



NANDHA ENGINEERING COLLEGE
(Autonomous)
ERODE -638 052

NANDHA ENGINEERING College
Startup and Incubation Policy

Version 1.0

Start-up & Incubation Policy Statement

Nandha Engineering College (NEC) is committed to handhold aspiring entrepreneurs and provide facilities and assistance to start, incubate and successfully run businesses that involve innovation, and societally important and environmentally relevant technologies.

NEC shall support the incubates with facilities and services such as office and workspace, communication and computing facilities and uninterrupted power supply, water etc. in addition to offering mentoring, counselling, and training.

NEC Shall,

- adhere to National Innovation and Start-up Policy (NISIP) implementation guidelines
- develop strategies and governance for promoting innovation and entrepreneurship through NEC Incubation and Entrepreneur Development Cell (EDC)
- create innovation pipeline and pathways for entrepreneurs
- inculcate innovation of sound technology, entrepreneurial and start-up culture, and protection of intellectual property rights among all stakeholders
- mentor, counsel, and train incubates in product development
- provide business development assistance, networking and relationship support
- ensure business relationship and knowledge exchange among all enablers of start-up and incubation ecosystem
- provide pre-incubation & incubation support and facilities
- Support applications for funding under various government schemes, venture funding etc.
- provide seed loan subject to the availability of funds/ grants meant for this purpose
- guide the students to participate in various innovative project schemes
- carry collaborative activities with other government/private organizations
- organize awareness programs for the students and staff of NEC through activities within the campus and the public through its community outreach programs

Start-up and Incubation Policy Manual

1. Eligibility

Entrepreneurs, start-ups, and companies that address societal challenges and are keen on growing and scaling up their innovation; students and faculty of NEC; and public who are willing to start a company at NEC are eligible to apply directly to the NEC Incubation Centre.

- The Startup should be incorporated as a private limited company or registered as a partnership firm or a limited liability partnership
- Turnover should be less than INR 100 Crores in any of the previous financial years
- An entity shall be considered as a startup up to 10 years from the date of its incorporation
- The Startup should be working towards innovation/ improvement of existing products, services and processes and should have the potential to generate employment/ create wealth.
- An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Startup".
- No application for incubation can be entertained if the applicant has not incorporated a private/public limited company under the Companies Act
- Any company that is engaged or proposed to be engaged in imparting educational courses and/or training programs including vocational programs or is planning to undertake such activities during or after its incubation at NEC is not eligible for incubation and their application will not be entertained

2. Application Process for Start-up

- The application process involves submission of the application in the prescribed form, scrutiny by a committee, feedback to the applicant, if any, presentation to an evaluation committee and notification of success or otherwise.
- Eligible applicants shall submit the application in the prescribed form, which consists of information like detailed business plan, infrastructure requirements, seed loan requirements, etc.
- The application will be scrutinized by a committee and the incubate will be invited for a presentation to an evaluation committee
- Shortlisted proposals will then be submitted to the management for approval
- The incubate will be informed of the decision by the management committee with its recommendations
- If the application is successful, the incubate shall agree to the terms and conditions as stipulated in an agreement document
- The incubation agreement will be signed by both NEC and the incubate

3. Seed Loan

- NEC may provide a seed loan subject to the availability of funds/ grants/ schemes meant for this purpose. Seed loan for working capital needs will be sanctioned only to the registered companies or firms and shall be based on merits of each company.
- The total loan to be sanctioned to a single company will not exceed Rs. 10 lakhs subject to a maximum of 50% of the project cost. The loan will carry an interest rate as approved by the NEC
- The repayment schedule will be worked out at the time of sanction of the loan and will be a part of the loan agreement

4. Infrastructure support

NEC is envisioned to be a multi-thematic incubation centre and hence, will provide various infrastructure supports such as,

- Office for the incubate
- Meeting / Discussion Room (s)
- Co-Working Space with furniture
- Space for makers lab and analytical instruments
- Fabrication shop floor
- Computers and Printers
- Internet, Networking, and other communication facilities
- Power supply and water

5. Annual Registration Fee

The incubate company will turn out to be a legal member of NEC after enlistment and will be qualified to various benefits and facilities offered by NEC. The incubate should pay a sum of Rs. 1000/- (Rupees Thousand only) to NEC towards annual registration fee at the time of execution of this agreement and consequently within fifteen days of the beginning of each year counted from the date of this agreement.

