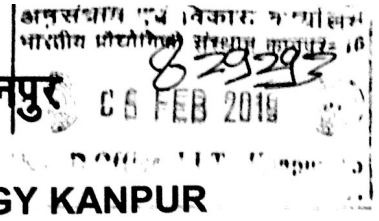




भारतीय प्रौद्योगिकी संस्थान कानपुर
कुलसचिव कार्यालय
INDIAN INSTITUTE OF TECHNOLOGY KANPUR
REGISTRAR'S OFFICE



CONFIDENTIAL

No.: R/BOG-2019-1/ATR/ 41
Dated: Feb., 6, 2019

From: Registrar & Secretary, BOG	To: Dean of Research & Development
Sub: To consider and approve the revised version of the Faculty Entrepreneurship Policy.	
Ref.: BOG 2019.1.22	

The Board at its 228th (2019/1st) meeting held on 18th January 2019 considered and approved the proposed Faculty Entrepreneurship Policy.

The Dean of Research & Development is requested to take note of the above.


(K K Tiwari)

CC: Director
Deputy Director
Dean of Faculty Affairs
Prof.-in-Charge (Innovation and Incubation)

Mr. Deepak Singh

Indian Institute of Technology Kanpur

Faculty Entrepreneurship Policy

Preamble- Faculty members at IIT Kanpur are continuously engaged in knowledge generation and dissemination. A large number of R&D activities are being carried out by faculty members and students in several cutting-edge science and technology areas. However, most of these research outcomes do not get translated into commercial products, benefiting the society in general, due to several reasons including lack of interest in the industry in commercializing new and futuristic technologies and restriction on the Institute's employees to start entrepreneurship. Towards this end, IIT Kanpur, in line with the best practices of other institutes of higher learning across the world, encourages interested faculty members to incorporate companies to engage in the businesses, that are direct result of the research and development activities of the faculty member of IIT Kanpur, be on the board of such companies in the capacity of a Director, Chairman, Promoter or any such role, subject to the terms and conditions of this Faculty Entrepreneurship Policy. It is expected that faculty members will make all efforts to balance their academic responsibilities while assuming the above role and will respect the adherence of this Policy.

Definitions

- i. **"IITK"** or the **"Institute"** shall mean "Indian Institute of Technology Kanpur".
- ii. **"Policy"** means Faculty Entrepreneurship Policy of IITK.
- iii. **"Company"** shall have the meaning as ascribed thereto in Clause no 1 herein below.
- iv. **"Faculty Member"** shall mean a faculty member of IITK.
- v. **"Promoter"** means a promoter as defined under section 2(69) of Companies Act 2013.
- vi. **"Executive capacity"** shall mean a role of Director or Chief Executive Officer, Chief Operating officer or Manager or any person, enjoying similar role, by whatever name called, in the Company.
- vii. **"Equity"** shall mean liability free equity shares (fully paid up) of the Company, having voting rights in the Company.
- viii. **"Incubation"** shall mean a start-up company, having at least one Faculty member from IIT Kanpur in Executive Capacity in the company, and the company has incubated in IIT Kanpur, with an objective of using seed fund and/or research grant and/or office space.

This policy proposes mechanisms for establishing incubation program for technology start-ups led by Faculty Members, possibly in collaboration with graduating students and/or project employees, out of the research efforts carried out at IIT Kanpur, and later running them as companies as specified below.

1. Kind of companies

IIT Kanpur encourages and prioritizes the Companies in the following order.

- (a) Companies jointly owned by the faculty members and/or graduating students/alumni (along with possible others).
- (b) Companies owned by the faculty members (one or many) along with possible others.

Companies eligible under this 'Policy' - Such a Company must pursue businesses that are direct result of the research and development activities of the faculty member of IIT Kanpur which, however, does not preclude continuation of research initiated by a faculty member before joining the Institute.

In such cases, the faculty member(s) and student(s), if applicable, will be known as founding member(s)/Promoter(s) of the Company. A faculty member may also be associated with the Company in an 'Executive Capacity' such as Director, Chief Executive Officer, Chief Operating officer etc.

A Faculty member must not pass on the technology and/or know-how developed at IITK to any entity without the knowledge of and/or explicit permission from the Institute.

Companies not eligible under this Policy: - A faculty member cannot associate, either as a Promoter or in an 'Executive Capacity', with;

- i) Companies involved in Teaching and/or development of educational content. On the other hand innovative technology platforms facilitating delivery of content is permissible. For such platforms, the content may be licensed from IIT Kanpur and course delivery through the platform will be governed by CDTE norms, which may be changed from time to time, and will require permission from CDTE.
- ii) Companies whose business will be to provide consultancy services.
- iii) Such class of Companies that may be prescribed and notified by IITK from time to time.

