), or the IIT(ISM) Incubation Center or its Incubators, the MEMBER and/or IIT(ISM) Incubation Center may be considered to be involved in the incubation of the ESU. In such a case, the ESU may seek to be designated as a COMPANY by the IIT(ISM) Incubation Center. The IIT(ISM) Incubation Center will then take an appropriate decision based on the significance of the role played by the MEMBER/IIT(ISM) Incubation Center in the ESU.
- vi. Only a Start-up formally designated as an “IIT(ISM) Incubated Company” by IIT(ISM) Incubation Center may publicize itself as such. All other Start-ups must desist from using the name or logo of IIT(ISM) in their publicity material in spite of any other form of engagement they may have with IIT(ISM).

### **13. ROLE OF MEMBER IN START-UP**

- i. The MEMBER may play an executive role / non-executive role in a Start-up depending on whether they will be engaged fulltime or part-time. The MEMBER may be involved full time only after obtaining permission from the Institute for the appropriate type of leave. The part-time engagement will be as per existing IIT(ISM) consultancy norms. The MEMBER can take up an executive role only if they are engaged full-time with the Start-up.
- ii. A member willing to involve himself/herself in entrepreneurial activity will be allowed to hold an office like President/ Chairman/ Director of the company during the period of incubation. Notwithstanding anything contrary herein, the Statute, Rules, Guidelines and any regulations of Government of India as amended or introduced from time to time shall prevail over this condition. The permission to allow a faculty as a President, Director, Promoter, or Executive Director of the company can be withdrawn by IIT(ISM) at any point of time.

### **14. RULES GOVERNING INTELLECTUAL PROPERTY (IP)**

- i. A MEMBER, while on duty or on leave, may be involved in the creation of IP either solely or in association with a COMPANY or ESU. If such IP is created with the involvement of the MEMBER, then any contract between Institute and the Start-up specifying the sharing rights for the IP will hold good. In the absence of such a contractual obligation, the prevailing Institute IP Policy, rules and regulations shall serve as the reference.
- ii. In case the MEMBER develops any IP while on leave at the COMPANY which leverages prior IP developed earlier at Institute, MEMBER must ensure the prior IP is properly licensed by the COMPANY as described below in Clause 15 and 16.
- iii. For transfer/ licensing of/ permission to use IP owned by IIT(ISM) in favour of the incubatee

companies and for the facilities provided by IIT(ISM) Incubation Center, the respective companies shall have to consider sharing of revenue (in form of equity/ cash). The percentage of equity and revenue sharing will be decided by the Governing Council of IIT(ISM) and is to be given in favour of IIT(ISM). IIT(ISM) Incubation Center may ask for additional equity/ cash from the companies to whom IIT(ISM) has supplied specialized equipment.

## **15. MEMBER'S ENGAGEMENT PROCESS**

- i. The MEMBER must begin his / her engagement with a COMPANY by submitting a proposal in the prescribed format to IIT(ISM) Incubation Center after due recommendation from respective HoD and (a) approval from Dean of Faculty Affairs for Faculty members, (b) approval from Dean of Academic Affairs for full time research scholars/students. Others including ESU, shall submit the proposal directly to IIT(ISM) Incubation Center for processing which shall then ensure that the norms of the Institute governing the incubation are followed. The applicants must read & agreed to the "terms and conditions" of IIT(ISM) Incubation Center.
- ii. An Internal Review Committee (IRC) approved by Chairperson, Governing Council would be setup to evaluate and carry out the selection procedure. Various stages involved in the selection of a start-up company would be as follows:

### **STAGE 1: Submit Executive Summary/ Business Plan**

As a first step in the admission process, the prospective company should submit an Incubation Application containing the Business plan, Certificate of Incorporation, Memorandum & Articles of Association, Infrastructure required and Justification for choosing IIT(ISM) for start-up. IIT(ISM) Incubation Center then shall present the executive summary to the IRC for comments on technical and business feasibility of the idea. The evaluation criteria would include the following:

- a) Product idea in terms of its technology content, innovation, timeliness and market potential.
- b) Profile of the core team/ promoters.
- c) Intellectual Property generated and the potential of the idea for IP creation.
- d) Financial/ Commercial Viability and 5-year projections of P&L, Balance Sheet and Cash Flows.
- e) Funds requirement and viability of raising finance.
- f) Time to market.
- g) Break-even period.
- h) Commercial potential, demand and requirement.
- i) Scalability.

### **STAGE 2: Presentation to the Internal Review Committee**

If the initial evaluation of the business plan / executive summary is positive, IIT (ISM) Incubation Center will arrange a meeting with the company founders, during which the company will be expected to give a presentation describing critical aspects of the business plan to IRC. After the presentation, the final decision will be made regarding the acceptance of the company as a start-up. The presentation through video conferencing is also permitted.

### **iii. Research & Due Diligence**

Throughout the application process, on need basis, IIT(ISM) Incubation Center will perform research and due diligence of the company, management team, industry, and current and future competitive elements facing the business. IIT(ISM) Incubation Center may seek further information from the applicant and may ask the applicant to revise the executive summary and/or presentation.

### **iv. Non-Disclosure**

IIT(ISM) Incubation Center will strictly adhere to confidentiality throughout the application process. However, IIT(ISM) Incubation Center will not sign any 'non-disclosure' agreements.

- v. Once accepted by the IIT(ISM) Incubation Centre as per respective norms, the MEMBER will be authorized to perform the actions necessary for pre-incubation or incubation, including registration of the Start-up, fund raising, team development, product/services development, consulting, market research and development, etc.

