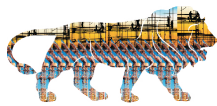




DRDO

Guidelines for Transfer of Technology



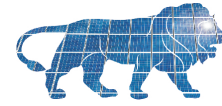
Construction



Roads and Highways



Automobile Components



Renewable Energy



Aviation



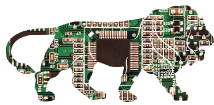
Electrical Machinery



Automobile



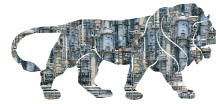
Food Processing



Electronic Systems



Railways



Chemicals



IT and BPM



Oil & Gas



Biotechnology



Wellness



Pharmaceuticals

Defence Research & Development Organisation





सत्यमेव जयते

रक्षा मंत्री
भारत
MINISTER OF DEFENCE
INDIA



MESSAGE

DRDO has made significant contributions in the development of Indigenous Defence Systems & Technologies. Many of these technologies developed originally to meet the requirements of Armed Forces have spin off applications in commercial markets too.

Government initiatives like 'Make in India', relaxing FDI norms and deregulating defence list from licensing requirements are likely to fuel the exponential growth of Defence Industry base in the country.

To establish a world class defence industry base in the country, to compete with international players and eventually become globally competitive in Defence manufacturing and to enter the Defence Exports market, Indian Industries need access to indigenously developed defence technologies, resources and world class infrastructure.

Technology transfer is a complex issue and further Defence systems are invariably more complex. Therefore, one has to keep in mind that some level of customisation is essential for effective and successful transfer of technology to industry and at the same time basic principles of transparency, level playing field and hand holding support are essential components of technology transfer process.


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This Guideline provides a general framework by which Indian private sector industries will gain access to DRDO developed technologies, 'the know how's' on a level playing field and may be reviewed for further improvement as we gain some experience. The Guidelines provide an opportunity to Indian Industries to add value and come out with variants through customisation/additional features to meet the user's aspirations in a short time frame. It recognises the efforts put in by the ToT recipient on the value added by them and aims to protect their intellectual inputs through exclusive rights on the value added product while the base technology/product may be made available to others, if required.

I congratulate DRDO scientists for taking a proactive step for formulating Guidelines for transfer of technology that will ensure transfer of indigenously developed technologies to Indian Industries for exploitation in appropriate markets. This in the long run would help creating a vibrant defence industry base that would eventually help the Indian industries to exploit the indigenously developed technologies for both military, para military, MHA agencies and spin off applications including exports.

'Jai Hind'



(Manohar Parrikar)

New Delhi
30th June, 2015



Dr S Christopher

**Secretary Department of Defence R&D and DG DRDO
Ministry of Defence,
Government of India**



Foreword

For past five decades, DRDO has been developing technologies, products, systems that are required for Indian Armed Forces. These developments are undertaken through projects as Mission Mode (MM), Technology Demonstrator (TD), Science & Technology (S&T) and Infrastructure (IF). In addition, DRDO also undertakes/ supports various technologies & products whose development is handled through Research boards, Extramural Research and grant-in-aid schemes. In the process of these developments, DRDO has been generating Intellectual Properties, trade secrets and copyrights and an institutional mechanism is in place to take adequate action to protect these IPs.

Many of the systems developed for military use are highly complex systems involving number of subsystems and many technologies. DRDO's mandate is to design, develop weapon systems and platforms for the 3 Services primarily while number of the systems/ products technologies could be used/ adopted by paramilitary and other security agencies of the central and state governments.

Once the system is trial evaluated and accepted by Armed forces, the technology is transferred to the Indian Industries to manufacture for meeting the requirements of Indian Armed Forces. While transferring the technology to the Indian Industries, DRDO provides the relevant 'know-hows' to enable Industries to value add. This is a qualitative difference for the Industries when they acquire technology for the foreign OEMs wherein such value addition is prohibited at the receiver's end and all such value addition happens at OEM'S end and often a new licensing agreements is required to be entered into by the industry for the value added product. Therefore the benefit to the industry to partner with DRDO is many-fold. It enhances their capability to face global competition. Moreover, many of the DRDO developed systems and technologies have potential for spin-off in commercial sector and even for export. Thus, Transfer of Technology (TOT) of DRDO developed technologies to Indian Industries contribute to Technological Self-Reliance, Industrial Growth and National Development.



