



REGULATIONS AND REQUIREMENTS

OF

TBI@BITS PILANI



REGULATIONS AND REQUIREMENTS

TBI@BITS (henceforth referred as TBI) is set up to promote innovation and entrepreneurship by converting and translating technology ideas and innovation in various disciplines of science and engineering into products, processes and services for commercial exploitation and the benefit of society to accomplish its goal. It facilitates incubation of new enterprises with innovative technologies by admitting them in TBI and providing them physical, technical and networking supports and services. TBI provides support to enterprises that fall under following categories

Category I :

Ventures that qualify as a nursery incubation project initiated by one or more members of the academic staff, students and/or alumni of one of the BITS or other premier institutes, or some other technology promotion agency (government or non-government) with a view to trying out a novel technological idea for upgradation to a commercial proposition, scaling up a laboratory proven concept, and setting up a technology business enterprise.

Category II :

Technology-based start up company promoted by a 1st. Generation Entrepreneur desirous of R&D partnership with the Institute or company with a view to trying out a novel technological idea for upgradation to a commercial proposition.

Category III :

Technology/R&D unit of an existing small/medium size enterprise, industry association or a R&D Company who desires to have close technology interface with BITS.



This document contains regulations and requirements for operational matters related to business incubator at TBI. It covers the following processes:

1. Admission to TBI & Eligibility
2. Method Of Application
3. Security Deposit
4. Annual Registration Fee
5. Infrastructural Facilities
6. Campus Accommodation
7. Other Services
8. Virtual incubation
9. Period of Incubation & Exit
10. Performance Evaluation and Periodic Report
11. Information Submission
12. Revenue Sharing
13. Legal Disclaimer
14. Rules

The regulations are subject to periodical review and amendments. It will be the responsibility of the incubatees admitted to TBI to update themselves from time to time on amendments in TBI regulations and requirements. TBI reserves the rights to make an exception of all or any of the terms of regulations for a particular company or a promoter on a case to case basis.

Admission to TBI & Eligibility

TBI is open to anyone who wants to make a difference. However, students of BITS Pilani, both past and present will be given a preference in terms of priority of admission into the incubator and charges as running cost of the incubator. The incubator is also open to faculty from both within and outside BITS Pilani.



Applicants must fulfill above criteria for making an admission in the TBI, for incubation programme. Applications for admission to TBI will be made in the name of registered unlisted companies within the meaning of the Companies Act, 1956. If a company has not been registered, an application may be made in the names of all promoters/ founders; however, the promoters/ founders must ensure that the company is registered **within a period of four months** from the date of approval of the application for admission in TBI.

Method of Application

STEP-1--- Submission of Application Form

Initially, applicants for admission in TBI will be required to submit an Application Form which can be downloaded from its website. The application form is available in both Microsoft Word and Adobe Acrobat formats. The Acrobat version is an electronic form which can be filled out and be submitted via e-mail. It is the preferred mode of submission of applications. However, the applicant can alternatively print out the WORD version and post it to:

The TBI Manager, TBI@BITS
c/o EEE Group
BITS, Pilani
Rajasthan 333031

If any attachment needs to be sent as further elaboration to a query in the application form, it may be sent by e-mail (as either Microsoft Word or Adobe Acrobat format only please) or printed out and posted along with the application form.

While submitting application form, applicants will also disclose information on executive involvement of the promoters/ founders in other companies or commercial entities.



STEP-2----- *Submission of Business Plan*

On receipt, the TBI team will scrutinize the application form internally to evaluate the viability of the applicant as an incubate. Based on affirmative assessment, applicant would then be required to submit a business plan for the first twelve months of the incubation period. The business plan is expected to cover the basics of the business, namely, value proposition, products and services, market analysis, competition analysis, funding requirements, capital structure, milestones and timelines, development and marketing plan, organizational structure, team, risk analysis and projected financials. An illustrative template for a business plan may be downloaded from TBI website. Applicants may give such additional information as they think would help in the assessment of their proposal.

Based on the documents submitted, the Business Plan will be screened by the TBI team for assessing the suitability of the proposal by expert members regarding its potential for incubation. Detailed scrutiny including financial and technical due diligence of the proposal shall then be carried out by the expert members for evaluation of the proposal. Some representative criteria to be applied for evaluation (not limited to these) includes

- ▲ Strength of the product idea in terms of its technology content, innovation, timeliness and market potential
- ▲ Profile of the core team/ promoters
- ▲ Intellectual Property generated and the potential of the idea for IP creation
- ▲ Financial/ Commercial Viability and 5 year projections of P&L, Balance Sheet and Cash Flows
- ▲ Funds requirement and viability of raising finance
- ▲ Time to market
- ▲ Break-even period



STEP-3----- Presentation before TBI Screening Committee

Applicants will be invited with their teams to make a presentation on their proposal. In order to enable the expert members to take an appropriate decision, members may ask for any additional information from the applicants and/or revision in the proposal. The screening committee will consist of permanent member, and other members from within BITS Pilani and may include industry experts.