## **16. AGREEMENT**

- i. Prior to embarking on the activities (as discussed in Clause 15), an agreement must be signed between the concerned COMPANY / ESU and the IIT(ISM) Incubation Center to establish the mode and nature of involvement of the MEMBER in the COMPANY / ESU. Such an agreement is necessary with a COMPANY / ESU when:
  - a) its shares are given to the Member or the Incubation Center as compensation in part or in full for the MEMBER's contribution, and/or
  - b) IIT (ISM)'s technology/IP is licensed to the COMPANY/ESU, which wishes to pay for the same in part or full in the form of shares.
  - c) The Company will not be allowed to commence its operation till the agreement is signed between both the parties.
- ii. As part of the agreement, except for student MEMBERS, the COMPANY / ESU shall allot to IIT(ISM) Incubation Center a certain percentage of its shares, up to a maximum of 9.5% of promoter's equity on a dilutable basis.
- iii. For student MEMBERS, the COMPANY / ESU shall allot shares to Incubation Center ranging between 2% to 3% of promoter's equity on a dilutable basis.
- iv. The exact percentage of shares to be allotted will be negotiated based upon the estimated value of support / assistance provided by IIT(ISM) Incubation Center and the MEMBER to the COMPANY / ESU.
- v. In addition, the COMPANY / ESU must also enter into an agreement with IIT(ISM) through the Office of the Dean (IIE) if
  - a) the COMPANY / ESU intends to pay cash in part or in full to IIT(ISM) for licensing IPR owned by IIT(ISM).
  - b) the MEMBER provides consultancy to the COMPANY / ESU or undertakes research-based consultancy as per consultancy/R&D norms while on duty.

## **17. CONFLICT OF INTEREST**

- xiv. When a MEMBER utilizes leave of absence (Sabbatical / EOL, or any applicable equivalent) for direct, active participation in a COMPANY / ESU, it is obligatory that the concerned Head(s) of Department be informed at least three months in advance. Shorter notice needs to be specifically approved by the Head of Department. This is to ensure that the academic programmes of IIT(ISM) are not affected.

- xv. It is essential that the MEMBER must avoid any conflict of interest between their roles in IIT(ISM) and in the COMPANY / ESU. This is particularly important if there are IIT(ISM) resources in their control which are also sought by the Start-up with which they are involved.
- xvi. A similar situation arises if they are developing IPR in a research activity / project in IIT(ISM) that is closely related to the IPR they may be developing when on leave and working in the Start-up.
- xvii. Another situation arises when the relative shareholding of the MEMBER and IIT(ISM) Incubation Center is sought to be changed by infusion of fresh capital in the Start-up by the MEMBER. While such a move could be a bona-fide move on the part of the MEMBER to support the Start-up, it could potentially have a mala-fide motive of changing the relative shareholding pattern prior to some anticipated upward evaluation and infusion of investment by other parties.
- xviii. Yet another potential conflict of interest arises when shares are allotted by a Start-up to a close relative (spouse, children, parents) of a MEMBER who is involved with the Start-up.
- xix. The IIT(ISM) Incubation center will determine the potential areas/activities where there is conflict of interest in the case of each MEMBER who applies for approval for engaging with a Start-up, and arrive at an agreed upon methodology for ensuring transparency in decision making in respect of these activities/areas.
- xx. The IIT(ISM) Incubation center may, if it chooses to, set up an - oversight committee of Faculty / Staff for specific relationships to ensure that conflicts of interest do not arise.
- xxi. The IIT(ISM) Incubation center may also require the MEMBER to declare their financial interests, and those of their close relatives, in the Start-up, at the time of engagement, as well as whenever a change in such interests takes place due to additional investment in the Start-up, or payment / share allotment by the Start-up.
- xxii. In any case, every MEMBER involved with a Start-up must file a declaration periodically with the IIT(ISM) Incubation center irrespective of whether there is a change in their financial interests in the Start-up or not. The required periodicity will be determined by the IIT(ISM) Incubation center.
- xxiii. The IIT(ISM) Incubation center reserves the right to obtain a third- party evaluation of the value of the Start-up's shares before an MEMBER or their close relative(s) makes additional investments in the Start-up. Such an evaluation will be carried out in a reasonable time-frame.
- xxiv. If the IIT(ISM) Incubation center deems it fit, it may choose to make an investment in the Start-up of its own at the same price applicable to the MEMBER and obtain shares for the corresponding amount.
- xxv. The IIT(ISM) Incubation center reserves the right to make the acceptance by the Start-up of the additional investment by the MEMBER or their close relative(s) conditional on the acceptance of the corresponding additional investment by the IIT(ISM) Incubation center.
- xxvi. In case a member of the IIT(ISM) Incubation center Governing Council has shares in a COMPANY, the Governing Council will determine whether the said member should resign from the Council, in order to avoid potential conflict of interest, or only recuse himself / herself when matters pertaining to the Start-up with which he / she is involved are discussed.

## 18. PERIODIC ASSESSMENT OF STARTUP

Periodic assessment would be carried out by IRC and vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are as follows:

<b>(a) IDEATION / INNOVATION STAGE</b> <ul style="list-style-type: none"><li>i. Background of entrepreneurs/ team</li><li>ii. Concept development / Opportunity spotting</li><li>iii. Product Development</li><li>iv. Market assessment / Competition analysis</li><li>v. First level Business Planning / Business Modelling</li><li>vi. Intellectual Property Protection</li><li>vii. Seed Funding</li></ul>	<b>(b) PRE-MARKET STAGE</b> <ul style="list-style-type: none"><li>i. Proof of Concept/ Prototyping</li><li>ii. Product Development and enhancement</li><li>iii. Financial Health</li><li>iv. Test marketing</li><li>v. Full scale business planning including production, sales and sourcing</li></ul>
<b>(c) IMPLEMENTATION STAGE</b> <ul style="list-style-type: none"><li>i. Full scale Business Planning</li><li>ii. Pitching for Venture Funding</li><li>iii. Scaling up operations</li><li>iv. Large scale commercialization</li><li>v. Team Formation</li></ul>	<b>(d) EXIT STAGE</b> <ul style="list-style-type: none"><li>i. Going National / Global</li><li>ii. Exit options for IIT(ISM)</li><li>iii. Full scale business Graduation</li><li>iv. Post incubation Survival</li><li>v. Incubatee may be asked to provide updates on the performance of the company to IIT(ISM) Incubation Center.</li></ul>

## 19. WITHDRAWAL OF SUPPORT

IIT(ISM) reserves the right to withdraw its support to any Start-up that it engages with, following a due process of notice. This may involve withdrawal of access to IIT(ISM)'s facilities, and/or withdrawal of permission to MEMBER to engage further with the Start-up in any manner, though they and IIT(ISM) Incubation Center can continue to hold the shares they already possess in the Start-up. It will also involve withdrawal of the status of the Start-up as a COMPANY, from which point the Start-up will be required to desist from advertising itself as such thereafter. Should the need arise, the IIT(ISM) Incubation Center may also seek modifications to the agreement signed with the Start-up through an amendment, in order to protect IIT(ISM)'s fair name and its interests.