2. Role of the Faculty member

The Faculty member has to take prior permission from the Institute before associating with any business venture or starting a new venture in the application format as prescribed by IIT Kanpur (Annexure I). It is expected that the faculty member would be a Promoter of such Companies and/or a Director on its Board. Also, the faculty member may choose to play an operational role (Technical Advisor, CEO, Marketing Manager etc.). The faculty member can choose one of the following options:

- (a) Take a sabbatical and work full-time in the business. However, sanction of sabbatical leave has to be obtained from the Institute, following laid out process.
- (b) Dedicate part or all of the days allocated for consultancy work to the business. However, under no circumstance the total number of days of non-institute activities should exceed the institute norms.
- (c) A faculty member of IIT Kanpur is a fulltime employee of the institute. Thus, it is expected that s/he would balance her/his outside managerial responsibilities with her/his academic and administrative responsibilities towards the institute. This will also apply to the students/employees involved in these activities.

- (d) A faculty member can undertake projects that could be executed at IITK, and managed through their Companies. However, this may be undertaken only after obtaining explicit permission from the competent authority of IIT Kanpur and entering into an agreement with the institute.
- (e) It should be noted that the faculty member should take all possible steps to ensure that his/her duties and responsibilities as a member of IITK faculty take precedence over all other activities.

3. Usage of Institute Resources and IP Rights

As stated in the preamble, faculty members of IIT Kanpur are only allowed to incorporate Companies whose business objectives can only be fulfilled by using know-how and/or technologies developed at IIT Kanpur, including the cases where the initial IP development may have been carried out by the faculty member before joining the institute. Thus it is critical that there is clarity vis-à-vis policy of usage of institute resources, know-how developed using institute resources and IP Rights.

- A. In the event the company uses any “know-how” for business purpose in the Company, which has not been secured through any IP prospects, then the Faculty member has to disclose the source of origin of such “Know-how”.
- B. In the event the faculty member(s) would want to use **existing** Intellectual Property developed at IIT Kanpur and protected by filing/grant of patent where IITK is an applicant & the Faculty member is an inventor, then the Faculty member(s) may request for assignment of the IP from the Institute to the company, the grant of which may be guided by the policy stated below:
 - i. The faculty member would submit an application for the same to the office of Dean, R&D.

- ii. Upon obtaining permission, the Company may initiate the process of getting the IPR assigned to it. However, the cost of the assignment process will have to be borne by the company.
- iii. In case the Company agrees to sublicense the assigned IPR(s) to any other entity, then the licensing revenue generated by the Company, will be distributed among the inventors and the Institute, as per the IPR policy of the Institute.
- iv. In any case, IITK reserves the “First Right of Refusal” for any IPR generated in the institute.

Note: It should be noted that assignment of patent to the company often helps a company to raise funds as investors prefer to invest in a company whose IPR is not encumbered. However, it is not mandatory for a faculty member entrepreneur to get the IPR assigned to his/her company. This is purely a facilitation policy and not a restrictive policy.

It should be noted that these clauses are inclusive of the possibility that the initial IPR may have been developed outside of IIT Kanpur. However, the institute is not in a position to evaluate and monitor such a claim. Therefore, in the larger interest of the institute and persons associated with the Company, the Company will be permitted to use the laboratory, library and other such facilities to which the founding faculty member(s) is entitled. In lieu of this, the Institute may (i) hold a certain percentage of equity in the Company OR (ii) ask for a share of revenue of the Company OR (iii) ask for a combination of equity and revenue sharing.

The Company may also use the testing facilities as per the prevailing norms of the institute. During the incubation period within the campus, the Company may be allowed to use the laboratory facilities – captive infrastructure of the incubator as well as different state of the art centers of IIT Kanpur - as per the declared rates applicable for any faculty member of IIT Kanpur. Utilization of lab facilities will be subject to availability of the resources. Priority is granted to IITK projects and students. The Company will have to pay for office space, if applicable/requested, according to the declared rates of the incubator. However, no separate equity will be charged to the Company in lieu of incubation services.

Depending on availability and if requested, one studio apartment (or similar) may be made available to the incubated Company. The rent for residence will be charged separately and shall be payable to IIT Kanpur.

4. Disclosure and Compliance

Financial and non-financial disclosure agreement will be signed as per the existing institute norms.

Also, a separate **Conflict of Interest Disclosure Statement** (Annexure II) will have to be furnished every six months (April 30th and October 31st) by any Company incubated by a faculty member of IIT Kanpur.

At all times, the faculty member must ensure that the Company/Companies he/she is associated with as a promoter or in an '**Executive Capacity**' is compliant with all the norms of Govt. of India. Non-compliance by the individual faculty member shall have no bearing on IIT Kanpur.

5. Support from other faculty members

Support from other faculty members of the institute during and after the incubation period would be treated under the institute's consultancy norms (other than assigned faculty mentor(s))

6. Support from students

Any support received from students for the faculty Company would be as per the existing guidelines of the institute.

7. Outsourcing of sponsored research/ consultancy assignment

Outsourcing of full/part of institute's projects to faculty Companies would be governed by the existing policies of the institutes. In case such policy is not

available then the outsourcing decision would be undertaken on a case by case basis by a committee comprising of DORD, Professor-in-Charge (Innovation & Incubation), Head of the concerned department and a representative from sponsoring agency.

8. Funding for the Company

The Company will have its own funding and accounting procedures in line with the existing industry norms. Subject to availability of funds, Institute may also provide loans to such Companies which will be governed by the institute's norms.

