

Innovation and Entrepreneurship Policy

Preamble:

In today's era of Innovation and Design thinking, education has to be redefined by cultivating entrepreneurial mindset among students, faculties and by creating Innovation & entrepreneurship based ecosystem in educational institute. In alignment with this vision, MET IOP Incubation Centre, is set up to promote innovation and entrepreneurship among the, Staff, Research Scholars, Students at MET IOP and startups from the vicinity. To accomplish its goal, MET IOP will run and manage the Incubation Centre. This policy will also facilitate Intellectual Property ownership management, technology licensing and institutional Startup policy, thus enabling creation of a robust innovation and start up ecosystem across MET IOP. The policy is subject to periodical review and amendments.

1. Strategies and Governance

- A. Entrepreneurship promotion development will be one of the major dimensions of the MET IOP strategies. To facilitate development of an entrepreneurial ecosystem in the MET IOP and nearby area, specific objective and associated performance indicator will be periodically defined for assessment.
- B. Implementation of entrepreneurial vision in MET IOP Incubation Centre will be achieved through mission statements rather than stringent control system. The entrepreneurial agenda will be responsibility of the Director, MET IOP to bring in required commitment and well understood by the Top Management. However, promoting entrepreneurship requires a different type of mind set as compared to other academic activities. Therefore, Director, MET IOP will have large industry and business exposure.
- C. Resource mobilization plan will be worked out at the Institute/ management level for supporting innovation, pre-incubation, incubation infrastructure and facilities. A sustainable financial strategy will be defined in order to reduce the organizational constraints to work on the entrepreneurial agenda.
 - i. Investment in the entrepreneurial activities will be a part of the institutional financial strategy. Minimum 1% fund of the total annual budget of the institution will be allocated for funding and supporting innovation and startups related activities through creation of separate 'Innovation fund'.

ii. The strategy will also involve raising funds from diverse external funding sources through government (state and central) such as DST, DBT, MHRD, AICTE, TDB, TIFAC, DSIR, CSIR, BIRAC, NSTEDB, NRDC, Startup India, Invest India, MeitY, MSDE, MSME, etc. and non- government sources.

iii. To support technology incubators, MET IOP will approach private and corporate sectors to generate funds, under Corporate Social Responsibility (CSR) as per Section 135 of the Company Act 2013.

iv. MET IOP will also raise funding through sponsorships and donations. We will actively engage alumni network for promoting Innovation & Entrepreneurship.

D. For expediting the decision making, hierarchical barriers will be minimized through empowering the MET IOP team and individual autonomy and ownership of initiatives will be promoted.

E. Importance of innovation and entrepreneurial plan will be known across the MET IOP and will be promoted and highlighted at University Academic Calendar programs such as conferences, convocations, workshops, etc.

F. Action plan will be formulated at MET IOP level, having well-defined short-term and long-term goals.

G. MET IOP will develop and implement innovation and entrepreneurship strategy and policy for the entire university in order to integrate the entrepreneurial activities across various Centre for excellence, departments, faculties, career services within the Institute, thus breaking the silos.

H. Product to market strategy for startups can be developed by MET IOP Incubation Centre on case-to-case basis.

I. Development of entrepreneurship culture should not be limited within the boundaries of the Institute. MET IOP Incubation Centre will be the driving force in developing entrepreneurship culture in its vicinity (regional, social and community level). This shall include giving opportunity for regional startups, provision to extend facilities for outsiders and active involvement of the institute in defining strategic direction for local development.

2. Guidelines for Involvement of METIOP Faculty, Staff, Research Scholars and Students in Startups -

Educational institutes over the world encourage and enable their faculty members, researchers and students to involve in startups in various capacities while in

professional employment with the institute. Such measures encourage translation of inventions and innovations into commercial products for the larger good of the society. In many instances, such startups are often established in campuses of institutions due to their special needs and resource requirements such as domain expertise, specialized facilities and knowhow. Faculty members and students at METIOP too are continuously engaged in several cutting-edge research areas. However, most of these research outcomes may/may not get translated into commercial products, benefiting the society in general, due to several reasons. To promote entrepreneurship among faculty members, METIOP in line with the best practices of other institutes of higher learning across the world, encourages faculty members and students to undertake entrepreneurship-related activities. The objective of supporting entrepreneurship is to encourage participation of faculty members and students in commercial ventures, companies or similar entities with equity participation as an additional dimension to their existing roles as faculty members or students. METIOP encourages its faculty members and students to engage in businesses that are direct results of the research activities at METIOP, be on the board of such companies in the capacities of director, chairperson, promoter or any such role, subject to the terms and conditions of METIOP Startup Policy. The overall goal of implementing this Policy is to encourage entrepreneurship at METIOP and to link innovation to enterprises to financial success.