## 20. PROTECTION OF INSTITUTE'S FAIR NAME

When a Start-up is designated as a COMPANY, it is permitted to advertise itself as such wherever such advertisement is appropriate. However, such advertising carries with it the risk that in case the COMPANY indulges in improper behavior or dealings, IIT(ISM)'s fair name will be tarnished by association with the COMPANY. In order to protect itself from such risks, IIT(ISM), through the Incubation Center, may seek a seat on the Board of the COMPANY, without liability, in order to ensure transparency in all its dealings. The Incubation Center may seek access to the un-audited and audited balance sheets of the COMPANY. In certain cases, the Incubation Center may even seek visibility of payments above a specified value made by the COMPANY, before such payments are made. All such requirements will be specified in the agreement that will be entered into by the Incubation Center with the COMPANY.



**21. DISCLAIMER:** The incubatee company will understand and acknowledge that IIT(ISM) Incubation Center 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, IIT(ISM) Incubation Center does not undertake responsibility for:

- i. Ensuring success of an incubatee company, its products/ process/ services or marketability,
- ii. Ensuring quality of support and services provided by IIT(ISM) Incubation Center to the complete satisfaction of the incubatee companies or their promoters/founders.
- iii. Ensuring quality of services of the consultants engaged by the incubatee companies through IIT(ISM) Incubation Center network. Incubatee companies will have to apply their judgements before getting in to a relationship with them.
- iv. The incubatee companies agree that IIT(ISM) Incubation Center or their employees shall not be held liable for any reason on account of the above.
- v. IIT(ISM) Incubation Center does not guarantee success and/or feasibility of the technology transferred from the Institute. IIT(ISM) or any person representing them shall not be liable for any acts or omissions of the incubated company.

## **22. OTHERS**

- a. ESU/Company/Incubated start-up shall ensure that IIT (ISM) and/or IIT (ISM) Incubation Center or its personnel are insulated from the loss or damage that may arise from the activities undertaken by them.
- b. This policy framework is subject to periodical review and amendment at any time.
- c. Any/all disputes between the parties shall be referred for arbitration to the Director, IIT(ISM) or person so nominated by him/her, whose decision will be final and binding upon the parties. The place of arbitration shall be Dhanbad.

## **23. ENTREPRENEURIAL IMPACT ASSESSMENT**

A periodical assessment of entrepreneurial impact will be performed by GC using the parameters such as IP created, number of startups created and their performance, new business relationship created, number of new product development projects undertaken by Members, number of innovation based events organized and active engagement of Members as participants etc. For innovations at pre-commercial stage, development of sustainable enterprise model would be a critical parameter. COMMERCIAL success will ONLY be accessed in long run.

## **STARTUP KIT**

IT IS DESIRABLE FOR IMPLEMENTATION OF THE INCUBATION POLICY IN THE TRUE LETTER AND SPIRIT THAT WE OFFER PRACTICAL GUIDE AND REMOVE THE AMBIGUITIES.

THIS KIT CONTAINS FOLLOWING TOOLS-

- FORMS AND DOCUMENTS;
- TERMS AND CONDITIONS IN THE AGREEMENT;
- FREQUENTLY ASKED QUESTIONS.

**FORM TO BE SUBMITTED BY IIT (ISM) MEMBER/PERSONNEL**

**APPLICATION FORM**

1. **Name of Applicant** :
2. **Proposed Address of the Start-up** : This should be outside IIT (ISM) premises
3. **Gender** :
4. **Category (GEN/SC/ST/OBC/PH)** :
5. **Details of Core Team:**  
*(Brief CV of all team members. Provide complete contact address with phone number and email, Copy of Aadhar.)*  
**Details of Enterprise:** Area of operations. Proposed shareholding structure/equity structure/distribution of the start-up?
6. **Statement of the problem addressed and new opportunities that have been identified.**
7. **Advisors/Mentors:** *(identify and provide detail of advisor/mentor)*
8. **GENERAL DESCRIPTION OF STARTUP:** *(Provide detailed information. Attach extra sheets or business plan if necessary)*
  - i. Information related to the product:
    - A. Product description:
    - B. Differentiation: *(Provide a comparative chart or analysis with similar existing products, if any. Also attach a patent search containing the above details.)*
    - C. Technology comparison
 

Competitor's name	Offerings by competitors (technical)	Comparison with our offerings
9. **Market Analysis:**
  - i. Customer requirement:
  - ii. Market Potential (reports on market size, growth rate, trends)
  - iii. Demand (actual feedback from the customer, if any)
10. **Market Strategy:** *(Describe in detail how you plan to reach your target customers, capture the market and maintain competitive advantage)*
  - a. Distribution Channel

b. Key partners/Collaboration

c. Key activities

**11. Revenue model/Pricing:**

a. Where will the revenue come from?

b. What's your pricing model?

**12. Timelines/Milestones for the next 2 year accompanied by resource and financial projections for the milestones.**

**13. Support/Requirement from IIT(ISM), Dhanbad:**

a. What are your current requirements in terms of technical mentorship?

b. Do you need any physical space? If yes, please add details

c. Do you need any laboratory service? If yes, please add details

d. Do you need any specific equipment? If yes, please add details

e. Do you need any business development support? Please add details.

f. Do you need any specific business mentorship? If yes, please add details

**14. Status of work already carried out:**

a. Development work done so far

b. Current status of product development, validation, etc

**15. Patenting of the innovation:**

a. Do you own the Intellectual Property?

b. Are you planning to file a patent?

c. Are you planning to commercialize any Institute's Intellectual Property?

## **DECLARATION**

I, the undersigned do hereby declare that all facts and information given herein is true and to the best of my knowledge and that nothing material has been concealed.

I have read the rules and regulations of IIT(ISM), Dhanbad, and agree to abide by the same. I understand that this is a permission given by IIT(ISM), Dhanbad and can be revoked.

