

PANJAB UNIVERSITY ENTREPRENEURSHIP POLICY

The Panjab University entrepreneurship policy is envisaged to formulate guidelines for members of faculty/ students & researchers to promote academic veracity, multidisciplinary research, faculty entrepreneurship development, technology transfer and related areas of partnership development. The hallmark of entrepreneurial performance lies through effective coordination among different stakeholders involving **University / institute / Centres, the Faculty members / Scientists, the students / researchers, technicians and finally the collaborators.** For the effective outcome it is mandatory that entrepreneurship policy facilitates the stakeholders to work in harmony for the best possible outcome and promotes innovation and faculty competence.

In this regard, the Centre for Industry Institute Partnership Programme (CIIPP) Panjab University, strongly encourages the setting up of start-ups/ new companies, commercially viable translational research/ collaborative industrial research joint ventures/ academics. For any of these aforementioned initiatives, Panjab university faculty /students /researchers are entitled to associate as mentors, or Director, or Chief Executive Officer (CEO) or its equivalent. A uniform policy would be applicable to all the start-ups/companies etc. in case the start-up /company etc. originates from any centre /department /institute within Panjab University, Chandigarh and builds on the knowhow and IPR developed at PU.

The mechanism under which this policy would work will guide the start-ups as well as any partnerships that would be developed at the initiative of PU.

In either case, the primary focus would be on design and innovation so as to safeguard academic integrity and research environment at PU. This stage is being called as the nurturing phase so as to create an atmosphere that will generate new ideas and lead to innovative propositions. To streamline the entrepreneurship development, specified procedures, rules and regulations framed under the policy for Intellectual property and consultancy would mandatorily be applicable. An agreement in this regard would be signed.

Vision

To make Panjab University as a National Resource for the Promotion of Knowledge Entrepreneurship, Education & Research for Nation Building.

Mission

To devise mechanisms for facilitating the emergence of competitive first generation entrepreneurs and nurturing those into growth-oriented enterprises through enabling research, training and partnerships. Major **objective of the entrepreneurship policy will include the following:**

- 1) Providing a platform to the faculty and students to pursue their own ideas towards becoming partners in economic development process.
- 2) To trigger entrepreneurial culture and infuse such values to catalyse and promote development of knowledge-based and innovation-driven enterprises.
- 3) To influence the mind-set for university faculty towards entrepreneurship and promote employment opportunities amongst youth specially students.
- 4) To inculcate a culture of innovation driven entrepreneurship.

- 5) To offer platform for dynamic start-ups by motivating educated youth, scientists and technologists to consider entrepreneurship as a lucrative, preferred and viable careers.
- 6) To support early phase of entrepreneurship development including the pre-start-up, nascent as well as early post start-up phase and growth enterprises.
- 7) To facilitate creation of social enterprises to address the needs of the population at large.
- 8) To ensure adequate availability and flow of information to potential entrepreneurs, eliminate entry and exit barriers, create a business friendly, non-threatening and conducive regulatory and policy environment to reduce administrative burden related to compliances of various kinds.
- 9) To create an eco-system by evolving an institutional framework and organisational structure to achieve the above objectives.

Policy

The selection Procedure:

- 1) **Review:** Each proposal would be initially reviewed by a committee comprising of stakeholders from academia, industry centres and society. The Review Committee will measure the strength of the proposed innovation and business-worthiness. The members of the review committee are mentioned in Annexure-I.
- 2) **Modalities for application:** Any faculty /student/researcher desirous of starting an innovation based start-up would apply formally to Director CIIPP after getting due recommendation by the departmental academic/administrative committee, through mutual agreement, as per the format in annexure-II.
- 3) **The Administrative Composition of Starting a company:** The role of the faculty in starting a company must be clearly defined whether as a promoter (ownership), as mentor (volunteer service), as a consultant (paid service) or on the Board of Directors of a company (holding shares without promoter).
- 4) **The administrative body of the company:** In case of faculty being a promoter, the company can comprise of Faculty members alone, Faculty members and students of the home institute, Faculty members of the home institute and members of faculty of other institutes (sharing as per CIIPP consultancy rules), Faculty members, students and alumni and Faculty members and other entrepreneurs with at least one of those being from the faculty at PU.
- 5) **Usage of University facilities:** As companies get incubated at Panjab University, the use of lab facilities will be governed by policy framed in this regard.
- 6) **Support to company:** The faculty member may offer services as guide, coach and mentor in the company, if incubated by the policy to be framed in this regard.
- 7) **Hosting office:** All departments wherever the faculty member(s) are employed would provide required space, as per the availability, through CIIPP for hosting offices and lab access (the concerned faculty entrepreneur writes to the Director CIIPP for the approval), initially for a period of three years (against non-dilutable explained in Annexure-A) equity of 20% in the company) to provide sufficient incubation period, with review every year by the review committee. After the period of three years, a fee would be paid to Panjab University through CIIPP office, as per the decision of the committee duly formed in this regards under the chairmanship of Hony. Director CIIPP.