6. Tenure in NEC

- Companies will be permitted to stay in NEC, to begin with, for a period of 18 months
- A nominal monthly service charge will be levied to a company for the period of first 18 months
- NEC may, at its own discretion, permit companies to extend their stay for a maximum period of another 18 months

7. Exit (Graduation)

Incubate companies will leave the incubator under two distinct categories, namely normal and abnormal exit

Normal Exit: The determined time of incubation ends. According to this criterion, a normal exit can occur at the end of eighteen months from the date of commencing of the incubation period

- Either the incubate or NEC comes to a decision to end the period of incubation. For both of the situations, the party initiating the termination would provide the other with a month's advance notice

Abnormal Exit

- When there is disappointment on part of the incubate to act in accordance with any clause laid down in this document
- Under performance of the business proposition: criteria for the same will be decided and applied by NEC on the case to case basis
- Depending upon the performance appraisal of the incubate or his/her periodic report

8. Periodic Assessment

- The incubate company has to submit an yearly audited statement of profit and loss account and unaudited quarterly statements about the activities. However, incubates may be asked to provide more frequent updates to NEC.

9. Agreements:

- Incubation Agreement: Containing rules and other incubation norms, consideration, equity holding, etc.
- Seed-Fund Agreement: Containing rules of disbursement and repayment. (Applicable to incubates availing seed-fund)

10. Intellectual Property

Promoters should fill an IP declaration worksheet at the time of admission and declare the Intellectual Property developed and owned by the incubate company.

In case the incubate company is desirous of using the Intellectual Property of NEC like patents, software codes, copyrights, design registrations, developed products, etc. a prior request to NEC is to be initiated. The use of IP is solely on the concurrence of NEC. The terms and conditions for such IP licensing shall be decided by NEC as per recommendations of a Committee constituted by the Principal.

The company shall notify the following to NEC

- Any students who have worked on the technology and if their work will be incorporated in the product(s).
- IP generated as a result of collaborative work with faculty members.
- Use of NEC infrastructure (hardware, testing setup, instrumentation, computing resources, processes) in developing the IP or technology that will go into the product(s).
- Commercialization of IP jointly developed with NEC.

11. Creating Pathways for students

To ensure exposure of maximum students to innovation and pre incubation activities at their early stage and to support the pathway from ideation to innovation to market, the following mechanisms are devised at institution level.

- a) Spreading awareness among students, faculty and staff about the value of entrepreneurship and its role in career development or employability shall be a part of the institutional entrepreneurial agenda.
- b) Students shall be encouraged to develop entrepreneurial mindset through experiential learning by exposing them to training in cognitive skills (e.g. design thinking, critical thinking, etc.), by inviting first generation local entrepreneurs or experts to address young minds. Initiatives like idea and innovation competitions, hackathons, workshops, boot camps, seminars, conferences, exhibitions, mentoring by academic and industry personnel, throwing real life challenges, awards and recognition shall be regularly organized.
- c) To prepare the students for creating the start up through the education, integration of education activities with enterprise-related activities shall be undertaken.
- d) For strengthening the innovation funnel of the institute, access to financing shall be opened for the potential entrepreneurs. (a) Networking events shall be organized to create a platform for the budding entrepreneurs to meet investors and pitch their ideas. (b) Provide business incubation facilities: premises at subsidized cost. Laboratories, research facilities, IT services, training, mentoring, etc. shall be accessible to the new startups.
- e) NEC can sanction seed loan up to 5 lakhs for the student/alumni to promote the startup at NEC students. This sanction is subject to the following benefits: (a) An interest holiday of 3 months can be provided from the day of the agreement (b) Interest calculated at a concessional rate of 4% per annum.
- f) Seed loan repayment will be in instalments from the day of receiving the first instalment of the loan depending upon the project

12. Faculty Startups

Faculty members are encouraging to carry entrepreneurial activities, and startups only those technologies shall be taken for faculty startups which originate from within the institute.

- Role of faculty may vary from being an owner/ direct promoter, mentor, consultant or as on-board member of the startup.
- Faculty startup may consist of faculty members alone or with students or with faculty of other institutes or with alumni or with other entrepreneurs.
- In case the faculty/ staff holds the executive or managerial position for more than three months in a startup, they will go on sabbatical leave without pay/utilize existing leave.
- Faculty must clearly separate and distinguish on-going research at the institute from the work conducted at the startup/ company.
- In case of selection of a faculty startup by an outside national or international accelerator, a maximum leave (as sabbatical/ existing leave/ unpaid leave/ casual leave/ earned leave) of one semester/ year (or even more depending upon the decision of review committee constituted by the institute) may be permitted to the faculty.
- Faculty must not accept gifts from the startup.
- Faculty must not involve research staff or other staff of institute in activities at the startup and vice-versa.
- Human subject related research in startup shall get clearance from ethics committee of the institution.
- Share of revenues can formulated, by the review committee that varies depending upon the nature of the startup like (a) Individual / Team using the Institution resources (b) Individual / Team without using the Institution resources.

13. Guidelines/ References from Public Statutory and Non-Statutory Bodies.

- National Innovation and Start-up Policy 2019 (NISP) Implementation:
- https://www.mic.gov.in//start-up-policy/implementation_plan