**Signature**

**Name**

**Date**

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## **(FOR INTERNAL USE)**

**Comments by the Head of the Department/ Head of the Center**  
(relating to academic or administrative or project involvement)

**Comments by the Dean (Faculty) in case of faculty of the Institute:**

**Comments by the Dean (Acad) in case of student of the Institute:**

**Forwarded to Dean (IIE)**

**INCUBATION AGREEMENT BETWEEN IIT (ISM) INCUBATION CENTER DHANBAD  
AND INCUBATEE**

(Incubation centre may modify the clauses of the agreement as per their objectives)

This agreement ("**Agreement**") is entered into this ..... ("**Execution Date**")  
by and between

M/s ....., a company registered under The  
Companies Act, 2013, with registration number ..... having its  
registered office at ..... represented by its  
authorized representatives and here-in-after referred to as "**Incubatee**" which expression shall unless  
it is repugnant to the context or meaning thereof be deemed to include its successors and permitted  
assigns OF THE FIRST PART.

**AND**

M/s IIT(ISM) INCUBATION CENTER IIT (ISM) DHANBAD, an Institute created under the  
Institutes of Technology Act, 1961 through Dean (IIE), IIT(ISM), Dhanbad as an authorized signatory  
(hereinafter referred to as 'IIT(ISM)' which expression shall include unless it is repugnant to the  
context or meaning thereof IIT(ISM) has established a Centre for Innovation, Incubation &  
Entrepreneurship (hereinafter referred to as IIT(ISM) Incubation Center) with a mission to foster  
successful entrepreneurs and develop industry in the Knowledge and Technology based area  
..... OF THE SECOND PART.

IIT(ISM) INCUBATION CENTER and IIT(ISM) are the same parties for the purpose of this  
agreement; IIT(ISM) Incubation Center is the operating and implementing body of IIT(ISM).  
Similarly, Company/Incubatee, also after the exit from IIT(ISM) INCUBATION CENTER, denotes  
the second party.

It has its registered office at IIT(ISM) INCUBATION CENTER DHANBAD, Jharkhand 826004,  
India and represented by its authorized representatives and hereinafter referred to as "**Incubator**"  
which expression shall unless it is repugnant to the context or meaning thereof be deemed to include  
its successors and permitted assigns.

Incubator and Incubatee may also be referred to individually as "Party" and collectively as "Parties."

Both Parties, with the character and representation in which they respectively appear, mutually  
acknowledge their Legal capacity necessary to contract and be bound, as follows:

NOW IT IS DULY COMMUNICATED AND HEREBY AGREED BY AND BETWEEN THE  
PARTIES AS FOLLOWS:

**1. Objectives**

IIT (ISM) agrees to incubate in the Centre for Innovation, Incubation & Entrepreneurship  
(hereinafter referred to as IIT(ISM) INCUBATION CENTER). The purpose of incubation unit will  
be to:



- Promote & interact with and resource technology/expertise from faculty members and research scholars, and laboratory infrastructure in the various departments and centers of the Institute.
- Incubating novel technology and business ideas into viable commercial products or services.

## **RECITALS**

- A. The incubator is responsible for addressing current and future societal needs through technology-based entrepreneurship emerging from the larger IIT (ISM) Dhanbad ecosystem. The incubator will assist Incubatee in the form of physical infrastructure, mentorship, and such support as applicable to the incubated company to help their business succeed.
- B. Incubatee will use available facilities, within the ambit of policies and procedures set by Incubator from time to time, for the promotion of proposed venture [.....] ("**Business**") at the agreed-upon terms as contained in this Agreement.

## **CLAUSES**

### **1. Scope of the Agreement**

By means of the present Agreement, the Parties agree to establish the terms and conditions regarding the incubation of the Incubatee by Incubator.

### **2. Terms and conditions of incubation**

- a) Both parties agree to the following incubation period:

The Incubator shall provide to the Incubatee the agreed-upon support for a period commencing on the Execution Date and extending for a period of 24 months thereafter ("**Term**"). The period of Incubation can be extended only by IIT (ISM) at its discretion if a request is made by the company.

- b) The incubator will make a reasonable effort to provide a basket of services as per the requirement of the Incubatee. The Incubator may add, change or subtract such facilities from time to time without notice and the Incubatee shall not have a right to claim such facilities from Incubator. The Incubatee further acknowledges that it is the sole discretion of the Incubator to provide such services and facilities as deemed necessary from time to time.

- c) The incubator may allow Incubatee to use the facilities for design, development, testing, and production of the business being incubated the period established in Clause 2a.

- d) Incubatee is a warrant limit access to the use of Indian Institute of Technology (ISM) Dhanbad and/or Incubator name, address, logo, and brand as specified below:

- i. Incubatee must obtain written permission of the Incubator for using phrases, "Incubated by IIT (ISM) Dhanbad" or "IIT (ISM) Dhanbad incubated Company" or similar phrases on physical or virtual platforms for promotional purposes.
- ii. The incubator logo may be used with the same colour code and dimension.
- iii. Incubatee under any circumstance must not use IIT (ISM) Dhanbad logo.
- iv. Names of the IIT (ISM) Dhanbad Board members cannot be used under any circumstance.
- v. Names of any other faculty or staff members of IIT (ISM) Dhanbad should not be used without explicit authorization from them.

