

# **Indian Institute of Forest Management, Bhopal**

## **Incubation Unit Operating Procedures**

### **(IIFM-IU-OP)**

#### **Introduction**

One of Asia's leading Environmental and Forest management institution with a global responsibility level, Indian Institute of Forest Management, Bhopal (IIFM, Bhopal) has always been keenly interested in translating benefits of its professionally derived management solutions to the Forestry and the development sector, industry and society at large. Recognizing the key role of innovation and entrepreneurship in this process of combined thriving of Economy and the Environment, and to become the part of Start up India Action plan at the National level, IIFM recently set up an Incubation Unit under the Centre of IIFM-Industry Interface, in line with the best practices at universities worldwide. The Incubation Cell seeks to nurture invention-based and other entrepreneurship with a keen eye on the current and emerging needs of the Economy, Environment and the Natural Resources.

This document contains policy and procedures for operational matters related to IIFM-IU, also referred to hereafter as the IU-OP. The following processes are covered:

1. Eligibility
2. Admission process
3. Intellectual Property
4. Infrastructure
5. Services
6. Seed Funding
7. "Incubated by IIFM Bhopal"
8. Periodic assessment
9. Information submission
10. Consideration
11. Tenure of incubation
12. Exit (Graduation)
13. Conflicts of interest
14. Disclaimer

## 15. Agreements

The IU-OP is subject to periodical review and amendment. IIFM-IU reserves the right to make exceptions to the terms of the policy where justified for a particular company or promoter on a case by case basis.

### **1. Eligibility**

1.1 Admission to incubation under the IU is open to all who seek to leverage the advantages offered by IIFM Bhopal, including:

- i. Faculty and staff members (current and retired) including adjunct faculty
- ii. Students, research scholars and current project staff
- iii. Alumni
- iv. R&D partners (sponsors of research and consultancy projects) as well as others approaching IIFM-IU

The proposals for incubation must meet at least one of the following conditions:

- i. Involve applications of Intellectual Property (IP) generated within IIFM Bhopal, or belonging to faculty, staff, students or alumni
- ii. Have potential for involvement or interaction with IIFM faculty and/or use of facilities at IIFM
- iii. Have potential social or strategic impacts for Economy, Environment and Natural Resources
- iv. Have potential for resource generation, impact value or visibility to IIFM and incubation-related activities here

1.2 Applicants satisfying the above criteria can be admitted to the IU. Based on a preliminary screening, the applicant will be referred to either the incubation or the pre-incubation process. In either case, the nature of support and interaction between the IU and incubatee will be bound by an agreement, which will be signed by both parties (see Section 15).

1.3 Applications for incubation must be made in the name of registered unlisted entity within the ambit of the Companies Act, 2013 or other ownership types. If a company has not been registered, an application may be made in the names of all promoters/ founders, under the condition that they will get the company registered within a stipulated period.

## 2. Admission Process

The admission process for potential incubatees begins with the submission of an **application** in the format specified at the IIFM-IU website. Once reviewed for eligibility criteria, applicants are invited for an initial meeting with the IIFM-IU management. Upon affirmative preliminary assessment, applicants must submit a detailed proposal consisting of:

- A formal Business Plan
- Details of IP/ technology/Commercialization plan based on which the company is proposed, along with a letter from the institution where developed, approving the transfer/ licensing of/ permission to use the IP/technology in favour of prospective incubatee

The business plan must cover all aspects including: company description, value proposition, products and services, market and competition analysis, revenue model, milestones and timelines, development and marketing plan, organizational structure, core team, risk analysis, funding requirements and projected financials. Guidance on creating a business plan can be obtained from the IU website. Applicants can give such additional information as they think would help in the assessment of their proposal.

The proposal will be screened by the IIFM-IU management on suitability for further evaluation of potential for incubation. The Faculty Incharge of IIFM-IU Incubation Committee will then examine the proposal thoroughly, with attention to financial and technical due diligence. Those selected may be invited with their teams to make a presentation on their proposal to the IIFM-IU Incubation Committee. Expert members may also be invited depending on the nature of the proposal. In order to enable the members to take an appropriate decision, applicants may be asked for any additional information and/or revision in the proposal.

