

# **Faculty Startup and Entrepreneurship policy of CUSAT**

## **1. Preamble:**

Cochin University of Science and Technology, henceforth referred to as CUSAT, strongly encourages faculty and students to innovate and pursue entrepreneurial ventures in their line of research or interest, which will help the society in form of products, services, employment, etc. CUSAT, in line with guidelines laid down by MHRD and best practices followed by various IITs, National Labs, and Universities of India, has drafted this entrepreneurship policy for its faculty and students.

## **2. Definitions**

**Faculty:** A regular Faculty at CUSAT.

**STARTUP:** An entrepreneurial venture working towards innovation, development or improvement of products or processes or services with a scalable business model.

**Startup:** An entrepreneurial venture in a new or existing company or partnership entity

**Owner or shareholder:** Any person with equity in the startup.

**Centre for Innovation, Technology Transfer and Industry Collaboration (CITTIC):** CITTIC is a centre formed under CUSAT for facilitating Innovation, Technology Transfer and Industry Collaboration between CUSAT and Industry.

**Innovation & Entrepreneurship Committee:** An expert committee for reviewing applications and making recommendations to CUSAT

**CUSATECH Foundation:** A SECTION 8 company incorporated on 24<sup>th</sup> September 2019.

## **3. Scope and governance**

- a) This policy scope includes any startup ventures consisting of faculty members of CUSAT. Startups could be owned by CUSAT faculty alone or in partnership with students/faculty/alumni of CUSAT or any other entrepreneur having no connection with CUSAT.
- b) This policy is not applicable to Startups, where faculty are mentors, consultants or advisors and not having ownership.
- c) CUSATECH foundation on behalf of CUSAT, will be the shareholder in startups, where faculty is an owner.
- d) An Innovation & Entrepreneurship Committee (I&E Committee) will be constituted with CITTIC Director as chair and Faculty In Charge of CUSATECH

Foundation as member. Additionally, Faculty of CUSAT and experts from Industry from various disciplines will be nominated by Vice Chancellor as members.

- e) Based on the applications presented to the I&E Committee, Chair of Innovation & Entrepreneurship Committee will be constitute a subcommittee with experts form relevant discipline to assess each application and give recommendations to CUSAT.

#### 4. Startup ownership terms

- a) Role of faculty may vary from being an owner, direct promoter, mentor, consultant or as on-board member of the startup.
- b) CUSATECH Foundation will become a co-owner in the startup where there is faculty ownership. 20% from the equity given to a CUSAT faculty by the startup, has to be given to CUSATECH Foundation. The equity held by CUSATECH Foundation in the startup will be capped at 9.5% of total equity of the startup. There is no cap on the percentage of equity that can be held by CUSAT Faculty.
- c) If there are more than one CUSAT faculty involved in a startup, CUSATECH Foundation will be given 20% equity from equity given to each faculty. The total equity for CUSATECH Foundation will still be capped at 9.5% and will be taken in proportion to percentage held by each faculty.
- d) Upon formation of a startup with faculty ownership, the concerned faculty are allowed to spend up to 20% of their working hours on their start-up activities in a non-executive role for a period of 3 years, without any change in teaching responsibilities. Extension of this period may be permitted by the University based on a request from the faculty to Registrar, CUSAT, which shall be reviewed and recommended by the I&E Committee based on the merit of the application.
- e) Any faculty who would like to spend more than 20% of their working hours for startup-related activities are required to obtain appropriate approval from the CUSAT in advance.
- f) Faculty can avail of sabbatical leave upto one year or go on leave without allowance with permission from CUSAT to work on their start-up activities in an executive role.
- g) Faculty can use Special Casual leave for the purpose of activities of startup.
- h) Product development and commercialization as well as participating and nurturing of startups would now be added as part of duties of a faculty.
- i) Participation in innovation and startup-related activities may be given due weightage during the faculty's annual appraisal and promotion.

## 5. Approval and governance of ownership

- a) Faculty can apply to CUSAT for taking ownership in a startup with details on information of products of the startup, all shareholders in the startup, capital and asset information, balance sheet of previous 3 years for existing startups, nature of work, contribution of Faculty towards the startup and an effort estimate from faculty.
- b) I&E Committee shall review the application, evaluate any conflict of interest, review the contribution of the faculty seeking permission and forward its recommendation to CUSAT for further action.
- c) On approval of the application by CUSAT on the recommendation of the I&E Committee, CUSAT will sign MoU with the startup about involvement of the faculty and ownership of equity by faculty and CUSATECH foundation. CUSAT has to be notified about change in ownership and change in role of the faculty in the startup entity.
- d) Faculty Startups are expected to be incubated in TBIs in CUSAT approved by CUSATECH Foundation. If the startup cannot be incubated in CUSAT for valid reasons approved by the I&E Committee, the faculty startup shall enrol for a virtual incubation with a TBI under CUSATECH Foundation.
- e) The startup will sign the incubation agreement with the selected TBI regarding the terms and conditions of incubation including rent, service charges and period of incubation.
- f) I&E council will review an annual report submitted by the faculty about the activities of the startup and his/her contribution during the financial year.
- g) Audited financial statement of the startup should be given on a yearly basis to CUSATECH Foundation.

## 6. Remuneration

- a) If the Faculty has taken leave without pay for working in the startup, it is allowed for the Faculty to take compensation from the startup.
- b) Faculty can provide consulting services to the startup and remuneration can be taken based on consultancy guidelines set by CUSAT.
- c) If the Faculty is on sabbatical and is drawing salary from CUSAT, he/she is not permitted to avail any salary from the startup. However, Faculty may offer services based on consultancy guidelines set by CUSAT.
- d) Faculty is not allowed to accept any gifts from the startup.

## 7. Exit of startup

- a) The startup should work towards a plan to buyback equity from CUSATECH foundation if
  - i. The faculty member has ceased to be an owner in the company.
  - ii. If there is an offer of external funding of the startup.
  - iii. It has been seven years since awarding of equity to CUSATECH Foundation.
  - iv. If the startup valuation has gone above INR 30 crores.
- b) The buyback price of equity held by CUSATECH Foundation will be based on an independent valuation of the startup and on arriving at a mutually agreeable price.

## 8. IP and Technology Transfer

- a) CUSAT will allow licensing of Intellectual Property Rights (IPR) to startup as per the CUSAT Technology transfer rules set by IPR policy.
- b) Patents policy applicable for CUSAT faculty, will apply for patents filed with CUSAT faculty as an inventor.
- c) Faculty working on funded projects shall ensure non infringement of IP rights of the funding agency and shall not engage in activities in violation of the undertaking given to the funding agency.