

Indian Institute of Technology (Banaras Hindu University) Varanasi

Faculty Entrepreneurship Policy

Preamble- The Indian Institute of Technology (Banaras Hindu University) Varanasi with its glorious past as Institute of Technology, Banaras Hindu University is well known for its mission and commitment to contribute in the society through research in science and technology. The students, researchers and faculty members at IIT (BHU) Varanasi are continuously engaged in knowledge generation in several areas 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 no policy placed for the Institute's employees to start entrepreneurship. In view of the above, Institute has taken initiatives to involve faculty members of IIT (BHU) Varanasi in such activities and to participate in companies in the capacity of a Director, Chairman, Promoter or any such role, subject to the terms and conditions of the Institute/Government of India (GOI). It is expected that faculty members will make all efforts to balance their academic and other responsibilities while assuming such roles in companies.

Note: Institute has followed the guidelines and norms of other institutes like IITs (IIT Kanpur, IIT, Madras, IIT Bombay and IIT Delhi etc.) during the preparation of this document.

Definitions:

- a) **"IIT (BHU) Varanasi"** or the **"Institute"** shall mean "Indian Institute of Technology (BHU) Varanasi".
- b) **"Policy"** means Faculty Entrepreneurship Policy of Indian Institute of Technology (BHU) Varanasi.
- c) **"Faculty Member"** shall mean a faculty member of Indian Institute of Technology (BHU) Varanasi.
- d) **"Promoter"** means a promoter as defined under Section 2(69) of Companies Act 2013.
- e) **"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.
- f) **"Equity"** shall mean 'liability free' equity shares (fully paid up), having voting rights, of the company.
- g) **"Company"** shall have the meaning as ascribed there to in Clause no 1 herein below.
- h) **"Incubation"** shall mean a startup/company, having at least one faculty member from IIT (BHU) Varanasi in Executive capacity in the company, and the company has incubated in IIT (BHU) Varanasi/ IDAPT Hub Foundation IIT (BHU) Varanasi/any section 8 company setup in IIT (BHU) Varanasi, 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 staff, out of the research efforts carried out at IIT (BHU) Varanasi, and later running them as companies as specified below.

1. Kind of Companies

IIT (BHU) Varanasi encourages and prioritizes the companies in the following order.

- a. Companies jointly owned by the faculty member(s) and/or graduating student(s)/alumni (alongwith possible others).
- b. Companies owned by the faculty member(s) (one or many) along with other individuals want to partner with faculty member(s).
- c. Company in which the faculty member is in an Executive Capacity such as Director, Chief Executive Officer, and Chief Operating Officer etc.

The company in which faculty member(s) is planning to join, needs to be registered as Private Limited Company with the Registrar of Companies as per the GOI policy. In case, the company is not registered at the time of application it must form a Private Limited Company within a period of 3 months from the date of approval.

Companies Not Eligible:

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

- Companies involved in teaching and/or development of educational content.
- Companies whose business will be to provide consultancy services.

2. Role and Joining of the Faculty Member

A faculty member can own the company. He/she may also be associated with the Company in an Executive Capacity or can also be the promoter of the company. 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 in **Annexure I** by the Technology Innovation and Incubation Centre (TIIC)/IDAPT Hub Foundation IIT (BHU) Varanasi/any other section 8 company setup in IIT (BHU) Varanasi.

To join the company, 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.

Or

- b. Dedicate part of the working hour to the business. However, the faculty member should take all possible steps to ensure that his/her duties and responsibilities as a faculty of IIT (BHU) Varanasi take precedence over all other activities. The faculty member is expected that he/she would balance his/her outside managerial responsibilities with

his/her academic and administrative responsibilities towards the Institute. Under no circumstances faculty member can refuse any duties and responsibilities given by the Institute citing engagement in the company/startup (faculty member will give an undertaking in this regard – Annexure I).