Permanent members include--

- Deputy Director (Academics)
- Unit Chief (EDIPRU)
- Dean (Admissions)
- Group Leader (Management)
- TBI Manager

Other members include--

- Unit chief (Instrumentation)
- Dean FD1, FD2, FD3
- Area/ Subject Expert
- Industry Expert

The committee will confirm admission to the incubator, only after screening of the business plan and presentation. The periodic performance evaluation of the incubatee will also be done against this business plan.

Security Deposit

Before commencement of the incubation period, the incubatee has to pay to TBI, a refundable security deposit of Rs. 5000 ((Rupees Five Thousand only) to TBI. This amount would be paid back to the incubatee after completion of the incubation period- provided the incubatee has a normal exit. For virtual incubation, incubatee does not have to pay security deposit. Incubatee has to provide names of at least two persons as sponsors.



Annual Registration Fee

The incubate company will become a legal member of TBI after registration and will be entitled to avail various facilities offered by TBI. The incubatee shall pay an amount of Rs. 5000/- (Rupees Five Thousand only) to TBI towards the annual registration fee to be paid at the time of execution of this agreement and subsequently within fifteen days of the beginning of each year counted from the date of this agreement and shall continue to maintain their registration as long as they are permitted by the Governing Body of TBI to have association with TBI as incubatee.

Infrastructural Facilities

TBI Infrastructure:

Upon admission to TBI, the following infrastructural facilities will be offered to the incubate companies on an individual basis, apart from a set of shared/ common infrastructure mentioned hereinafter:

- Office space
- Personal Computers
- Internet connection
- Telephone lines

All these facilities will be provided by TBI on a pay-per-use basis. Each incubatee will have to pay the monthly rent (as decided by TBI) and bills for facilities and physical infrastructure provided. (Please refer to Annexure-1 for infrastructure charges)

Subject to availability, an incubatee may be provided with extra infrastructural facilities, requested for in the application form other than mentioned above, on a pay-per-use basis. An incubatee will not be allowed to use any infrastructural facility that he/she does not indicate on the application form. If TBI is unable to provide all requested facilities, then it will inform the applicant before the commencement of the



incubation period. While TBI will try its best to provide the mentioned/requested for infrastructural facilities to its incubatees TBI cannot be legally held responsible for failure to do so.

Common infrastructure

Apart from infrastructure as stated above, some facilities might be required to be shared among incubatees, which would include:

- a. File Server
- b. Fax machine
- c. Printer
- d. Photocopier
- e. Scanner
- f. Teleconferencing facilities
- g. Meeting/Conference room with projection equipment
- j. Library

BITS, PILANI Infrastructure: (Other than Library facility)

If so desired by the incubatee, TBI will allow access to other departmental laboratories and other resources of BITS, Pilani for their products development purposes. However, this will be done in a way to avoid clashes with the normal course structure of the concerned discipline. Further usage of such resources shall be on commercial basis and in conformity with the policies of BITS, Pilani

Faculty mentoring will be available on a pay-per-use basis as will be industry mentoring which may be arranged by TBI.



Campus Accommodation:

Subject to availability, an incubatee may be provided with campus accommodation, if requested for in the application form on a pay-per-use basis. Incubatee will have to pay the monthly rent as decided by TBI. (Please refer to Annexure-1 for monthly rent)

Other Services

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

- a) Corporate and legal assistance to the incubatee through internal assistance, BITSAA or third party involvement.
- b) Organizing events to help companies in networking and showcasing their technologies,
- c) Meetings with visitors of BITS, Pilani (such as alumni, VCs, industry professionals)
- d) An incubate shall have an access to BITSAA technical network through CEL's *Innohub* portal.
- e) The students of MBA program of BITS, Pilani along with a management consultant help incubatee to strengthen their business plan after conducting market surveys, if required, and financial plan.
- f) TBI facilitates to obtain funds for the incubate companies at a post incubation phase through a network of venture capitalists from all over India.
- g) TBI has several links to the advertisement agencies all over India, which help the companies at our centre to advertise themselves.
- h) Tie-ups with chartered accountants and other professional organizations as required

Apart from these, incubate companies shall have opportunity for getting:

- ▲ Training in business communication: written as well as verbal



- ▲ Training in business management: structured short courses
- ▲ Experiences of successful companies (a knowledge/ information site would be created where management concepts, intellectual property evaluations, deal making, negotiations, networking, VC funding, company registrations etc are provided)

Incubate Companies can avail of the above support and services when offered by TBI

Virtual incubation

Virtual Incubation' is a concept of incubation practised by TBI@BITS to promote Entrepreneurship. We welcome BITS alumni and techno-preneurs to open their company for virtual incubation at TBI@BITS. It is an opportunity for them to use TBI@BITS as a platform for developing innovative business products without being present at TBI@BITS. Product development activities will be coordinated and managed by faculty mentor/s. The start up company becomes the 'Virtual Incubatee' of TBI@BITS. The institute shall offer the usual business and management support needed to incubate the start ups on pay per use basis. The registration fee for virtual incubates is as discussed above.