With a view to permitting and enabling the faculty members, research scholars and students to set up and involve in startups set up both at the campuses as well as outside the campuses, METIOP may consider the following guidelines for the same:

- Any faculty member or staff on duty or on leave, faculty on tenure, research associates, doctoral fellows and students having live registration (hereinafter referred to as “METIOP Member”), will be permitted to involve with startups either on a full-or part-time basis as promoter/advisor/consultant/any other approved role.
- The METIOP Member as defined above will be permitted to use specified physical and/or intellectual resources (e.g. laboratory and workshop equipment, laboratory instrument, IT resources and assistance of other METIOP Members) of METIOP as per prevailing rules notified by METIOP.
- The definition of startup considered for the purpose of this document will be as per the prevailing notifications of the Government of India from time to time. The current definition of startup is an entity that is headquartered in India, which was incorporated less than ten years ago and has an annual turnover less than Rs. 100 crores.
- The startup formed by the faculty member/staff /student would be promoted by the individuals and not by METIOP.

- It has also to be ensured that no reputational or financial liabilities accrue to METIOP, and the equity stake of METIOP (as agreed in the agreement between METIOP and the company) in the company is protected.
- Participation in startup related activities will be considered as a legitimate activity of faculty members in addition to teaching, conducting research, guiding researchers, providing industrial consultancy and completing management duties. The same will be considered while evaluating the annual performance of faculty members and faculties contribution to support innovation and entrepreneurship related activities will be rewarded through annual appraisals as per the Norms of METIOP. Each faculty member is encouraged to mentor at least one startup.
- It should be noted however that the METIOP Member should take all possible steps to ensure that his/her duties and responsibilities as a member of METIOP take precedence over all other activities regardless of the nature of his/her engagement with the startup. His/her engagement with the startup during regular work hours or on leave would be subject to the prior approval from the Institute's competent authorities. The faculty member/student has to take prior permission from the Institute before associating with any business venture or starting a new venture, through a proper application process.

2.1 Modes of Engagement of Faculty members with Startups

a) Capital Investment by faculty members by way of shares in a startup with no involvement:

- The METIOP faculty member may be involved in a startup by providing capital investment alone in return for shares with no other managerial, technical or mentorship role whatsoever.
- If the METIOP faculty member makes a financial investment in a startup or a company without making any contribution in the form of technical/consulting advice or any involvement of METIOP in the form of any commercial transaction or intellectual property or use of METIOP facilities, then such an investment will be treated as a private matter of the faculty member and of no concern to METIOP.
- The faculty member may however declare this to METIOP as a matter of good practice to avoid any conflict-of-interest situation.
- If a startup or any company awards a consultancy project to the METIOP faculty member, the prevailing METIOP rules and regulations for consultancy projects will apply.

b) Part time engagement of faculty members in a startup:

- Faculty members are allowed to participate in a startup on a part time basis as per prevailing METIOP norms.
- The faculty member will prior seek approval of METIOP for engagement with a startup on a part time basis as per prevailing METIOP rules. The faculty member must apply for approval for engagement with the startup and the startup must enter into an agreement with METIOP. Such an agreement should establish the mode of engagement of the faculty member with the startup besides including the METIOP technology / Intellectual Property being licensed to the startup.
- With regard to the extent of time spent on such participation, the compensation to the faculty member may be in cash for which METIOP norms for consultancy projects will be applicable.
- Alternately, the faculty member will be allowed to obtain shares of the startup/company as compensation for engagement with the company in part or in full, in lieu of cash payment. In such cases the faculty member will offer a certain percentage of these shares to METIOP. The shares shall be transferred to METIOP - Incubation Centre on the same valuation terms.

c) Full time engagement of faculty member in a startup with availing of sabbatical and special leave (SPL) for setting up a startup/pursuing entrepreneurship:

- An METIOP faculty member may avail of either sabbatical or special Leave (SPL) of up to one year, extendable by another one year (i.e., maximum two years) as per prevailing METIOP rules and may work full time for the startup. Permission will be initially given for six months and must be extended every six months therefrom.
- The faculty member will prior seek approval of METIOP for the abovementioned sabbatical or SPL as the case may be in accordance with the prevailing METIOP rules. Permission for sabbatical or SPL would be decided by a three-member committee appointed for the same.
- The faculty member must apply for approval for engagement with the startup and the startup must enter into an agreement with METIOP - Incubation Centre. Such an agreement should establish the mode of engagement of the faculty member with the startup besides including the METIOP technology / Intellectual Property being licensed to the startup.
- The faculty member will receive salary during sabbatical leave but will not receive any salary when he/she is on SPL.