- 8) **Seed Funding:** The university shall endeavour to create the Corpus out of which the seed funding shall be given as loan from seed funding.
- 9) **Internships:** Panjab University under this policy will also support Internships for students in the company wherein, students may be hired to work even if they may not want to begin a company themselves. They may be put under a mentorship process with IP experts, entrepreneurs, and design experts. Any student would be eligible to apply. The duration would range between 3-6 months. The internship program aims to motivate students to innovate by nurturing an innovation based ecosystem. This would help the company to get the motivated human resource and at the same time would also provide the students a unique opportunity to develop a hands-on experience in innovation, development at early stage inventions and entrepreneurship.
- 10) By working with the company, the students would have an opportunity to develop or refine an existing invention, design and make prototypes, explore new applications, and evaluate markets. If the candidate performs well in the internship sessions, he/she may gain opportunities to get into an interface with the relevant accelerator programs pertaining to technology transfer, entrepreneurship, intellectual property, marketing and industrial design.
- 11) The program is also open to post graduate students with different backgrounds, such as science, medical/dental Sciences/ engineering, social sciences, arts and design etc.
- 12) For any internship and internship agreement must be signed with CIIPP. These internships will not be accepted under the master thesis requirements. The award of the internship will be decided by the joint committee appointed by the Director of CIIPP, in consultation with the entrepreneur.

Conflict of Interests:

Whenever a faculty member of Panjab University starts a company his/her time spent on company related work may overlap with his/her other responsibilities of the University. A comprehensive conflict of interest's policy is thus elaborated as under;

- 1) Whenever a Panjab University faculty member is involved in the above mentioned activities he or she has to sign an agreement with the university stating that his/her regular duties will not suffer on account of the conflict of his interests. If there is sufficient evidence against the faculty member that there is a negligence of his primary duties owing to his involvement in company or consultancy related work, the Director CIIPP, under a clause of confidentiality, reserves right to request information regarding the activities of the start-up for taking further necessary action through the review committee.
- 2) If the faculty member is involved in company work, he or she is allowed as per the provision in the time table and any time during or after working hours.
- 3) A faculty member who is involved as a direct promoter of the company, he or she can hold an executive position such as CEO, CTO (Chief Technical Officer) or COO Chief operating officer) etc.
- 4) When the company graduates (grown sufficiently larger) then the faculty member can take a sabbatical as per the rules of Panjab University or go for leave without pay as per the norms of Panjab University.
- 5) As a non-promoter, he/she can have stock options (certain shares) of the company for holding a position of independent Director. A sharing model for stock options with Panjab University has to be discussed and agreed upon as mentioned below as an example. No dilution of shares is permitted when company further grows out.

- 6) Panjab University will have the first right to buy the shares if faculty wants to sell them, and later on these could be sold to anyone keeping in mind the share for Panjab University.
- 7) Whenever a faculty driven company is selected by an outside accelerator/incubator program in India or abroad and if required the faculty member can spend a maximum of one semester at the incubation centre as part of the process. However, such cases will be decided on the basis of the recommendations made by a committee appointed by the Vice-Chancellor through CIIPP.
- 8) In cases where a faculty member offers his/her consultancy services to the company owned by another faculty member, the CIIPP consultancy terms and conditions will apply.
- 9) Any IP generated through this company would be the proprietary stake of the company with Panjab University as the assignee.
- 10) During anytime if wherein company infringe any Proprietary rights of others. The whole liability to resolve the matter should be on the company and University shall not be held accountable for anything whatsoever.

Annexure-I

Members of the review committee:

- 1) Chairperson (nominated by Vice-Chancellor)
- 2) Entrepreneur
- 3) Chairperson of the concerned department/ Senior most Professor of the department
- 4) Technology expert
- 5) A business management expert
- 6) A Legal Expert
- 7) Head, Management Cell IMTECH
- 8) Member(s) of CIIPP advisory committee
- 9) Director-CIIPP (Convenor)

Annexure-II

FACULTY ENTREPRENEURSHIP AGREEMENT

This Agreement is made on this day of(Year) by and between....., a Company registered under the Companies Act 1956, having its registered office at through its Director and the promoters (herein after referred to as “.....” which expression shall include unless it be repugnant to the context or meaning thereof mean and include their successors, representatives, assigns, promoters, holding company) FIRST PARTY AND Panjab University a university created under the UGC Act 1956 (hereinafter PU) SECOND PARTY WHEREAS (First Party) is a company formed and one of the promoter is Dr. a full-time employee of Panjab University, Chandigarh. The Faculty Promoter has some technologies and is desirous to convert it into a business through that is duly permitted as per the Faculty Entrepreneurship Policy (herein after FEP) framed by Panjab University, Chandigarh. WHEREAS the objective of the First Party shall be NOW IT IS HEREBY AGREED AND DULY COMMUNICATED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Objective: The Objective of the Agreement is to optimally use the Panjab University’s resources and infrastructure for mutual benefit, more specifically as per the Faculty Entrepreneurship Policy.

