

## **National Research Development Corporation**

### **Angel Funding**

**Eligibility:** Entrepreneurs must have their incubatee companies based in Incubators in Department of Science and Technology (DST) supported institutions. The incubatee company must have been in existence for at least six months, prior to submitting a fund request for angel funding. Further, the organization structure of such Incubators must be a non-profit organization, such as, Registered Society or Section 25 Company.

**Type and Extent of Funding:** Equity participation, ranging from Rs. 10 lakhs to Rs. 30 lakhs.

#### **Broad Methodology and Mechanism for Disbursal of Funds:**

A three Member Investment Committee, comprising of the following, would be constituted at each of the incubators:

- Chairman /CEO/ Director (or his/her nominee) of the incubator as Convener
- Independent Expert to be nominated by NRDC
- CMD of NRDC or his Nominee, as the Chairman of the Investment Committee

The Investment Committee will examine the Business Plan, the process and the presentation made by the incubatee company, to enable them to take an early decision.

The basis for valuation of the incubatee company will be provided by the Incubator and forward its recommendation for review and approval by the Investment Committee.

The funds shall be disbursed by NRDC directly to the incubatee company.

The incubatee company and the promoters of that incubatee company need to execute legal documents, viz., investment and dis-investment agreements, undertakings, etc. before release of funds.

No management fees shall be payable to Incubator.

**Monitoring after Funding:** Nomination of Director(s) by the Corporation on the Board of the incubatee company. The Incubator will do regular monitoring and reporting to NRDC. The Investment Committee or Expert Committee (to be constituted by NRDC) would review the progress of the company atleast once a year.

**Exit Option:** The timing and valuation of the incubatee company for dis-investment would be decided by NRDC. Generally, the period of investment would be 3 to 7 years from the date of investment.

Further, when the Corporation decides to disinvest, the equity shares may be first offered to the promoters (i.e., first right of refusal lies with the core promoters). In case of refusal, the Corporation shall be free to dis-invest its equity in favour of any other entity.