- During the period of SPL, the faculty member can receive compensation from the startup in cash which need not be shared with METIOP as he/she will not be receiving any salary during this period. However, in the case where the faculty member is on a sabbatical leave and receives compensation then METIOP, norms for consultancy projects will be applicable and he/she will be required to share a certain percentage as per the then prevailing norms.
- However, when on SPL, if the compensation received from the startup is related to any work done in METIOP then METIOP 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.
- Faculty member on SPL will be allowed to obtain shares of the startup/company as compensation for engagement with the company in part or in full, in lieu of cash payment. He/she will however not be required to share any part of these shares with METIOP as he/she will not be receiving any salary during this period.
- However, if this compensation is related to any work done in METIOP, then METIOP norms for consultancy projects will be applicable and the faculty member on SPL will be required to share a certain percentage of shares with METIOP - Incubation Centre as per the then prevailing norms. The shares shall be transferred to METIOP - Incubation Centre on the same valuation terms.
- Faculty member on sabbatical leave too will be allowed to obtain shares of the startup/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 a certain percentage of shares with METIOP - Incubation Centre as per the then prevailing norms irrespective of whether it is related to any work done at METIOP or not as he will be receiving salary also during this period. The shares shall be transferred to METIOP - Incubation Centre on the same valuation terms.
- The faculty member after completing his sabbatical or SPL will rejoin METIOP. Post this, no compensation is due to METIOP as long as the involvement of the member, for which the compensation was paid, completely ceases after the leave period.
- Faculty member may continue to involve with the startup as shareholder on re-joining METIOP after sabbatical or SPL.
- In case the faculty member is involved as a mentor, consultant or any other form other than a shareholder after sabbatical or SPL, then rules applicable will be same as that of part-time engagement listed below.

2.2 Modes of Engagement for Research Scholars and Students with Startups

a) Part time engagement of research scholars and students in a startup:

- The METIOP research scholar/student can seek permission from METIOP to work for a startup on a part-time basis as per prevailing METIOP rules.
- A research scholar/student must apply for approval for engagement with a startup and the startup must enter into an agreement with METIOP - Incubation Centre. Such an agreement should establish the mode of engagement of the research scholar/student with the startup besides including the METIOP Technology / Intellectual Property being licensed to the startup.
- With regard to the extent of time spent on such participation, the compensation to the research scholar/student may be in cash for which METIOP norms for consultancy projects will be applicable only to research scholars and not to students.
- Alternately, the research scholar/student will be allowed to obtain shares of the startup as compensation for the engagement with the company in part or in full, in lieu of cash payment. In such cases research scholars will offer a certain percentage of these shares to METIOP - Incubation Centre. The shares shall be transferred to METIOP - Incubation Centre on the same valuation terms. Students will not be required to share any percentage of his/her shares with METIOP - Incubation Centre.
- The research scholar/student will have to satisfy all norms including attendance requirements for his/her program of study in order to earn a degree.

b) Full time engagement of research scholars and students with a startup

- The METIOP research scholar/student can seek permission from METIOP to take Special Leave (SPL) for a up to one year, extendable by another one year (i.e., maximum of two years) as per prevailing METIOP rules and may work full time for the startup.
- The research scholar/student must apply for approval for engagement with startup and the startup must enter into an agreement with METIOP - Incubation Centre. Such an agreement should establish the mode of engagement of the METIOP member with the startup besides including the METIOP Technology / Intellectual Property being licensed to the startup.
- Research scholar/student will not receive any fellowship when he/she is on

SPL.

- During the period of SPL, the Research scholar/student can receive compensation from the startup in cash which need not be shared with METIOP as he/she will not be receiving any fellowship during the period. However, if the compensation is related to any work done in METIOP, then METIOP norms for consultancy projects will be applicable only to research scholars and not to students, and will be required to share a certain percentage as per the then prevailing norms.
- Alternately, the research scholar/student will be allowed to obtain shares of the startup/company as compensation for engagement with the company in part or in full, in lieu of cash payment. Again, he/she will not need to share any part of these shares with METIOP as he/she will not be receiving any fellowship during this period. However, if this compensation is related to any work done in METIOP, then METIOP norms for consultancy projects will be applicable to research scholars and not to students and will be required to share a certain percentage of shares with METIOP - Incubation Centre as per the then prevailing norms. The shares shall be transferred to METIOP - Incubation Centre on the same valuation terms.
- The research scholar/student, on returning, has to satisfy all norms including attendance requirements for his/her program of study in order to earn a degree.
- Student entrepreneurs should be allowed to sit for the examination, even if their attendance is less than the minimum permissible percentage, with due permission from the institute.
- Student entrepreneurs may earn academic credits for their efforts while creating an enterprise. Institute will set up a review committee for review of start up by students, and based on the progress made, it may consider giving appropriate credits for academics.