2. Consideration: As a consideration for allowing Dr.....to engage in Entrepreneurship, the First Party shall pay to Panjab University a 20% Non-Dilutable Equity (as defined in Annexure A) of the Total Promoter’s Shares at the time of signing this agreement and this shall be maintained at the option of Panjab University, Chandigarh.

3. NOTWITHSTANDING anything contrary herein, the Statute, Rules, Guidelines, Regulations Faculty Entrepreneurship Policy and any regulations of Government of India as amended or introduced from time to time shall prevail over this Agreement. The permission to allow a faculty company as a Director, Promoter, Executive Director can be withdrawn by Panjab University at any point of time. 4. The Company is required to submit to the Second Party the following reports: -

4.1 Quarterly Financial Report as per the format given in Annexure-B

4.2 Quarterly Activity Report as per the format given in Annexure-C

5. Arbitration: Any/all disputes between the parties shall be referred for arbitration to the Vice-Chancellor, Panjab University, Chandigarh or person so nominated by him under the Indian Arbitration & Conciliation Act whose decision of the panel shall be final and binding upon the parties. The place of arbitration shall be Chandigarh.

6. Panjab University reserves its right to nominate a representative on the Board of Director of the First Party till the time Panjab University holds equity. First Party shall indemnify to Panjab University any loss suffered or expense incurred in as a result of such nomination.

7. Any central resources to be used for the company work the existing norms as prescribed by Panjab University would be applicable.

In witness whereof parties hereto have signed this Incubation Agreement on the date and year mentioned hereinbefore.

For & on behalf of Panjab University, Chandigarh

For & on behalf of

Signature

Signature

Name

Name

Designation

Designation

Seal

Seal

Witness (Name & Address)

Witness (Name & Address)

1.

1.

2.

2.

Date

Date.

ANNEXURE-A

Clarification to the word “Non-Dilutable” appearing in the policy documents. What is Non-dilutable? This is clarified, by giving a simple example, for the interests of the parties and to avoid any confusion or ambiguity. The Company and their Promoters agree to provide 20% shares of the “promoters’ holding” in the company in lieu of the knowledge ecosystem provided by Panjab University to nurture the company, free of cost and this shall be duty of the promoters to maintain Panjab University’s 20% equity of promoters’ shares till Panjab University, Chandigarh decides to sell or give buy back option to the Company or promoters. Who are Promoters (For the purpose of this agreement)? Promoters are natural persons, including their close relatives and family members, who have formed the company and have signed the Articles of Association before the Registrar of Companies. Method of valuation for Equity Disposal: The method of maintaining the equity of Panjab University, Chandigarh at the stipulated level and the mechanism for equity disposal are as follows:

- A) On a price as mutually agreed;
- B) On a price calculated by an expert so appointed with mutual consent
- C) In case the parties do not agree with the amount calculated through mode as given in A & B paras above the valuation shall be done on the basis of the expenditure incurred and/or the assets (tangible and intangible) generated.
- D) The value of the Company assessed in the first cycle of funding received by the company.

All expenditure incurred including salaries shall be compounded on a quarterly rest basis by a risk adjusted rate of return of 20%. This rate has been arrived keeping in general, that the expected rate of return in successful ventures is of order of 20-30% The value of the company shall be treated as equal to this value. In case where the Director/promoter are working in the company without or nominal salary/remuneration, their contribution shall be calculated for this purpose as equivalent to the Total emoluments drawn on the date of valuation by the Faculty Promoter includes such emoluments like Basic, Dearness, House Rent Allowance and other allowances.

Example illustration which can be used to calculate exact as per the amounts proposed in policy:
Suppose “A” and “B” form a Company “C”, here A & B are the promoters for the purpose of calculation of 20% equity.