3. Usage of Institute Resources and Intellectual Property Rights (IPR)

- a. In the event the faculty member(s) would want to use existing Intellectual Property developed at IIT (BHU) Varanasi and protected by filing/grant of patent where IIT (BHU) Varanasi 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. Depending upon the application and demand the Institute may ask for additional Royalty for assigning the IPR(s).
 - iii. In case the Company wants to sublicense the “assigned IPR(s)” to any other entity, then the company has to obtain a permission from the Institute. The licensing revenue generated by the Company, will be distributed among the inventors and the Institute, as per the IPR policy of the Institute. The Institute share will be 50% (revenue generated) in such case.
 - iv. In any case, IIT (BHU) Varanasi reserves the “First Right of Refusal” for any IPR generated in the Institute.
 - v. In all such cases the one-time fee/royalty/equity will be fixed by the institute as per the IPR policy.

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 (BHU) Varanasi. However, the Institute is not in a position to evaluate and monitor such a claim. Hence, an undertaking regarding the same should be submitted to the Institute.

- b. If a faculty member wants to apply for an IPR from the company in which Institute resources are used, the IPR should be jointly owned by company and Institute. The company can use such IPR with 25% royalty payment to the Institute. However, if company wants to sublicense such IPR then they have to take the permission from the Institute. The Institute will take 50% of the licensing revenue generated by the company in such case.

- c. Access to IIT (BHU) Varanasi infrastructure (Laboratory, CIF, etc.) & expertise of faculty members would be charged as per the defined IIT (BHU) Varanasi rules and regulation for consultancy work. In case no such rules are in place like for computational resources, software etc., the faculty member has to take permission from the respective authority. A lump sum money can be charged in such cases based on the uses.
- d. The faculty member has to give an undertaking that he will not use any Institute facilities for the company without prior permission as per **Annexure I**.

4. Funding for the Company

The company will have its own funding and accounting procedures in line with the existing industry norms. Further, the Startup companies shall be eligible to receive Seed Grant given by Government/Funding Agencies/Private bodies from time to time for promoting entrepreneurship and start-up culture in IIT (BHU).

A faculty member can undertake projects that could be executed at IIT (BHU) Varanasi, and managed through their Companies. However, this may be undertaken only after obtaining explicit permission from the competent authority of IIT (BHU) Varanasi and entering into an explicit agreement with the Institute. In such case the company shall ask for Institute overhead from the funding agency and if the same is granted then it would be transferred to the Institute.

5. Outsourcing of Sponsored Projects

Outsourcing of full/part of Institute's sponsored projects to the faculty companies would be undertaken on a case by case basis by a committee comprising of DoRD, Professor-in-Charge (TIIC), and Head of the concerned department. A prior permission from the sponsoring agency is required in this regard.

6. 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(s) of IIT (BHU) Varanasi.

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

In case of any financial/legal conflict of the faculty member(s) with the company or any other promoter(s)/partner(s)/client(s) related with the company, the Institute will not provide any financial/legal help. It will be sole responsibility of the faculty member(s) to settle such cases.

7. 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 member (s)).

8. Methodology

A faculty Company will necessarily be required to be incubated in the Institute. However, in exceptional cases, where faculty wants to involve/open/operate/incubate the Company outside the Institute, a sufficient justification has to be provided, which will be evaluated by the Institute as per the norms. However, it will be discouraged to open/operate/incubate the Company outside the Institute (in case if funding agency is already having some association or conditions it may be relaxed).

The process of entrepreneurship will be as below:

- a. A faculty member will submit the duly filled application form (**Annexure I**) for establishing a new venture to the Director of IIT (BHU) Varanasi. 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 TIIC of IIT (BHU), Varanasi even before the formation of a Company for in-principle approval of the incubation.
- c. For the incubation of the faculty member's Company, evaluation will be as per the policy of the Institute's incubator center.
- d. Upon approval, the Institute and the faculty member will enter into an agreement for financial consideration by the Company towards IIT (BHU), Varanasi which will consist of consideration via equity shares in the Company and/or a share in the revenue of the Company as per the TIIC/IDPAT Hub, IIT (BHU) Varanasi policy. Further Institute may nominate one member in the Governing body/Board of Directors of the company.
- e. **Exit:** The faculty member can exit the company after resigning from the executive position taken in the company. However, he has to take the permission from the company board, TIIC/IDPAT Hub, IIT (BHU) Varanasi Head and DoRD IIT (BHU) Varanasi. He can keep the equity of the company as per the policy of the company and GOI.
- f. **Facilitation Charges: For research Grant-** If the Company applies for a research grant, overhead (25% of the total budget) must be budgeted separately in the grant application. This condition may be relaxed at the sole discretion of Director, IIT (BHU) Varanasi.

9. 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 (BHU) Varanasi 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.

Application Form (Annexure-1)
Indian Institute of Technology (Banaras Hindu University) Varanasi
To Start/Participate as Faculty in a Company as Faculty Entrepreneurship

Date:

A) Academic Information

(Separate form for each faculty involved in the Faculty Entrepreneurship activities)

1. Name of Faculty:
2. Department:
3. Employee ID:
4. Residential Address:
5. Academic/Administrative Load of the Applicant:

a. No. of Research Students:

Name of the Student	Year of Admission	Title of the Thesis	Expected time of the completion of the thesis work	Source of Scholarship of the Student	Name and Department of the Co-Supervisor

b. No. of UG/PG Project Students:

Name of the Student	Year of Admission	Title of the Thesis	Expected time of the completion of the thesis work	Source of Scholarship of the Student	Name and Department of the Co-Supervisor

c. Research Projects/Consultancy Projects:

Title of the Project	Year of Award	Name of Funding Agency	Expected time of the completion of the Project	Grant in INR	Name and Department of the Co-PI

d. Administrative Responsibilities:

Responsibility	From	To	Assigned work	Work completed till date	Expected date of completion of the work

e. Teaching load (semester wise):

Course with Code	Year of batch	Number of students	Teaching load per week	Lab component (if any)	Name of other teacher in the course

6. Any other relevant academic information:

B) Enterprise related information:

- Name/Proposed Name of the Enterprise:
 - Name, designation and address of all Faculty / Staff /students of the institute and other partners involved in this enterprise (pl. provide biodata of the each member).
 - Is the enterprise a start-up (expected date of incorporation):
 - Already existing (year of incorporation:_____)
 - Is the structure other than Private Limited Company?
 - State briefly the mission of the enterprise & the role of the Faculty in the Company: (add separate paper, if required)
7. Briefly summarize the activities you plan to carry out in the Enterprise. Please also attach a

Copy of the Memorandum of Association & Articles of Association.

8. Are you, in this enterprise, planning to use knowledge /technology /intellectual property developed at the institute? If yes, then briefly describe the above, including the persons involved.

9. What is the planned equity structure/distribution of the Enterprise?

10. Members of Governing Body and Board Members name, qualification, experience and address (pl. enclose biodata with photograph of each member).

11. CA of the company

12. Banker of the Company

13. Please state the number of hours likely to be dedicated in Company a week.

14. Please state, if there is any other information relevant to your Enterprise.

Declaration: The activities of the Company are not in conflict with the interest of the institute and my participation in the company will not be in conflict of my assigned duties and responsibilities of the institute. Under no circumstances I will refuse any duties and responsibilities given by the Institute and there will be no compromise with my duties due to my engagement in the company/startup.

In case of any financial/legal conflict with in the company or between the company and any other client, I will be solely responsible for the settlement of the same and institute shall have no bearing.

Signature (with date):
(Name of the Faculty)

Recommended & Forwarded by:
(Signature of Head of Department)

Recommended & Forwarded by:

Signature of Dean (R&D)

Approved by:
(Director)

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) Sponsorship or Sponsored Project	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..... b) Revenue earned..... c) Milestones Achieved..... d) Details of the Know-how used..... e) Challenges f) Is this project distinct from the R&D activity conducted by you as a faculty member of the institute? g) If yes, explain h) If no, have you paid facilitation charges to IIT (BHU) Varanasi?
---	---

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

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:.....