- c) For a period of twenty-four months commencing from the Execution Date, the Incubator will have the right to nominate a Director on the Board of the Incubatee. The so nominated by the Incubator shall be a non-executive director. The incubator may, at its discretion, opt-out of board membership and continue as an invitee member on the Board of the Incubatee.
- f) Incubatee shall indemnify and shall keep indemnified and hold harmless the director appointed by the Incubator ("Indemnified Party"), at any time and from time to time, from and against any and all claims, losses, damages. Liabilities, fines, penalties, costs, fees, and expenses (including; without limitation, any amounts paid in settlement, interest, court costs, out of pocket fees, and other expenses of investigations, attorneys, consultants, financial advisors, and other experts), whether or not arising out of any third-party claim (collectively, "Claims"), to which any Indemnified Party may become subject to by virtue of holding of a directorship in the Incubatee.
- g) Incubatee shall (and shall procure that Incubatee's personnel shall) abide by and follow procedures set by the Incubator for the incubation period, established in Clause 2a.
- h) Damages over product development: The Incubator is not responsible for any accident or damage arising out of and in the course of product development by Incubatee; necessary provision for meeting unforeseen circumstances should be made by Incubatee.
- i) Performance review: Incubator shall periodically review the performance of Incubatee on the basis of an Incubation Roadmap and Implementation Plan ("Plan"), as agreed between the parties; progress made shall be clearly communicated to Incubator well in advance of the milestones.
  - i. To ensure financial propriety, Incubatee should submit annual statements of accounts (examined and reported by a certified auditor in practice) by the end of the following September of the said financial year.
  - ii. Auditor's report certifying the company status as a "going concern" to ensure the financial status of the Incubatee is mandator). and to be provided by the following April of the said financial year.
- j) The Incubatee shall not undertake any of the following without the written approval of the Incubator. The Incubator shall respond within seven days of such submissions by Incubatee.
  - i. Any change in the Memorandum and Articles of Association of the Incubatee affecting the rights of the Incubator;
  - ii. any alteration or change in the rights, privileges, or preferences of the shares and share equivalents held by the Incubator;
  - iii. any liquidation, winding up, etc. of the Incubatee or any subsidiary;
- k) Incubatee shall not undertake any of the following without intimating the Incubator in advance of at least ten working days:
  - i. Creating, authorizing, or issuing any shares or any further investments in the Incubatee,
  - ii. the first sale of shares (initial public offering), where Incubator will have a right to invest in order to maintain its ownership share of Incubatee:
  - iii. sale of the Business:
  - iv. any amalgamation, merger, consolidation, reconstitution, restructuring, or similar transaction that results in a change in control of the Incubatee.
  - v. any sale of the intellectual property rights of the Incubatee: vi any significant change to Business and/or core leadership of the Incubatee

### **3. Facilities and Infrastructure**

That IIT(ISM) will provide facilities to the company/incubatee as per the regulations framed by IIT(ISM) in this regard and as amended from time to time. Upon admission to IIT(ISM) INCUBATION CENTER, certain facilities will be offered to the company/incubatee on a payment basis. Further, IIT(ISM) has the right to inspect and examine the premises allotted to the Company/incubatee at any point of time during the incubation period/stay at the IIT(ISM) INCUBATION CENTER premises. On the completion of the incubation or when the company leaves IIT(ISM) INCUBATION CENTER due to any other reason, all the furniture, space, and any other facilities provided shall be surrendered to IIT(ISM) INCUBATION CENTER in good condition (after allowing for normal wear and tear in the case of equipment). All costs incurred for such restoration to a good condition shall be borne by the company, and in case IIT(ISM) INCUBATION CENTER has to incur any further expenditure to get the equipment or the room back into good condition, then the same shall be recovered from the company and/or its directors or promoters.

#### **3.1. Common infrastructure**

IIT(ISM) INCUBATION CENTER provides a common pool of hard and soft infrastructure to be shared by all incubatee/companies. Specific resources can be provided on a charge basis by IIT(ISM) at the request of the company and subject to the rules and regulations in this regard as applicable from time to time.

#### **3.2. Institute infrastructure**

IIT(ISM) INCUBATION CENTER will facilitate access to the Institute's infrastructure on request of the company/incubatee as per regulations made by IIT(ISM) in this regard. The facilities will remain under the overall control of IIT(ISM) and will be available to the company only for specific activities.

#### **Services of Professionals**

IIT(ISM) INCUBATION CENTER may identify and associate professionals for accounting, IP, legal, and management expertise on a part-time basis. Incubatee/ Company can avail of their services on prescribed charges. Any direct services provided to an incubatee would have to be paid for by the incubatee to the service provider on mutually agreed terms and conditions.

IIT(ISM) INCUBATION CENTER may also provide soft infrastructure and business services by the third party to the incubatee companies if IIT(ISM) agrees on the request of the company/incubatee. IIT(ISM) INCUBATION CENTER may also, if regulations of IIT(ISM) permit, to assist the Company/Incubatee in getting consultancy services through partner organizations and identified consultants in the areas such as Market research and opportunity identification, Valuation of Businesses, Competitor Research, Market analysis, and sizing, Customer Search, Electronic Research, Marketing plan formulation Consulting on strategies at various stages: Launch, Growth, and Harvest of businesses. However, it is made clear that IIT(ISM) INCUBATION CENTER acts merely as a facilitator for any services. The company/incubatee shall have to agree with the service provider towards terms and conditions for availing of the service. IIT(ISM) INCUBATION CENTER may at its discretion provide certain services on a subsidized or no-charge basis.

#### **3.3. Mentoring and Advisory Facilities:**

Each Company or Incubatee is required to have a Faculty mentor from IIT(ISM) or, if permitted by IIT(ISM), from any other Institute as a Faculty Mentor/ Advisor, primarily for technical issues. In this regard, the terms and conditions have to be worked out by the company/incubatee with the faculty concerned and intimated to IIT(ISM).

#### 4. Consideration

- 4.1. The Incubatee/Company is required to provide a Dilutable Equity equivalent up to maximum of 9.5% (For student member the same shall be between 2% to 3%) of the promoter's equity to IIT(ISM).