Some representative criteria for evaluation include (but not limited to):

- Strength of the idea in terms of technology content, innovation, timeliness and market potential
- IP already generated and/or the potential of the idea for IP creation
- Extent of involvement of IIFM faculty, staff, students and/or alumni
- Strength of the core business and technical team
- Funding and viability of raising finance
- Break-even period

IIFM-IU has sole discretion on acceptance or rejection of proposals for incubation and the decision of IU in this regard is final. IIFM-IU is not bound to provide justification for rejections.

Once selected, the incubatee company is required to sign an agreement (see Section 15) commencing

formal incubation under the IU.

### 3. Intellectual Property

Intellectual Property (IP) can be a Geographical indicators, Plant varieties, patent, copyright, design registration, developed product, algorithm, software or computer program, technique, process, formulation or other such invention. Submissions to IIFM-IU are treated with utmost confidentiality. Care is also taken in case of partial information used for validation and reviewing purposes.

IIFM-IU and the incubatee may agree on sharing rights for any IP created during incubation. In the absence of any specific contract between IIFM-IU (or IIFM) and the incubatee on sharing rights, the prevailing IIFM Policy shall apply.

The foregoing shall also apply to:

- Pre-existing IP already created at IIFM, or created in association with IIFM
- Improvements and derivative works carried out on pre-existing IP, whether from IIFM or from other sources

Applicants need to provide IP details as per format given below :

IP Description	Owner	Sharing of IP - Agreement details

### 4. Infrastructure

Upon admission to the IU, the following infrastructural facilities will be offered to incubatees on an individual basis, apart from a set of shared/ common infrastructure mentioned hereinafter. The IU may levy nominal fees and charges for some of the facilities, which may vary depending on the maturity stage of the incubatees.

- Office space: Company specific, and subject to limits
- Internet access
- Telephone lines

#### IIFM infrastructure

IIFM-IU will also facilitate access to departmental laboratories and other resources of IIFM for the incubatees' product development purposes. Access to departmental resources is possible through the respective centre/facility of IIFM and usage of such resources will require permission of the concerned

department to avoid conflict with departmental activities and objectives. Usage of such resources shall be on commercial basis as per the prevailing policies of the institute. IIFM-IU may recommend to Institute/Centres/facilities to accept the consideration payable to Institute/Centres/Facilities for usage of departmental resources in the form of equity instead of cash. However, decision to accept such consideration in form of equity will solely rest with the Institute.

#### Common infrastructure

Apart from before stated company specific infrastructure, IIFM-IU will provide facilities to be shared by all incubatees including:

- a. Printer
- b. Photocopier
- c. Scanner
- d. Meeting/Conference room with projection equipment
- e. Pantry facilities

#### **5. Services**

In addition to physical infrastructure, IIFM-IU intends to provide other support and services including (Only on the availability of the resources):

- Company registration and filings
- Accounting services
- HR services
- Legal
- Intellectual Property (Copyrights, Trade Marks, Patent) filings
- Training and Workshops
- Seed Funding support
- Governmental Agency funding
- Networking and linkages with IIFM Alumni for mentorship, funding, technical expertise and market access
- Networking and linkages with bodies such as NIF
- Venture capitalists / Angels / Investors Introductions
- Meetings with visitors of IIFM (such as alumni, VCs, industry professionals)
- Showcasing IIFM incubated companies through networking and events
- Monthly Start up days within IIFM and entrepreneurship meets across industry

## **6. Seed Funding**

IIFM-IU may provide seed funding subject to the availability of funds/ grants/ schemes meant for this purpose. Seed funding will be sanctioned on a case-by-case basis and shall be based on the merits of each company. Admission to the IU shall in no way automatically entitle companies to seed funding.

Companies must specify whether they require seed funding during their application process (Section 2). Sanction and quantum of seed funding will be decided by the Incubation Committee and may also be subject to the terms stipulated under the specific grant or scheme as applicable. Though seed funds may be sanctioned, disbursement may be linked to milestones. IIFM-IU has sole discretion on decisions on seed funding and is not bound to give justification in case a request is rejected or the quantum is reduced.