Through this scheme, the virtual incubatee utilizes the intellectual resources of BITS, PILANI with its concomitant financial benefits. And, the faculty and students are exposed to the global business environment.

Period of Incubation and Exit (Graduation)

TBI, by default, will allow a period of incubation of twelve months. This can be extended to eighteen months on approval from TBI.

After eighteen months, if the incubatee wishes, he/she can continue at TBI for six more months by paying non-subsidised running costs - this being subject to



approval from TBI. After this period, the incubatee will be obliged to exit the incubator.

The exit from the incubator can be classified into two distinct categories, namely normal and abnormal. The criteria for both types are listed below. While the listed criteria are sufficient, they are not necessary for exit.

Normal Exit:

An incubatee would be considered to have had a normal exit when one or more of the following criteria are met:

- 1) The predetermined time of incubation ends. According to this criterion, a normal exit can occur at the end of twelve, eighteen from the date of commencement of the incubation period.
- 2) The incubatee has more than ten employees, including the incubatee himself/herself and any employees situated out of Pilani as well.
- 3) Either the incubatee or TBI decides to end the period of incubation. For both situations, the party initiating the termination would provide the other with a month's advance notice.

Abnormal Exit:

An incubatee would be considered to have had an abnormal exit when one or more of the following criteria are met:

- a) There is failure on part of the incubatee to comply with any clause laid down in this document.



- b) For any breach of the covenants on the part of the incubatee(s) (including Registration Fee, Security deposit and other charges payable falling in arrears).
- c) Grounds, which TBI finds detrimental to its policies and objectives or unsatisfactory.
- d) If the incubatee has not registered his/her company at the time of admission to TBI, or within four months from the date of commencement of the incubation period.
- e) Depending upon the assessment of the performance of the incubatee or his/her periodic report.

Under these conditions, the decision made by TBI will be final and legally binding upon the incubatee and does not have to conform to the **one month** termination notice mentioned earlier. The incubatee would have to forfeit part of or the full security deposit depending on how much time would have elapsed from the first day of incubation.

Performance Evaluation and Periodic Report

There would be periodic performance evaluation of the incubatee by TBI every sixth month of the incubation period. This would be done by a committee selected by TBI consisting of members from within and outside BITS, Pilani. The appraisal would consist of comparison of the achieved milestones against the business plan which is submitted by the incubatee on admission to the incubator. The committee may also reserve other criteria as it deems fit, to evaluate the performance of the incubatee.

TBI reserves the right to terminate the incubation period of an incubatee, if his/her performance evaluation report is unsatisfactory.



The incubatee is obliged to submit a periodic report after every three months of incubation. This periodic report is to indicate to TBI, changes of any nature in the incubatee's organisation, which would include recruitment of new employees and organizational changes, and a financial update of the organization. Incubate companies will have to submit their annual reports within a period of 7 days from the date of their approval.

Information Submission

Incubate companies will submit information to TBI 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. TBI may require incubate companies to submit other information as it deems fit. Prior concurrence of TBI should be obtained for effecting such changes.

Revenue sharing

TBI shall have a stake in revenue generated by the incubatee for the services rendered to him. The service model proposed is revenue sharing (3%) with the prospective incubates for a period of three years from the date of graduation.

Legal Disclaimer

The incubatee will understand and acknowledge that TBI 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, TBI shall endeavor for:

- Ensuring success of an incubatee , its products/ process/ services or marketability,
- Ensuring quality of support and services provided by TBI to the satisfaction of the incubate companies or their promoters/ founders.
- Ensuring quality of services of the consultants engaged by the incubate companies through TBI network. Incubate companies will also have to apply their judgments before getting in to a relationship with them.

The incubatee would be required to sign the document titled *Legal Disclaimer* before the commencement of the incubation period.

Rules

- ◆ All incubatees are required to observe health and safety standards. No hazardous material can be brought inside the complex without the prior approval of TBI. All the incubatees are required to keep a first aid kit in their modules.
- ◆ Incubatees are required to keep the Institute informed about any visitor from abroad, foreign collaboration and/or foreign partner/director, and abide by the rules/procedures in vogue in the Institute.
- ◆ No incubatee or its employee can display notices or signage except on the provided notice boards and the space provided for such signage
- ◆ Incubatee should observe that noise levels are kept at 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 TBI.
- ◆ Subleasing of any kind of the space given at TBI is not allowed. Non-observance of this rule will result in immediate expulsion.



- ◆ The TBI address cannot be used as the address of the Registered Office of the incubatee.
 - ◆ No routine sales/marketing operation will be permitted from the TBI.
 - ◆ Incubatee should use internet and PC facility for business purposes only
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Annexure-1

Office space fee

Rs. 1500 per month (for approx. 150 sq. ft. of area)

Rs. 2000 per month (for approx. 300 sq. ft. of area)

Fee for Campus Accommodation ---

Bachelors Qtr as accommodation during the incubation period.

Bachelors Qtr: 1 room with attached kitchen and toilet

Rent Charges:

Rs 750 per month for incubates for space and furniture (1 cot, 1 chair, 1 table, 1 fan), and maintenance. Electricity charges as per actuals.