In addition :

- 4.2. IIT(ISM)/IIT(ISM) INCUBATION CENTER shall levy a charge on the company/incubatees for infrastructure and facilities.
- 4.3. Charges for seed money and IIT(ISM)'s Intellectual Property would be as decided by IIT(ISM).
- 4.4. IIT(ISM)/IIT(ISM) INCUBATION CENTER may change the above rates from time to time at its discretion, and the date of implementation of the amended charges shall be applicable with immediate effect.
- 4.5. A monthly charge other than office space will be charged by IIT(ISM) INCUBATION CENTER and shall be payable strictly within seven days from the communication date in this regard.
- 4.6. The Company/Incubatee shall have to execute a separate agreement for seed money and/or Intellectual Property/know-how, Technology owned by IIT(ISM), as and when a request is made and agreed upon by IIT(ISM).
- 4.7. The company will pay IIT(ISM) to utilize the space allotted to it @ Rs.08.00 per Sq. Ft. per month. The consideration shall be Rs. 2000/- Only (Rupees Two Thousand only) per month. The said consideration shall be payable by the company in the following manner:
- 4.7.1 Rupees Six thousand per quarter shall be payable in advance for every quarter one week before the start of the quarter or on the 24<sup>th</sup> of the month preceding the quarter. Quarter for this purpose would mean the quarter as per the English calendar commencing from January every year. The consideration for the quarter during which the incubation commences shall be proportionately adjusted, taking into consideration the date of commencement of the incubation.
- 4.7.2 The company would have the option of deferring 50% of the charges as mentioned in 4.7.1 until they exit from IIT(ISM) INCUBATION CENTER.
- (i) In lieu of such deferment, either they can pay back later but before the exit with an interest of 12% compounded quarterly, or alternatively, the company/incubatee shall issue additionally 1% of the equity to IIT(ISM), and this equity shall also be a Dilutable.
- (ii) **Default in payment:** If the company defaults to pay any dues at any time, they shall have the option to pay such dues at the time of exit with 12% interest compounded quarterly or shall issue dilutable equity at the prospect of IIT(ISM).

$$\% \text{ of Equity} = \left( \frac{\text{Computed unpaid amount}}{\text{Computed total amount during the incubation}} \right) \times 1\%$$

**4.8. On the request of the Company/Incubatee, access to any other facility of IIT(ISM)'s infrastructure shall be made available and shall be charged as per the IIT(ISM) regulations.**

**5.** As a statement of faith on the value of partnership with IIT (ISM), the company is committed to issuing equity shares to IIT(ISM) as per clause 4. At the time of disposal, the decision of IIT(ISM) INCUBATION CENTER / IIT(ISM) regarding buyback of full or part of the 3% equity issued shall be conveyed to the company, and the company shall abide by the decision.

**5.1** That the company shall surrender and vacate the premises on IIT(ISM) on notice by IIT(ISM) INCUBATION CENTER; no advance notice is required to be given by IIT(ISM) INCUBATION CENTER to the company.

**5.2** That IIT(ISM) shall have a lien on the assets of the company at the incubation center till such time that the company clears all the outstanding dues.

**5.3** That the 'SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT' Annexure 1 forms part and parcel of this agreement and is hereby accepted by the company in its entirety and the company and its directors hereby indemnify IIT(ISM) and undertake to remain responsible for all dues payable or losses suffered on account of any act, negligence, default on the part of the Company/ Incubatee and its Directors and employees.

## **6. Termination**

**a)** The incubator may end this Agreement, with three months prior written notification to Incubatee. in case any' of the circumstances listed below occur:

- i. Failure of the Incubatee to make an effort in good faith in achieving the targets set in the plan.
- ii. Non-compliance and/or breach by Incubatee of any or more obligations stated in clause 2.
- iii. In case Incubatee becomes bankrupt or insolvent, has a receivership order issued against it, compounds with its creditors, or if Incubatee is a corporation, a resolution is passed, or order is made for its winding up (other than a voluntary liquidation for the purposes of amalgamation or reconstruction), a receiver is appointed over its undertaking or assets, or if Incubatee: takes or suffers any other analogous action in consequence of debt.
- iv. Disputes between promoters,' founders.
- v. Incubatee enters in an acquisition, merger or amalgamation, or reorganization deal resulting in a substantial change in the company's profile. Promoters, directors, shareholders, products or business plans, or company plans for a public issue.
- vi. Any circumstances where Incubator finds it necessary for the Incubatee to leave.

**b)** In case of termination due to any of the reasons stated in Clause 3a, Incubator will have the right to recover from Incubatee by any means of all damages and/or losses caused to Incubator, or any third party derived of such termination. Incubatee must vacate and hand-over the said premises and assets and other belongings obtained from the Incubator in its original condition to Incubator. In case Incubatee fails to vacate or avoid to deliver to Incubator the said premises on the expiry or termination of this Agreement. Incubator shall be entitled to take possession of the same by removing Incubates and their articles found in the said premises in such manner as may be deemed fit and proper. In any case, the expenses, if any, incurred by Incubator for removing Incubatee from the said premises under such circumstances will be fully recoverable from Incubatee.

- c) Incubatee may terminate this Agreement at any time and for any reason by giving written notice to Incubator, such termination to be effective three months after the date of such notice. In case of termination, Incubatee will not be permitted access to the use of IIT (ISM) Dhanbad and/or Incubator name, address, logo, and brand for any promotional purposes (notwithstanding permission already obtained from the Incubator, as stated in Clause 2d, prior to the cancellation of this Agreement). Support services (established in Clause 2b) and any other associations (current or past) with the Incubator and/or IIT (ISM) Dhanbad. However, Clause 5 of this Agreement will continue to operate in spite of termination of this Agreement.
- 7. Amendment:** This agreement can be modified only upon mutual consent of both parties, by signing the Amendment by authorized representatives of the parties. On execution of this Agreement, the Incubatee shall amend its Articles of Association to reflect the terms and conditions of this Agreement in so far it is required to be amended to enforce the rights of the Incubator under this Agreement. Any conflict between this Agreement and the Articles of Association of the Incubatee this Agreement shall prevail.
- 8. Indemnification:** Incubator shall remain neither responsible nor liable to indemnify Incubatee and/or any third party(s) financially, legally, or in terms of reputation for any of the commitments entered into or made by Incubatee during the incubation period. The Incubator is not responsible for any accident or damage arising out of and in the course of product development by Incubatee: necessary provision for meeting unforeseen circumstances should be made by Incubatee. Incubatee shall indemnify Incubator and any of its members from any claims, losses, damages, liabilities, and expenses (including reasonable legal expenses) arising out of or connected with any act or omission by the Incubatee during the Term of this Agreement. The provisions of this paragraph shall survive termination or expiration of this Agreement.
- 9. Disclaimer:** Incubates understands and acknowledges that Incubator intends to provide support and services to Incubatee in good faith and does not undertake responsibility for ensuring:
- i. the success of the Incubatee. their products/ process. / services or marketability;
  - ii. quality of support and services provided by Incubator to the complete satisfaction of Incubatee;
  - iii. quality of services of consultants engaged by Incubatee through the Incubator network:
- Incubates further agrees that the Incubator or its employees shall not be held liable for any reason on account of the above.
- 10. Dispute Resolution:** Any dispute or differences between the Parties arising from this Agreement shall be settled amicably within a period of 30 days from the date of such Dispute has arisen. In the event, the Disputes are not settled within a period of 30 days. The Director of IIT (ISM) Dhanbad will have the sole right to resolve such a Dispute. If the parties do not accept the aforesaid settlement, a panel of three arbitrators will be appointed, of whom the Director of IIT (ISM) Dhanbad shall appoint 1 (one) arbitrator. Incubatee shall appoint the other arbitrator and the 2 (two) arbitrators so appointed shall appoint the 3<sup>rd</sup> (third) arbitrator. The decision of the majority of the arbitrators so appointed shall be final and binding on the Parties. The Indian Arbitration Conciliation Act, 1996, shall govern the arbitration. The language of the arbitration shall be English, and the venue of arbitration shall be in Dhanbad.
- 11. Signatures:** Incubator and Incubatee have caused this Agreement purely on mutual trust and commitment and have executed by their duly authorized representatives as of the day and scar written above.