2.3 Guidelines for Equity sharing between Startups of Faculty Members / Student with METIOP - Incubation Centre

- In return of services and facilities, METIOP - Incubation Centre may take 2% to 9.5% equity stake in the startup/company, based on brand used, faculty contribution, support provided and use of Institute's IPR. (A limit of 9.5% is suggested so that METIOP - Incubation Centre or METIOP has no legal liability arising out of startup. METIOP - Incubation Centre will normally take much lower equity share, unless its full-time METIOP member has a substantial share). Other factors for consideration will be space, infrastructure, mentorship support, seed funds, support for accounts,

legal advice, patents, etc.

- It is expected that METIOP - Incubation Centre will take no more than 20% of shares that METIOP member takes while drawing full salary from the Institute; however, this share will be within the 9.5% cap of company shares mentioned above.
- There will be no restriction on shares that METIOP members can take, as long as they do not spend more than 50 man-days in a year of office time on the startup in advisory or consultative role and do not compromise with their existing academic and administrative work/duties.
- In case of a largely equity model, the startup may be given a cooling period of one year extendable by another one year (i.e., maximum two years) or until the time of the first investment by an external investor, whichever is earlier, to use incubation services on rental basis and to take a final decision for sharing of equity based on services offered by METIOP - Incubation Centre.

2.4 Guidelines Regarding Intellectual Property (IP) Rights

The METIOP member, while on duty or on leave, may be involved in the creation of IP either solely or in association with a startup or a company. The definition of IP will include, but is not limited to, inventions/innovations (whether patentable or not), invention/innovation disclosures, trademarks, trade secrets, know-how, proprietary information, technical data, documentation, data collections, databases, concepts, processes, prototypes, software, designs, drawings, names, symbols, images, materials, biological material, plant genetic material, support services and the like, whether or not the foregoing are in tangible or intangible form, which enable people to earn recognition and financial benefit.

- If such an IP is created with the involvement of the METIOP member, then any contract between METIOP/METIOP - Incubation Centre *and* the startup specifying the sharing rights for the IP will hold good on terms defined either in terms of equity in the startup and/or license fees and/or royalty to obviate the early stage financial burden. License fees could be either/or a mix of
 - a) Equity shares in the company licensing the product
 - b) Upfront fees or one-time technology transfer fees
 - c) Royalty as a percentage of sales

In the absence of such a contractual obligation, the prevailing METIOP IPR Policy, Rules and Regulations will apply.

- In case the METIOP member develops an IP (both during part-time

association or while onleave) at a startup or company which leverages prior IP developed at METIOP, the member must ensure the prior IP is properly licensed by the startup. In the absence of such a contractual obligation, the prevailing METIOP IPR Policy, Rules and Regulations will apply.

- The same will apply on the METIOP member's retirement/superannuation/change of job.
- In the event the startup or company uses any "know-how" for business purpose, which has not been secured through any IP registration application, the faculty member has to disclose the source and origin of such "know-how".
- In case the startup or company to which the IP has been licensed to further sublicense the same to any other entity, then the licensing revenue generated by the said company will be distributed among the inventors and METIOP/METIOP - Incubation Centre as per the extant IPR Policy of the Institute.
- If product/IPR is developed by faculty members/students not using any Institute facilities, outside office hours or not as a part of the curriculum by students, then product/IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties or use the technology the way they deem fit.
- If there is a dispute in ownership of IPR or matters related to IPR, a committee, consisting 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. The Institute can appoint alumni/faculty members of other institutes as members, if sufficiently experienced Institute alumni/faculty members are not available.
- The startup or company may be permitted to use the laboratory and other such facilities to which the founding faculty member(s) is/are entitled and allowed with a clearly defined conflict of interest policy. The company may also use other facilities of the Institute on payment basis as per prevailing norms. In addition, to ensure safety and security of all concerned, all compliances and procedures for laboratory usage should be strictly adhered to.
- If any IP is generated by the startup during their course of incubation, the information about its filing and status of IP application should be provided to METIOP for records and information.

2.5 Guidelines regarding Non-Disclosure Agreements, Indemnification, Arbitration & Dispute Resolution

a) Confidentiality

It is understood that all METIOP members will undertake to sign suitable non-disclosure undertakings wherever sharing of any confidential material is involved with external parties on behalf of METIOP or themselves and submit a copy of the same to METIOP.

b) Indemnification

METIOP Members shall indemnify and keep fully indemnified METIOP , it's affiliates , directors and employees from and against all direct losses, liabilities, penalties, interests, actions, proceedings, claims, demands, costs (including without prejudice to the generality of this provision, the legal costs) awards and damages arising directly as a result of, the following but not limited to (i) any breach or non-performance by the METIOP members and / or Core Team of any of their undertakings, representations, warranties or obligations (ii) fraud, gross negligence or willful misconduct by them, their company and/or Core Team; or (iii) claims arising out of Material Breach.

c) Governing Law and Arbitration

This policy document and all procedures outlined by METIOP based on this 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 competent Courts of Nashik.