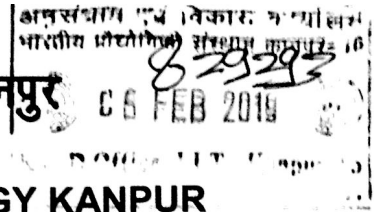




भारतीय प्रौद्योगिकी संस्थान कानपुर
कुलसचिव कार्यालय

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. **"IIT Kanpur"** or the **"Institute"** shall mean "Indian Institute of Technology Kanpur".
- ii. **"Policy"** means Faculty Entrepreneurship Policy of Indian Institute of Technology Kanpur.
- iii. **"Faculty Member"** shall mean a faculty member of Indian Institute of Technology Kanpur.
- iv. **"Promoter"** means a promoter as defined under Section 2(69) of Companies Act 2013.
- v. **"Executive capacity"** shall mean a role as a Director or a Chief Executive Officer, Chief Operating Officer or Manager or any person, enjoying similar role, by

whatever name called, in the Company, having executive power(s) in the Company

- vi. **“Equity”** shall mean ‘liability free’ equity shares (fully paid up), having voting rights, of the Company.
- vii. **“Company”** shall mean a start-up Company, having at least one Faculty member from IIT Kanpur in Executive or in Non-Executive Capacity in the company.

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 a direct result of the research and development activities of the faculty member of IIT Kanpur. In such cases, the faculty member(s) and student(s), if applicable, will be known as a founding member(s)/Promoter(s) in a Non-Executive position of the Company.

Companies not eligible under this Policy:

A faculty member cannot associate, either as a Promoter or in an “Executive Capacity”, with:

- a. Companies involved in Teaching and/or development of educational content. On the other hand, companies developing innovative technology platforms that facilitate delivery of content are permissible.
- b. Companies whose business will be to provide consultancy services.
- c. Such class of Companies that may be prescribed and notified by IIT Kanpur 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. In addition, the faculty member can choose one of the following options:

- a. Provide consultancy to the Company in a non-executive capacity. However, the total number of days allocated by the faculty member for the consultancy activities should not exceed the maximum number of days allowed by the Institute for such activities.

Undertake projects that could be executed at IIT Kanpur, and manage through the Company. However, this may be undertaken only after obtaining explicit permission from the competent authority at IIT Kanpur and entering into an explicit agreement with the Institute following existing processes.

- b. Take a sabbatical and/or Leave without pay and work full-time for the Company in an Executive Capacity (COO, CEO, Vertical Head etc). Eligibility and approvals of such leave are governed by the extant rules of the Institute.

It should be noted however that the faculty member of IIT Kanpur should take all possible steps to ensure that his/her duties and responsibilities as a member of IIT Kanpur faculty, take precedence over all other activities regardless of the nature of his/her engagement with the Company.

3. Intellectual Property Rights and Usage of Institute Resources

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 the know-how and/or technologies developed at IIT Kanpur. 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, which has not been secured through any IP prospects, the Faculty member has to disclose the source and origin of such “Know-how”.
- b. In the event the faculty member(s) would want to use an 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, the Faculty

member(s) may request for an exclusive license 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, Research & Development.
- ii. Upon obtaining permission, the Company may initiate the process of getting the IPR licensed to it.
- iii. The exclusive license may be given to the company on a perpetual basis till the time the company is in the business and/or the IPR is within its protected period.
- iv. In case the Company agrees to sublicense the “licensed 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 extant IPR policy of the Institute.
- v. In any case, IIT Kanpur reserves the “First Right of Refusal” for any IPR generated in the Institute.

The Company may be permitted to use the laboratory and other such facilities to which the founding faculty member(s) is entitled. The Company may also use other facilities of the Institute on payment basis as per the prevailing norms. The Company will have to pay for office space, if provided, as per prevailing norms.

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 the Company. At all times, the faculty member(s) must ensure that the Company/Companies he/she is associated with is/are compliant with all the norms of the Government of India. Non-compliance by the faculty member(s) 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 (if applicable, see below) period of the Company would be treated under the Institute's extant consultancy norms (other than assigned faculty mentor(s)).

6. Support from Students

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

7. Outsourcing of Sponsored Research/ Consultancy Assignment to the Company

Outsourcing of full/in part of Institute's projects to the Company would be governed by the existing policies of the institutes. If in case such a policy is not available then a decision on outsourcing would be taken on a case by case basis by the Institute and in accordance with the guidelines provided by the sponsor, if applicable.

8. Funding for the Company

The Company will have its own funding and accounting procedures in line with the prevailing statutory norms.

9. Methodology

A Company will necessarily be required to be incubated in the Institute. However, in exceptional cases, the institute may allow a faculty member to open/operate/incubate the Company outside the institute if sufficient justification is provided.

The process of entrepreneurship will be as below:

- a. A faculty member will submit the duly filled application form (Appendix I) for establishing a new company to the Director of IIT Kanpur. This form needs to be forwarded by a series of offices, as indicated in the document.
- b. Once permitted, the faculty member may form a Company. A faculty member may approach the Institute even before the formation of a Company for an in-principle approval for incubation of the Company.
- c. For the incubation of the Company, evaluation will be as per the policy of the Institute.
- d. Upon approval, the Institute and the Company 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:
 - i. 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
 - ii. 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
 - iii. 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.
- e. (V) **Exit:** The Company shall work towards a plan that would give IIT Kanpur an "Exit". It should be noted that this policy 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 below, takes place.

- i. Company raises investment at a valuation of INR 30 crores or more.
This threshold value may be changed from time to time.
 - ii. Seven years from the date of Incorporation of the Company and the Company has graduated from incubation, both conditions satisfying.
 - iii. Whichever between (i) or (ii) happens earlier.
- OR
- iv. The faculty member relinquishes executive position in the Company and/or ceases to be a Promoter of the Company

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