## 12. General

This Agreement supersedes all prior discussions and writings with respect to the subject matter hereof and constitutes the entire agreement between the Parties.

No failure or delay in enforcing any right will be deemed a waiver.

This Agreement shall not be assigned by the Incubatee. However, the Incubator shall have the right to assign this Agreement to any person, and on such assignment taking effect, the Incubator shall notify the Incubatee.

In the event that a court shall hold any of the provisions of this Agreement unenforceable, the remaining portions hereof shall remain in full force and effect.

This Agreement may be executed in multiple counterparts, each of which shall be deemed original but all of which together shall constitute one and the same instrument.

All notices required or permitted to be given under this Agreement shall be given in writing and shall be effective from the date sent by registered or certified mail, by hand, confirmed facsimile, or overnight courier to the addresses of the parties set forth herein.

..... COMPANY NAME	IIT(ISM) INCUBATION CENTER
Name:	Name:
Title:	Title:
Date:	Date:
Place:	Place:
Signature and Seal:	Signature and Seal:

## **Annexure 1 to the Incubation Agreement**

### **SALIENT RULES FORMING PART OF THE INCUBATION AGREEMENT**

The company hereinafter called the "Company/Incubatee" as per the Incubation Agreement with the Institute for Synergistic collaboration through IIT(ISM) INCUBATION CENTER has been permitted. If there is any conflict in the rules and bylaws given below, with any of the agreement's clauses mentioned above, the rules/clauses of the said agreement will prevail.

**RULES AND/OR BYELAWS:**

#### **Rule-1**

##### **Tenure of Incubation**

The company/Incubatee will be permitted to incubate in IIT(ISM) INCUBATION CENTER for a period of Twenty four Months. Two further extensions can be granted for six months each at a time, at the sole discretion of IIT(ISM).

##### **Exit**

The company/Incubatee will be required to leave the incubator under the following circumstances:

- After the completion of the Incubation, including an extended incubation period, if any.
- Under-performance or in-ability to perform business as evaluated and decided by IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis
- Irresolvable promoters' disputes in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis
- Violation of any statute, rules, and regulations of IIT(ISM) in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis.
- Capital cash flow exceeds Rs 2 crores in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis
- The number of employees of the incubatee exceeds 20
- When the annual gross revenues of the incubatee (excluding all the taxes) exceed Rs. Two crores or the Net Profit After Tax exceeds Rs. Fifty Lakhs
- When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products, or business plan
- Incubatee plans for a public issue in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis
- Change in promoters'/ founders' team in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis.
- Any change of more than 50% of equity ownership unless approved by IIT(ISM) INCUBATION CENTER, in the opinion of IIT(ISM) INCUBATION CENTER/IIT(ISM) on case to case basis
- Any other reason for which IIT(ISM) INCUBATION CENTER may find it necessary for an incubatee company to leave.

*Notwithstanding anything written elsewhere, IIT(ISM) INCUBATION CENTER's decision in connection with the exit of an incubatee company shall be final and shall not be disputed by any incubatee company.*

**Rule-2**

The Company/Incubatee shall undertake Research & Development, Design/Testing, prototype development from IIT(ISM)'s premises but shall not carry out warehousing, storage, marketing sales, or other commercial routine activity.

**Rule-3**

The IIT(ISM) INCUBATION CENTER address in IIT(ISM), Dhanbad Campus, cannot be used as the address of the Registered Office of the company/incubatee.

**Rule-4**

Subleasing or subletting of any kind of the space given by IIT(ISM) INCUBATION CENTER is not allowed. Non-observance of this rule will result in immediate expulsion.

**Rule-5**

If an incubatee/company requires more space or has vacant space, a request for additional space/surrender of the space is required to be made to IIT(ISM) INCUBATION CENTER in writing.

**Rule-6**

The company/Incubatees are required to provide a list, as per the following format, of their full time and part-time employees at least once every month:

Sl. No.	Name	Age	Sex	Full time or Part-time	Qualification & Experience	Designation & Responsibilities/Duty	Address	Signature

**Rule-7**

All the visitors to the IIT(ISM) INCUBATION CENTER Complex are required to sign in to the visitor's register and collect their visitor's badges/passes. They must bear these passes/badges at all times while in the IIT(ISM) INCUBATION CENTER complex. They are required to return these passes/badges while leaving the building.

**Rule 8**

The space given at the IIT(ISM) INCUBATION CENTER complex is without any furniture. The company or the Incubatee are required to submit their layout plan for any modifications, permanent fixtures, etc., which they are planning in the space provided to them. Without the prior approval of the layout plan from IIT(ISM) INCUBATION CENTER, they cannot undertake such work. After the completion of incubation, space should be returned in the same condition as it was in the time of taking the occupying the space of IIT(ISM) INCUBATION CENTER, excluding normal wear and tear; the decision of IIT(ISM) INCUBATION CENTER in this regard will be final.