9. Methodology

A faculty Company will necessarily be required to be incubated in the Institute. However, in the exceptional cases, where faculty wants to open/operate/incubate the Company outside the institute, a sufficient justification has to be provided, which will be evaluated by a committee comprising of DORD, Professor-in-Charge (Innovation & Incubation), Head of the concerned department and a faculty member nominated by DORD. The recommendation of the committee will be submitted to the Director for a final decision.

The process of entrepreneurship will be as below:

- (i) A faculty member will submit the duly filled application form **(Appendix I)** for establishing a new venture to the Director of IIT Kanpur. This form needs to be forwarded by a series of offices as indicated in the document.
- (ii) Once permitted, the faculty member may form a Company. A faculty member may approach the incubation center of IIT Kanpur even before formation of a Company for in-principle approval of the incubation.
- (iii) For the incubation of the Faculty member's Company, evaluation will be as per the policy of the institute's incubator center.
- (iv) Upon approval, the Institute and the faculty member may negotiate and enter into an agreement for financial consideration by the Company towards IIT Kanpur which will consist of consideration via equity shares in

the Company and/or a share in the revenue of the Company, as mentioned below:

- (a) A liability free fixed equity (*Pari pasu*) of 10% in the Company. IIT Kanpur will reserve the right to liquidate any or all of the equity shares after seven years of formation of the Company while the Company will reserve the first right of refusal for purchase of the equity shares from IIT Kanpur.

OR

- (b) A pre-determined, and agreed upon, share in the revenue of the Company, measured in terms of cost of units of product or services rendered by the Company, at fair market value on a given date.

OR

- (c) A combination of liability free equity in the Company and share in the revenue of the Company, measured in terms of cost of units of product or services rendered by the Company, at fair market value on a given date.
 - (d) In case the institute provides loan to the Company, the Company will have to enter into a debt funding agreement with the Institute. Financial consideration, in lieu of the loan, may be levied separately.
- (V) **Exit** - The Company shall work towards a plan that would give IITK an exit. It should be noted that the FEP will cease to be in effect, other than the part governing his/her responsibility towards IIT Kanpur as listed in points 2a, 2b and 2c above, once the "Exit", as defined in here, takes place.
- (a) Company raises investment at a valuation of 30 crores or more. This value may be changed from time to time.

OR

(b) 7 years from the date of Incorporation of the Company and the Company has graduated from incubation.

Whichever between (a) or (b) happens earlier.

OR

(c) The faculty member relinquishes executive position in the Company and/or ceases to be a promoter of the Company

(VI) Facilitation Charges-

For Research Grant – If the Company applies for a research grant, overhead (10% of the total budget) must be budgeted separately in the grant application. This condition may be relaxed at the sole discretion of Director, IITK.

10. Resolution of conflicts

In situations in which the objectivity of a faculty member – due to his/her association with the Company - could reasonably be questioned, the Director of IIT Kanpur may establish an independent committee to investigate the operation of the Company and possible conflict of interest between the functioning of the Company and the academic duties of the faculty member(s) associated with the Company.

The faculty may appeal to the Board of Governors of the institute for a review of the committee decisions. The decision of the Board, in this regard, would be final.

Annexure I (Application along with annexures)

Annexure II (Conflict of Interest Disclosure Statement)
(To be submitted on April 30th and October 31st of each year)

Financial Year

Quarter

1. Name of the Company with CIN No-

2. Source of the Business of the Company

(i) In House R&D	Details
(ii) Consultancy	Details..... a) Source of the Funding..... (Details of the Funding Agency, Copy of the Draft Agreement signed with the Funding Agency, other details etc.) b) Source of the Project.....

3. Business Activities of the Company for the.... quarter

[From.....(month).....to (month)]

i) If the Company is engaged in Product Development	a) Description of the product.....
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	<p>b) Revenue earned.....</p> <p>c) Milestones Achieved.....</p> <p>d) Details of the Know-how used.....</p> <p>e) Challenges</p> <p>f) Is this project distinct from the R&D activity conducted by you as a faculty member of the institute?</p> <p>g) If yes, explain</p> <p>h) If no, have you paid facilitation charges to IIT Kanpur?</p> <p>i) Other relevant information.....</p>
<p>ii) If the Company is a Service provider</p>	<p>a) Description of the service.....</p> <p>b) Revenue earned.....</p> <p>c) Milestones Achieved.....</p> <p>d) Details of the Know-how used.....</p> <p>e) Challenges.....</p>

	<p>f) Is this project distinct from the R&D activity conducted by you as a faculty member of the institute?</p> <p>g) If yes, explain</p> <p>h) If no, have you paid facilitation charges to IIT Kanpur?</p> <p>i) Other relevant information.....</p>
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4. Disclosure:- I solemnly state that the contents of this statement are true to the best of my knowledge and belief and that there is no conflict of Interest between the activities of the Company and Research and Development Activities conducted by me as a faculty member of the Institute. This statement conceals nothing and that no part of it is false.

Signature:.....

Date:

Place.....