Assuming that the paid-up capital of the C is 2, 06,000 and authorized capital 5,00,000 with equity holding distribution given below:

Shareholding of Promoter “A”	10,000 Shares
Shareholding of Promoter “B”	10,000 Shares
20% of Panjab University equity of Promoters (A+B)	4,000 Shares
Total	24,000 Shares

Case 1: Suppose a Venture Capitalist (VC) invests in the company against 25 % equity in the company. The structure of the shares holding will be:

Shareholding of VC	6,867 Shares
Shareholding of Promoter “A”	10,000 Shares
Shareholding of Promoter “B”	10,000 Shares
20% of Panjab University equity of Promoters (A+B)	4,000 Shares
Total	30,867 Shares

Equity holding of Promoters (A+B) remains same, so there is no requirement to give additional shares to Panjab University, Chandigarh

Case 2: Suppose Promoters increase their shares by 5000 by any mode like but not limited to issuing additional shares, bonus shares then Panjab University’s equity will also be increased, without any consideration from Panjab University for the same this is to ensure that at all time the shares of Panjab University are equal to 20% of the equity of Promoters. However, this condition shall apply only up-to a period of one year from the date of exit from SIIC

Shareholding of Promoter “A” and ‘B’	25000 Shares
20% of Panjab University, Chandigarh equity of Promoters (A+B)	5000 Shares
Total	30,000 Shares

Case 3: Subsequent to this, any dilution of the equity may be based on the valuation of the promoters holding at the times of valuation. The Incubatee Company can issue additional equity at a premium based on the valuation. In case the shares are issued at a rate less than the full value (value arrived as per valuation defined herein above), the Panjab University’s shareholding shall also be increased in such a ratio that equity is maintained at 20% value of the pre-issue valuation. Suppose the promoters are “A” & “B” have 1000 shares with valued at Rs. 100/- upon valuation.

Shareholding of Promoter “A” and ‘B’ of Rs 100 each	1000 Shares
Panjab University equity of Promoters (A+B) of Rs. 100 each	20,000 Shares
Total present value	Rs 1,20,000/-

A & B issue additional 1,000 shares at a premium of Rs 50 x (Rs 50 × 1000), which is less than full value (Rs. 100/-)

Total Capital is $\text{Rs } 50 \times 1,000 + 1,20,000 = \text{Rs } 1,70,000$

Share of Panajb University, Chandigarh = $(200 + X)$, X= additional shares to be issued to Panjab University, Chandigarh as a result of under valuation

Total Shares = $1000+1000+(200+X) = 2000+(200+X)$

Value per Share = $\frac{1,70,000}{2000+ (200 + X)}$

$$\begin{aligned}
\text{Panjab University, Chandigarh Value} &= \frac{1,70,000 \times (200 + X)}{2000 + (200 + X)} = 20,000 \\
&= \frac{34 \times 10^6 + 17 \times 10^4 X}{2200 + X} = 2 \times 10^4 \\
&= \frac{10^4(34 \times 10^2 + 17X)}{2200 + X} = 2 \times 10^4 \\
&= 3400 + 17X \qquad \qquad \qquad = 4400 + 2X \\
&= 17X - 2X \qquad \qquad \qquad = 4400 - 3400 \\
&= 15X = 1000 \\
X &= 1000/15 \\
X &= 66.66\%
\end{aligned}$$

So according to this hypothetical illustration the Incubatee Company has to issue 67 additional shares to Panjab University, Chandigarh against this Panjab University, Chandigarh shall not pay any money.

Note: Please note that these hypothetical illustrations are only for the purpose of Clarification and should not be construed as actual which may be different from these figures (An Example derived from Entrepreneur Policy, IIT Kanpur with slight modification).

ANNEXURE -B

Quarterly Financial Information of the Name of the company

[Profit and Loss account from to]

Name of Product/Service:

Total Revenue Rs.....

Total Expenses Rs.....

• Capital Rs.....

• Recurring Rs.....

Net Profit/Loss Rs.....

.....
Managing Director

Address:

.....
Date:

ANNEXURE-C

Quarterly Activity Report of Name of the company

Attach extra sheets where required

For the period from..... to

1. Contracts/MoU/Agreements Entered with: License/Assignment (Name, Address, Nature, Consideration) Please attach a copy

2. Intellectual Property Generated: (Whether Patents, Design, Copyright) Please attach a copy If any student(s)/employee(s) is/are involved

3. New Product/Service:

4. Recent Clients:

4a. Details of contract/services provided to Panjab University, Chandigarh:

5. Lab/Equipment of Panjab University, Chandigarh used by the Company:

6. Student(s) of Panjab University, Chandigarh employed in the Faculty Company:

- Name & Roll Number:

- Course/Department:

- Hours worked per month:

7. Any Employee of Panjab University employed:

- Name:

- Designation:

- Hours worked per month:

8. Any other facility(ies) of Panjab University used:

Managing Director

Address:

.....

Date: