



THAPAR INSTITUTE OF ENGINEERING & TECHNOLOGY

START-UP POLICY/ GUIDELINES (2021)



PREAMBLE

India is witnessing a tremendous boost in creation of start-ups and business incubation which is being driven by an extremely diverse and inclusive entrepreneurial landscape. The National Science and Technology Entrepreneurship Development Board (NSTEDB) launched the Science and Technology Entrepreneurs Parks (STEP) in the early 1990's and the Technology Business Incubators (TBI) in early 2000 to propel interaction between academia-industry interaction and initiate small scale business activities as a part of inculcating entrepreneurship. Further boost to this concept came in when the Government of India, through TIFAC-DST (Technology Information, Forecasting and Assessment Council, DBT (Department of Biotechnology) along with financial institutions like SIDBI (Small Industries Development Bank of India) contributed significant risk funding to promote an entrepreneurial spirit among faculty members and students. Today it is backed up by several govt. missions such as Start-up India, Make in India, Atamnirbhar Bharat and Invest India.

Correlation between successful entrepreneurship ecosystems and higher education institutions have been highlighted time and again, quoting the famous example of Stanford University being the original incubator of the "Silicon Valley" today. This tremendous boost in the start-up sector has been largely driven by higher educational institutions in India, which play a vital role in the providing the concept of innovations, and developing competencies for students to convert their idea/innovation into an enterprise though a number of core courses introduced in their business and technical education programs.

*Thapar Institute of Engineering and Technology (TIET) (Deemed to be University under Section 3 of the UGC Act) has been an epitome of S&T research, development and innovation since it was granted full autonomy and was recognised as a Deemed to be University in 1985 by the UGC under Section 3 of the University Grants Commission Act (**UGC Act**) vide Notification dated December 30, 1985 of Government of India. Recognizing the potential of this technical institution in North India, it was granted STEP in early 1990's. TIET has a great scientific and technological research and academic background as the faculty members and students are carrying research in several science and technology areas. However, majority of the research outcomes does not get translated into commercial products or technology which benefits the society at large or interest of the industry to take up futuristic technologies. Realizing this TIET, aligning with the best practices of top technical HEI's of the world encourages faculty members and students to translate their ideas and innovations, and research outcomes as a commercial venture. TIET has always made available its equipment(s), know-how, machines, premises, laboratories, research material, etc to the faculty and students for the purpose of their research. TIET encourages the faculty and students to incorporate companies to engage in the businesses, that are direct result of the R&D&I activities at TIET, 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 Start-up Policy. Further 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.

1.0 Definitions

"Competent Authority" is the Director of the Thapar Institute of Engineering and Technology.

"TIET" or **"Institute"** shall mean **"Thapar Institute of Engineering and Technology"**.

"Policy" means **TIET Start-up Policy**.

"Faculty Member" shall mean a faculty member of Thapar Institute of Engineering and Technology. That it is further clarified that the 'Faculty Member' shall also include the former faculty member, who is not in service but on whom the terms of the present policy are applicable.

"Student" shall mean a full-time student studying at Thapar Institute of Engineering and Technology or an alumnus of the institute.

"TIET Member" shall mean any permanent faculty member on duty or on leave, faculty on tenure, research associates, post-doctoral fellows and students having live registration.

"Start-up" is an entity that develops a business model based on either product innovation or service innovation and makes it scalable, replicable and self-reliant as defined in Gazette Notification No. G.S.R. 127(E) dated February 19, 2019 or as per the prevailing notifications of the Government of India issued from time to time. **The current definition of start-up is an entity that is headquartered in India, which was incorporated less than 10 years ago, and has an annual turnover less than Rs. 100 crores. That it is further clarified that the present policy will be subject to the law/rules/regulations/notifications etc. as issued by the Government (Gol and Govt. of Punjab) from time to time, that are applicable on TIET.**

"Equity share" also commonly referred to as ordinary share, represents the form of fractional or part ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.

"Executive capacity" shall mean a role as a Director or a Chief Executive Officer (CEO), Chief Operating Officer (COO) or Manager or any person, enjoying similar role, by whatever name called, in the Company, having executive power(s) in the Company.

VL-TIET is "Venture Lab Thapar" a centre to nurture and promote entrepreneurship culture and programs in TIET. Its mandate is to provide mentorship, and support to the ventures registered under STEP, TIET.

2.0 Kind of Legal Entities

TIET encourages on the incorporation/establishment of following types of legal entities under the start-up policy;

- (a) A company registered under the provisions of the Companies Act, 2013 (As amended till date)
- (b) Limited Liability Partnership

Further TIET encourages the incorporation of companies by;

- (i) faculty and/or graduating students/alumni (along with possible others)
- (ii) by the faculty members (one or many) along with possible others.

3.0 Guidelines for incorporating a Start-up by the Faculty

That the concerned faculty member would submit an application to the Competent Authority (Director) by providing a sufficient premise which could be winning a start challenge program, a hackathon or any other similar events which concurs the novelty of his/her idea or through a patent (application filed or granted). This application has to be routed through the Dean (Research and Sponsored Projects) to the Competent Authority.

A separate form (Form-I: Start-up Proposal) indicating all information with respect to incorporation viz. type of Legal Entity, founding members of the Legal Entity, external (non-TIET) members; share arrangement/CSR contribution/ IPR arrangement etc.

Subsequent to approval, and incorporation of the start-up an Incubation agreement with STEP-TIET or Venture Lab-TIET has to be executed to be recognized as TIET approved Incubatee company.

Involvement of the faculty for incorporation of a start-up company can be under following modalities;

A. Capital Investment by faculty members by way of shares in a start-up with no involvement:

- i. TIET faculty may be involved in start-up by providing capital investment only in return for shares with no other managerial, technical or mentorship role whatsoever.
- ii. When a faculty member makes a financial investment in a company or a start-up without contributing in technical/ consulting or advisory role or any other involvement of TIET or without contributing intellectual or commercial transaction of TIET, then it shall be considered as a private matter of the concerned faculty and is of no concern to TIET. That it is further clarified that the concerned parties to the transaction shall keep TIET indemnified and TIET will be in no manner responsible for the actions of the concerned Legal Entity, its members, management, share-holders, etc.
- iii. Further STEP-TIET or VL-TIET will have no role to play in such business association of the faculty member.

- iv. However, the faculty member will have to make a declaration to TIET, regarding this financial investment as a good practice to avoid any conflict of interest and update TIET on half yearly basis, qua the same
- v. In case this start-up or any other company intends of award a consultancy project to the TIET faculty, then the same will be done after prior approval of the Competent Authority in writing. The terms of the said approval (amended from time to time, at the sole discretion of the Competent Authority) and prevailing rules and regulations (As amended from time to time) for consultancy projects in TIET, shall apply. The decision of the Competent Authority will be final.

B. Part time engagement of faculty members in the start-up

- i. TIET faculty member may engage in the activities of start-up by taking executive roles such as Director, CEO (Chief Executive Officer), COO (Chief Operating Officer), CTO (Chief Technology Officer) on a part-time engagement under the consultancy norms of the institute. However, there shall be no compensation for this activity. This work shall be over and above all regular duties assigned to the faculty member. That the faculty member should take prior approval in writing, of the Competent Authority before accepting any part time engagement. The terms of the written approval (As amended from time to time) will be applicable on the faculty member. Under no circumstance the performance of the faculty member, qua all the regular duties assigned, deteriorate. The decision of the Competent Authority will be final.
- ii. In case the faculty member is not the founding member of the start-up, then after taking the prior written approval of the Competent Authority, the faculty member must apply for approval for engagement with the start-up and the start-up must enter into an agreement with STEP-TIET/VL-TIET. The mode of this engagement would be an agreement of the faculty member with the start-up besides the TIET technology/ IPR being licensed to the start-up. The terms (including financial) of TIET technology/ IPR to be licensed, will be solely decided by TIET. A faculty member in this arrangement can be permitted to obtain shares of this company in part or full in lieu of cash payment. Under this arrangement, the faculty member will offer STEP-TIET/VL-TIET a certain percentage (10-25%) shares on the same valuation terms, free of cost.

It should be critically noted that faculty member at TIET shall ensure that all his/her academic duties and institutional responsibilities take absolute precedence over all other activities related to the start-up regardless of his/her engagement with the company. That it is further clarified that if the performance of the faculty member deteriorates, then the Competent Authority has the sole discretion, to withdraw the permission granted. The decision of the Competent Authority will be final.

C. Full time engagement of faculty members in the start-up with availing of sabbatical and EoL (Extra-ordinary leave)/Earned Leave (EL) for setting up a start-up/pursuing entrepreneurship:

- i. TIET faculty member may avail of either sabbatical or EoL/ EL for a maximum period of one year as per the prevailing rules of TIET and may be allowed to work full time for the start-up. Permission will be initially given for a period of six months and may be extended for another six months there from.
- ii. The faculty member will prior seek approval of TIET for the above-mentioned sabbatical or EoL/EL as the case may be in accordance with the prevailing TIET Rules and Regulations. Permission for sabbatical or EoL/EL would be decided by Director solely or through a three-member committee appointed for the same by the Director. The decision of the Director or the three-member committee appointed by him will be final.
- iii. The faculty member must apply for approval for engagement with the start-up and the start-up must enter into an agreement with STEP-TIET/VL-TIET. Such an agreement should establish the mode of engagement of the faculty member with the start-up besides including the TIET technology / Intellectual Property being licensed to the start-up. The terms (including financial) of TIET technology/ IPR to be licensed, will be solely decided by TIET.
- iv. The rules for salary to the faculty member during the sabbatical leave, EoL or EL shall be governed by the prevailing Rules and Regulations of TIET.
- v. During the period of EoL, the faculty member can receive a compensation from the start-up in cash which TIET will be informed about, within 1 week of receipt of the amount. However, in the case where the faculty member is on a sabbatical leave and receives compensation then TIET, norms for consultancy projects will be applicable and he/she will be required to share a certain percentage of the compensation with TIET, as per the then prevailing norms at that point of time.
- vi. However, when on EoL, if the compensation received from the start-up is related to any work done in TIET (including but not limited to usage of facilities at/of TIET) then TIET norms for consultancy projects will be applicable and he/she will be required to share a certain percentage as per the then prevailing norms. This will also apply to those on sabbatical leave.
- vii. Faculty member on EoL will be allowed to obtain shares of the start-up/company as compensation for engagement with the company in part or in full, in lieu of cash payment. He/she will however be required to share the details of these shares with TIET.
- viii. Faculty member on sabbatical leave too will be allowed to obtain shares of the start-up/company as compensation for engagement with the company in part or in full, in lieu of cash payment. He/she will however be required to share the details of these shares with TIET. He/she will however be required to share a certain percentage of shares with STEP-TIET/VL-TIET as per the then prevailing norms, irrespective of whether it is related to any work done at TIET or not, as he/she will be receiving the salary during this period. The shares shall be transferred to STEP-TIET/VL-TIET on the same valuation terms.

- ix. The faculty member after completing his sabbatical or EoL will re-join TIET. Post this, no compensation is due to TIET as long as the involvement of the member, for which the compensation was paid, completely ceases after the leave period.
- x. In case the faculty member is involved as a mentor, consultant or any other form other than a shareholder after sabbatical or EoL, then rules applicable will be same as that of part-time engagement as mentioned in section 3B.
- xi. In case a faculty member intends to be involved as a mentor, consultant or any other form after sabbatical or EoL, with the start-up, then it is mandatory for the faculty member to take the prior written approval of the Competent Authority. The terms of written approval, will be subject to amendment (from time to time), at the sole discretion of the Competent Authority. The decision of the Competent Authority, will be final.
- xii. The terms (including financial) of TIET technology/ IPR to be and/or licensed, will be independent of the above-mentioned Clauses and will survive even after the faculty member re-joins TIET after completing his sabbatical or EoL.

4.0 Eligibility conditions for Faculty to engage in start-up activities at TIET campus.

TIET encourages the faculty to promote start-ups alone or with students and other non-TIET members, however at the same time, some basic eligibility criterion has to be followed;

- i. A regular faculty member having experience of 02 years of job after/ beyond the completion of probation period i.e. confirmation after the period of probation is eligible to participate in the formation of a start-up.
- ii. The faculty can move with the graduating start-up only after a period of 10 years of regular service in the institute. If the faculty falls short, he/she may continue to be on the board in the start-up while it is incubating at the Institute till the time the aforesaid service duration is met. However, this decision is at the discretion of the university authorities.

5.0 Guidelines for incorporating a Start-up by Students

Students or TIET member can also incorporate a start-up company either singly or jointly with faculty as mentors or partners. This can be done through a start-up semester or through Capstone Project wherein students form their own innovative groups and have one or more mentors (faculty) to guide through the project.

Innovative projects would also be evaluated (on case to case basis) and those exhibiting promise could be provided initially a pre-incubation support and subsequently help them in incorporation and incubation at STEP-TIET/VL-TIET.

Students (Undergraduate & Post Graduate)

- i. Ideally students and faculty members who intend to put up their start-up based on the technology co-developed/ developed by them or the technology owned by the institute, would be allowed to take a license on the said technology on easy term, either in terms of

equity in the venture and/ or license fees and/ or royalty to obviate the early-stage financial burden.

- ii. Student Entrepreneurs may earn attendance credits/ course credits for working on innovative prototypes/Business Models.
- iii. The structure of attendance credits in one semester (part-time mode) would be as under;
 - Ideation stage- 02%
 - Team and Company formation-05%
 - Working model for Technology based start-ups- 5%
 - Business services for service-based Start-ups- 5%

Including this 12% of attendance grace, the student shall have to meet the 75% attendance criterion to be eligible to take the end semester examination. The students having their start-ups or being a part of the start-up can avail a part or full exemption in any of the semesters.

- iv. Students shall not be allowed to skip any of the examinations fixed by TIET while pursuing entrepreneurship in part-time mode. However, in case wherein student intends to take a year off to pursue entrepreneurship on full time basis, his application would be routed through the Dean (Academics) for approval to the Competent Authority. Under such cases the student shall complete the UG degree in 6 years, while PG degree would be completed in 4 years and he/she will be awarded the degree on completion.
- v. Students who win prizes at state / national level idea competitions / business plan competitions may also be given up to 2% grace marks in the semester in which price was won. This academic incentive shall inculcate the spirit of entrepreneurship among students.
- vi. An expert committee appointed by the Competent Authority shall conduct annual, half yearly and quarterly reviews by evaluating the progress of the student entrepreneur on various areas and adequate corrective measure will be advised to overcome the short falls.
- vii. Student inventors would be allowed to opt for start-up in place of their mini project/ major project, seminars, summer trainings. The area in which student wants to initiate a start-up may be interdisciplinary or multidisciplinary. However, prior approval of such arrangement has to be approved by a committee comprising of Dy. Director, Dean Academics, Dean Research and Sponsored Projects, Coordinator STEP, Co-coordinator STEP and Head of the School/Department.
- viii. Further the numbers of hours spent on the project would be recorded in the form of electronic/ physical attendance at STEP to compensate their attendance. **This shall be for strict adherence.**

Doctoral Students

- i. The doctoral students interested in pursuing entrepreneurship would have a part-time attendance provision for their research/ start-up work. This has to be strictly followed looking into attendance requirement for doctoral research.

- ii. The attendance criterion and part time schedule for students setting up their ventures or working in the ventures should be mutually arrived to between the supervisor and the student, with requisite approval from Dean (Research and Sponsored Projects).
- iii. Students pursuing their doctoral or M.Tech. program should clearly describe how their work at start-up would be separate/different from their ongoing research work towards the degree.

The terms (including financial) of TIET technology/ IPR to be and/or licensed, will be independent of the above-mentioned Clauses and will survive even after a student (Graduate/Post Graduate/Doctoral) has graduated from TIET, keeping in view the financial interests of the Institute.

Start-up by Alumni

- i. TIET will facilitate start-ups incorporated by Alumni (within five years of the award of their degree). The program to support this could be Entrepreneurship-in-Residence (EiR). The university will evaluate and select applications of Individual alumni on the intense review of the Idea / Proof of Concept (PoC) as well business plan.
- ii. The EiR will have to function from STEP-TIET/VL-TIET on day-to-day basis, participate in pre-seed funding and grant competitions to develop prototype of product/service.
- iii. Well established Alumnus could be invited for possible funding of EiR or team of EiR comprising of regular students of TIET aspiring to become entrepreneurs.

6.0 Guidelines Regarding Intellectual Property (IP) Rights

The intellectual property comprises of Patents, Trademarks, Copyrights, Industrial Designs and Integrated Circuits; Plant Varieties, etc.

PATENTS

- i. In case of patents, all inventions carried out by faculty/ researcher/ students in continuation to the other responsibilities with the academic institution shall be owned by the TIET. The commercial agreements will as per the IPR policy applicable at that point of time.
- ii. In case the Incubatee company develops a technology/product, then the IPR would be jointly held by the innovators, Incubatee company and the institute. Under such cases the freedom to operate will lie with the incubatee company for the process of commercialization. In case the technology is solely commercialised to a third party i.e., manufacturing & marketing license then the incubatee company will share 3-20% of the license fees and net sale proceeds towards entrepreneurial ecosystem strengthening at the Institute. In case he technology is sold out to a third party (complete package) with all rights to operate, then the sale proceeds (incl. royalty) received will be shared equally between the inventors, incubatee company and TIET (33.33% each).
- iii. That it is clarified that the above-stated clauses will be subject to the approval of TIET and the decision of TIET will be final and binding on all of the parties.

COPYRIGHT

- i. The ownership rights in scholarly and academic works generated shall be jointly vested with the author(s) and TIET.
- ii. The ownership rights in lecture videos or Massive Open Online Courses (MOOCs), films, plays, and musical works, institutional materials including, but not limited to, course syllabi, curricula, exam questions, exam instructions, and papers/ reports specifically commissioned by TIET, shall ordinarily be vested with TIET. The moral rights shall continue to vest with the author(s) wherever applicable.
- iii. Proceeds from the commercial sale of the such copyright would be equally shared between TIET and the Author(s).

TRADEMARKS

- i. Product trade marks created by the incubatee company when jointly creating the patent with the Inventor, would be vested with the incubatee company and TIET jointly. Proceeds of the commercialization of such trademarks would be equally shared between TIET and the Incubatee company.
- ii. All the commercial activities related to academics created within TIET premises will have the trademark of the TIET. Further it rests on TIET to commercialize this trademark or not.

INDUSTRIAL DESIGNS

- i. All industrial designs whether made by student/ researcher/ faculty (in furtherance of their responsibilities with the academic institution) in the start-ups company developed shall be jointly shared between the innovator, incubatee company and TIET.
- ii. Commercialization of these designs would be jointly shared between the innovation team, incubatee company and the TIET (33.33% each as per Bayh dole act)

SEMICONDUCTOR INTEGRATED CIRCUITS AND PLANT VARIETY

- i. The ownership rights over integrated circuits and plant varieties, TIET, shall be jointly shared on the same model as for Patents in the above section.

Further all other IPR related issues would be governed as per Institute IPR policy.

07. EXIT

The start-up may plan the exit of TIET based on the following conditions; under such conditions this Start Up policy will cease to exist for the company;

- i. After the completion of incubation, including extended incubation, if any
- ii. When the number of employees exceed 20 in the incubatee company
- iii. When the net profit after the tax (all types of taxes) exceeds Rs. 50 lakhs per annum
- iv. When the company enters in acquisition, merger or amalgamation deal, or re-organization resulting in substantial change in the company profile.

While during the exit, TIET shall receive

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

OR

- ii. Liability-Free fixed equity (*Pari pasu*) of 5% in the Company. TIET, shall reserve the right to liquidate any or all of the equity shares within or latest after two years of formation of the Company while the Company will reserve the first right of refusal for purchase of the equity shares from TIET, Patiala at a price fixed solely by TIET
- iii. That it is clarified that the above-stated clauses will be subject to the approval of TIET and the decision of TIET will be final and binding on all of the parties.

The terms (including financial) of TIET technology/ IPR licensed, will be independent of the above-mentioned Clauses and will survive even after a start-up company exit. The terms will be mutually settled between Start-up and TIET.

08. GUIDELINES FOR CONFLICT RESOLUTION & ARBITRATION

- i. If there is a dispute in ownership of IPR or matters related to IPR, a committee, comprising of two faculty members (having developed sufficient IPR and translated to commercialization), two of the Institute's alumni/industry experts (having experience in technology commercialization) and one legal advisor with experience in IPR matters, will examine the issue after meeting the concerned parties to help them settle the same amicably. The Institute can appoint alumni/faculty members of other institutes as members, if sufficiently experienced Institute alumni/faculty members are not available. Where the Parties have used their best efforts but failed to resolve a dispute through negotiation, within 30 days, then the parties may refer the dispute to be finally resolved by arbitration in terms of Clause 8 (iv) to (viii).
- ii. This policy document and all procedures outlined by the institute based on this Start-up Policy document shall be governed by and construed in accordance with the Laws of the India, without giving effect to its choice of laws rules and shall be submitted to the exclusive jurisdiction of the Courts at Patiala and the Hon'ble High Court of Punjab and Haryana.
- iii. If any dispute arises between the Parties hereto during the subsistence of this Policy document or thereafter, in connection with the validity, interpretation, implementation or alleged breach of any provision of this Policy, the Parties hereto shall endeavour to settle such dispute amicably (within 30 days) through mutual discussion among the Parties in dispute.
- iv. In the event the Parties are unable to resolve the dispute through mutual discussions shall be resolved by binding arbitration conducted by a sole arbitrator appointed under the provisions of the Indian Arbitration and Conciliation Act, 1996 (As amended till date) and the rules made thereunder.

- v. No arbitrator chosen shall be related to, employed by or otherwise affiliated with any Party, or any of their relatives or affiliates.
- vi. The arbitration proceedings shall be conducted in English, and in Patiala. The decision and award of the arbitrator shall be in writing and in English, and final and binding on all the Parties to this Agreement.
- vii. The arbitrator in his or her final arbitral award shall determine the final allocation of the costs of arbitration.
- viii. The award shall be binding on the Parties subject to the Applicable Laws in force and the award shall be enforceable in court of law in Patiala.