

## **Rules & Regulations for incubation at SPEC-TBI**

1. Any individual or group of individuals above 21 years of age is eligible to apply for incubation at SPEC-TBI.
2. Application in prescribed format must be filled in and submitted by the individual(s) for incubation at SPEC-TBI.
3. Every month the Admission Committee will be meeting to take a decision for admitting incubatee.
4. The admissions committee will have following members
  - (a) M.D of SPEC-TBI – Chairman
  - (b) C.E.O of SPEC-TBI – Technical Expert
  - (c) H.O.D – M.B.A Dept – Business Expert
  - (d) Project Manager -SPEC-TBI – Secretary

The committee can co-opt members on need basis to evaluate proposals in areas such as biotechnology etc.

The selection of entrepreneurs for membership in SPEC-TBI will be based on the recommendation of the above committee. The criteria for acceptance are the following:

1. The business activity proposed is in the technology area. The company must meet the definition of a "technology-based company" (An organization which pursues commercial applications of science/technology-based innovations; employs a high percentage of technicians, engineers or scientists; or requires extensive R&D to produce new products or services).
2. The venture proposed is a corporation, partnership or sole proprietorship.
3. Demonstrate a need for incubator services.
4. Demonstrate capability for business viability and growth.
5. The business plan submitted by the entrepreneur is sound.
6. In the absence of a proper business plan, the request for membership will be accepted

provisionally if business proposal looks promising prima-facie to the Admission Committee.

7. The entrepreneur will submit a proper business plan to SPEC-TBI, which will be reviewed by the Admission Committee before final acceptance.
8. The business proposed should have significant technology content / employment potential / revenue generation potential / export earning potential.
9. The entrepreneur(s) may or may not have a track record in undertaking entrepreneurial ventures.
10. A first time entrepreneur should have the requisite aptitude in promoting the venture. The admission committee will assess this fact through personal interview, review of past activities, background check, references etc.

### **Selection Process**

- i) Determination of eligibility by SPEC-TBI based on preliminary application.
- ii) SPEC-TBI and the entrepreneur will sign a mutual nondisclosure agreement (NDA)
- iii) Submission of complete application package:
  - a) Copy of the entrepreneur's business plan
  - b) Entrepreneur's tax returns for the preceding three years if applicable.
  - c) Details of company's corporate structure, bylaws, ownership, etc.
- iv) The Admission Committee shall review the application based on but not limited to the following criteria:
  - a) Merit of the business proposal
  - b) Background and experience of the entrepreneur
  - c) Financial viability
  - d) Status of the business plan and feasibility studies
  - e) Growth potential

- f) Applicant's commitment-both financial and personal time-to the venture
- g) Business references
- h) Size and make up of the management team
- i) To what extent the entrepreneur intends to develop technology, or is using technology for a unique business purpose?
- j) How effectively does the entrepreneur demonstrate an understanding of the environment facing the venture in its target markets, and a reasonable strategy to achieve stability and growth?
- k) The kind of support expected by the incubatee and capabilities of SPEC-TBI to meet those expectations.
- (l) The committee decides on any or combination of payment models in consultation with the applicant

#### **Rental and paid services model**

The incubatee agrees to pay the rates fixed for various services offered by the incubation centre

#### **Equity Ownership model**

SPEC-TBI invests in the venture through equity participation.

#### **Deferred payment model**

The incubatee is allowed to start the venture on the condition that all the accrued expenses will be settled by the incubatee within a specified period of time.

#### **Technology Rights ownership sharing model**

SPEC-TBI becomes joint owner of the patent and takes a share in any future royalties.

m) Is the venture product or service-based? Product-based ventures, by their nature, have a greater potential for significant economic impact, but innovative service businesses will also be considered for the program.

v) The entrepreneur gives a presentation of the business plan to the admission committee and clarifies all the questions.

vi) Decision by admissions committee. (Admissions committee reserves the right to reject any application without assigning any reason).

### **Post Admission Process**

Once the decision is made to admit the entrepreneur to the incubation programme of SPEC-TBI, the following activities are undertaken:

- 1) License agreement is executed between SPEC-TBI and the entrepreneur.
- 2) Jointly set short-term objectives for the venture's performance.
- 3) Develop a written plan of work for the venture.
- 4) Set up the venture's financial management and budgeting systems.
- 5) Identify mentors, consultants, service providers or resource centres to assist the entrepreneur in achieving his goals.

### **Semi-annual Review**

Two formal performance reviews of each company are required every year. The expert committee gauges the progress of the company against its objectives. The expert committee also evaluates the quality and impact of the business assistance provided by SPEC-TBI. Any further assistance in the form of mentors, consultants, service providers or resource centres required by the entrepreneur is identified during this review.

## **Duration of Incubation Programme**

The duration of license to operate in the incubator program shall be for a term of 11 months. An extension of one more term of 11 months shall be considered on a case-by-case basis based on the recommendation of the expert committee. These entrepreneurs shall move out of incubator at the end of the license period whether they have graduated or not.

The entrepreneur has to submit a formal application to the expert committee highlighting all factors responsible for the delays in the plan. The application should also indicate the strategies adopted by the venture in overcoming the problems faced by the company.

## **Graduation**

The venture shall graduate from the incubation programme when any one of the following conditions is fulfilled.

- i) The revenue stream of the company is adequate for self-sustenance.
- ii) The entrepreneurs have been able to tie up investors to finance the expansion plans of the venture and the incubator support is no longer necessary.
- iii) The entrepreneurs have sold the venture to a larger company.
- iv) Expiry of the period specified in the license agreement.

If any of the above events takes place the venture will be treated as graduated from incubation programme and the membership in the incubator will be discontinued.