Seed funds granted, facilities provided and any consequent terms of use will be defined in the incubation agreement, signed between incubatee company and IIFM-IU. IIFM BHOPAL IU-OP stipulates that in exchange for such support provided, the incubatee company must allot equity shares to IIFM-IU. The quantum of equity will be mutually agreed based on contributions made by IIFM BHOPAL to the company in terms of IP, branding, faculty and staff involvement, facilities, services, quantum of seed fund, etc. IIFM-IU will also nominate a member or suggest an invitee to the incubatee company's board.

An Incubatee who has already received seed funding and needs additional follow-on funding on reaching the next maturity stage may approach the IU, subject to availability of such follow-on funding. In case such follow-on funding is sanctioned, the IU will also determine the consequent additional quantum of equity share holding and board membership accruing to IIFM-IU.

## **7. “Incubated by IIFM Bhopal”**

Companies incubated at IIFM BHOPAL through the IU may apply for permission to brand themselves as “IIFM Bhopal Incubated Companies” or “Incubated by IIFM Bhopal”. Conditions on terms of use of such branding will be defined in the signed incubation agreement.

## **8. Periodic assessment**

IIFM-IU will evaluate the performance of incubatee companies, who are required to submit information to the IU on a quarterly basis in a prescribed format. Additionally, incubatee companies may also be subject to annual assessments.

Companies who have availed a seed fund must submit a Utilisation Certificate duly certified by an

auditor, and will also be subject to periodic audit. Any undisbursed portion of the seed grant may be adjusted subject to the performance of the company.

Incubatee companies have to submit their annual reports within a period of 30 days from the date of their approval along with minutes of their Board Meetings and AGMs.

## **9. Information Submission**

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

## **10. Consideration**

In lieu of support and services provided by IIFM-IU, 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 the IU

- Equity and/or revenue sharing for transfer/ licensing of / permission to use IP in favour of the incubatee companies and the facilities provided by IIFM-IU. The percentage of equity and revenue sharing will be decided by IIFM-IU
- The Institute/Centre/Facilities for usage of IIFM BHOPAL departmental facilities

### **11. Tenure in IIFM-IU**

The incubation period at IIFM-IU is expected to be between 18 - 24 months. Extensions will be subject to approval and charges as applicable.

### **12. Exit (Graduation)**

Incubatee companies may graduate from the IU under the following circumstances:

- a) Raising substantial investment (Rs 1 Crore or more) from sources such as angel investor/Venture Capital Fund /any other investor
- b) Completion of tenure, unless stay is extended by IIFM-IU
- c) Underperformance or unviability of the business proposition: criteria for this will be decided and applied by the IU on a case by case basis.
- d) Irresolvable disputes between promoters/ founders, or any other circumstances where IIFM-IU finds it necessary for the incubatee to leave
- e) Number of employees of the company exceeds 20
- f) Annual revenues of the company exceed Rs.1 Crore or company achieves a Profit Before Tax of Rs. 25 Lakhs or more
- g) Company enters in an acquisition, merger or amalgamation or reorganisation deal resulting in a substantial change in company's profile, promoters, directors, shareholders, products or business plans, or company plans for a public issue

Decisions regarding graduation or further extension to tenure will be made on a case by case basis by the IC management based on the above considerations.

### **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. IIFM-IU 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 IIFM-IU considers 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 IIFM-IU 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 IIFM-IU to resolve any dispute over such situation causing conflicts of interests.

#### **14. Disclaimer**

The incubatee company will understand and acknowledge that IIFM-IU intends to provide support 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, IIFM-IU does not undertake responsibility for:

- a) Ensuring success of an incubatee company, its products/ process/ services or marketability.
- b) Ensuring quality of support and services provided by IIFM-IU to the complete satisfaction of the Incubatee companies or their promoters/ founders.
- c) Ensuring quality of services of the consultants engaged by the incubatee companies through the IIFM-IU network. Incubatee companies will have to apply their judgements before getting in to a relationship with them.

The incubatee companies will understand and agree that IIFM-IU 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 (or individuals) to the extent applicable:

Incubation Agreement: between IIFM-IU and an incubatee company for admission of the company to the IU. The incubation period, seed funds granted, facilities, infrastructure and support provided (see Sections 4-7), equity shares allotted to the IC and any consequent terms of use will be defined in the incubation agreement.

Pre-incubation Agreement: between IIFM-IU and entrepreneur(s) or incubatee company for occupying shared office space and limited use of support facilities (see Sections 4-7).