**Rule-9**

The company or Incubatee should observe that noise levels are kept at a minimum and, no abnormal noise by any machine or by their employees or visitors should be made. Any complaint of high noise level will result in appropriate action by IIT(ISM) INCUBATION CENTER.

**Rule-10**

All companies/Incubatees are required to observe health and safety standards. No hazardous material can be brought inside the complex without the prior approval of IIT(ISM) INCUBATION CENTER. All the incubatee companies are required to keep a first aid kit in the space provided to them.

**Rule-11**

No company or its employee can display notices or signage except in the space or Boards provided for such signage by IIT(ISM) INCUBATION CENTER.

**Rule-12**

It is the responsibility of all the companies and their employees to use the common facilities, e.g., common area, fax & other machines, etc., with due diligence and care.

**Rule-13**

The company or incubatee shall be required to submit to the IIT(ISM) INCUBATION CENTER a unaudited/audited financial statement before the 7<sup>th</sup> of every month to the IIT(ISM) INCUBATION CENTER office. Non-compliance with the same would result in a fine of Rs. 1000 and if the same is not given for three months continuously, the offices of the company would be sealed without any further notice. The company should also inform IIT(ISM) INCUBATION CENTER on the progress of the incubation projects and should make presentations to the Committee on a quarterly basis, and non-compliance would result in similar penalties stated above. The Incubatee is also obliged to submit to IIT(ISM) INCUBATION CENTER one copy each of the Memorandum of Association, Articles of Association, and Annual Report (as and when approved by their Board of Directors).

**Rule-14**

It will be obligatory for the company or incubatee to involve IIT area experts and/or use existing laboratory facilities during the developmental activities for mutual benefits. The consultancy charges payable to IIT(ISM) area experts/mentor will be according to the norms as laid down by IIT(ISM) in this regard.

**Rule 15**

Notwithstanding any issue/dispute pending between the Company and IIT(ISM)/IIT(ISM) INCUBATION CENTER at the time of completion of the agreed tenure of the incubation period, or if given an exit notice by IIT(ISM) INCUBATION CENTER, the incubatee must vacate the allotted space unconditionally.

**Rule-16**

The company/Incubatees are required to keep the IIT(ISM) INCUBATION CENTER informed about any visitor from abroad, foreign collaboration, and/or foreign partner or director, and abide by the rules/procedures in vogue in the IIT(ISM) INCUBATION CENTER / IIT(ISM).

**Rule-17**

IIT(ISM)/IIT(ISM) INCUBATION CENTER reserves the right to nominate one representative to the company's Board of Directors till IIT(ISM) exits from the company. The nomination of IIT(ISM)'s representative will be made, and that such nominee shall not be deemed to be, in any way, concerned with the affairs or day-to-day working of the company and/or held liable for breach of any of the provisions by the company of the companies act.

**Rule-18**

The Company/Incubatees are required to keep the IIT(ISM) INCUBATION CENTER informed in advance and obtain their concurrence in writing for the following during the incubation period:

- a) Change of Name of Incubation Company to any other form of legal entity
- b) Any Major change in their incubation/business plans
- c) Change in their ownership pattern
- d) Change in their Board of Directors

e) Disposal of assets

**Rule-19**

IIT(ISM) INCUBATION CENTER/IIT(ISM) reserves the right to release information regarding the Incubatee /the Incubation / the product or service to the media to promote IIT(ISM) INCUBATION CENTER for non-commercial purposes.

**Rule-20**

All Companies incubated in the Centre would be required to submit their audited annual Balance Sheet to the Centre after graduating from the Centre.

**Rule-21**

On issues wherein no rules and/or bylaws are clearly defined, IIT (ISM), Dhanbad rules, and/or bylaws shall prevail.

**Rule 22**

**Disclaimer**

The incubatee/company understands and acknowledges that IIT(ISM) INCUBATION CENTER/IIT(ISM) intends to provide support facilities to the Company in good faith to pursue its objective to promote entrepreneurship by converting innovative technologies by incubating and supporting new enterprises. It is understood that by agreeing to provide various supports and facilities, IIT(ISM) INCUBATION CENTER/IIT(ISM) does not undertake responsibility for:

- Ensuring the success of an incubatee/company, its products/ process/ services or marketability,
- Ensuring the quality of support provided by IIT(ISM) INCUBATION CENTER to the complete satisfaction of the incubatee companies or their promoters/ founders.
- Ensuring the quality of services of the consultants engaged by the incubatee companies through the IIT(ISM) INCUBATION CENTER/IIT(ISM) network. Incubatee companies will have to apply their judgments before getting into a relationship with them.

The incubatee company agrees that IIT(ISM) INCUBATION CENTER/ IIT(ISM) or their employees shall not be held liable for any reason on account of the above.

### FREQUENTLY ASKED QUESTIONS

1. I am a student, do I need the permission from the Institute to run my startup?

Reply: Yes, you have registered for a full-time program, hence it is necessary to take the permission from the Institute before starting your venture.

2. I am a faculty, do I need the permission from the Institute to run my startup?

Reply: Yes, you are a full-time employee of the institute for which you are getting salary as per the service agreement entered at the time of joining. Hence it is necessary to take the permission from the Institute before starting your venture.

3. Do I need to give equity to the Institute?

Reply: Yes, you need to give equity to the institute and this varies (for students- minimum 1% and maximum-3%; for faculty- 9.5%)

4. What is liability-free dilutable equity?

Reply: The equity you are giving is against the permission, facilities and services the startup will receive from the institute. The Institute is not giving money against this equity, it is a non-cash consideration.

5. What is fully paid equity?

Reply: Fully paid means that Institute will not pay any cash for these shares.

6. What is Dilutable equity?

Reply: Dilutable equity means that if any third-party other than promoter is bringing in cash and taking up equity then you don't have to give additional equity to the institute and the institute's equity will be diluted.

7. Will the Institute give a buy back option to promoters or the startup?

Reply: yes, the institute may give a buy-back option. The promoter or startup shall submit a valuation of the equity.

8. Is this a permanent permission as a student or faculty?

Reply: This is a permission not a right, hence it can be revoked if it is found that you have breached the Institute's rules or if the academic, administrative or project activities are hampered. If you are a student graduated then you do not require any permission.