The process for technology transfer to industries of military technologies and spin off technologies need to be different as the market dynamics are completely different. Accordingly the guidelines have been evolved. While the military technologies will be assessed through an internal mechanism, spin off technologies would be assessed based on “what Market Can Bear” concept.

Beyond military use, many of the technologies could be adopted by the industries for number of commercial applications and also global market. Number of technologies developed by our life science, material cluster labs has spin-offs as social technologies that could benefit the society at large and can also help the industries to grow. The benefits of this are many fold. To identify and evolve appropriate strategy for commercialization of such spin off technologies, DRDO has joined hands with Federation of Indian Chambers of Commerce and Industry (FICCI) and institutionalized a mechanism called Accelerated Technology Assessment and Commercialization or the DRDO FICCI ATAC Program. Global best practices have been brought in through this first of its kind initiative that has shown very good results. This will be further strengthened to ensure higher level of success.

In the ToT guidelines, some very important provisions have been incorporated after detailed discussions with all stakeholders in MoD, Servicers, Industry associations and Ministry of Law and Justice. I would like to thank Hon’ble Raksha Mantri for his guidance and direction that will enable the Indian private sector industries to access DRDO developed IPs, ‘know-hows’, on a level playing field with DPSUs and OFs.

In addition, it allows the industries taking the ToT to value add on the technology received and also protects the interest of the industry in such value added products or the variants by way of granting exclusive rights to such variants.

This in my opinion has the potential to provide the incentives to Indian industries both public and private sector to get into defence business, in a big way and will give big boost to “Make in India” with indigenouse design and full control over the IPs.

I Congratulate Director Industry Interface & Technology Management and his team of officers and staff for their efforts in evolving the guidelines with the active support of all the stakeholders including getting the approval of all the legal templates and ToT framework approved by the Ministry of Law & Justice.

‘Jai Hind’



Dr S Christopher



From the Desk of

Shri S Radhakrishnan
Scientist 'H' & Director, DI²TM



DRDO through its constituent labs is involved in design and development of number of systems, products and technologies to meet the requirements of Indian Armed Forces. In the process of developing the Defence systems for the Services, DRDO also develops number of technologies that are not necessarily exclusive military technologies but have large commercial potential. These technologies need to be identified, customized and transferred to industries to enable them to exploit its usage in different application areas beyond military use. This will enable the industries to acquire the necessary skills not only to make military systems of very high order of quality standards and performance levels but also be cost competitive. All developed nations recognize this fact and have evolved and institutionalized mechanisms to transfer the technologies to industries.

In India also, this has been the long standing demand of Indian industries for several years. This demand has been increasing ever since the government has allowed the Indian private sector industries to participate in defence sector that was reserved only for DPSUs and OFs.

DRDO, a part of Ministry of Defence has been transferring technologies developed to DPSUs and OFs that are also controlled by the Ministry without any formal arrangement on ToT. Today the defence sector is no more an exclusive reserve for DPSUs and OFs. Further the present government is giving full thrust to “ MAKE IN INDIA ” to give a boost to manufacturing. This will require private sector industries also to access the technologies developed by DRDO. This in the long run will also enhance self reliance in defence systems and reduce the vulnerabilities in National security due to large scale import.

“MADE IN INDIA;” not only ensures “ MAKE IN INDIA” to succeed, it also enables indigenous manufacture of the systems for our own use without any restrictions and also give us an opportunity to export to friendly countries, as “ What we own can only be exported easily”. It allows us to modify, adapt the system to different customer needs without compromising national securities, as we have the complete control over the system configuration and designs, know-hows and know-whys.

With the promulgation of the ToT guidelines, that provides level playing field between Indian private sector with DPSUs and OFs has been the long standing demand of the Indian



industries, the government has taken an important step. In fact this has the potential to change the landscape of the Indian defence industries in the country to catch up with some of the developed nations. Further beyond providing ToT at a nominal cost, it also allows the industries to value add on the basic technology handed over by DRDO and further protects the industries intellectual contributions for the value added products. This will go a long way to enable industries to become innovative to customise the products that are more user friendly. This is in fact a very bold step taken by the government and in the long run will help our own Indian industries to become globally competitive and also come out with their own designs through investment in R&D.

Technology transfer is a complex process and the guidelines are a tool to make it happen. For the Technology transfer to become successful, handholding the industry throughout the process of technology absorption till they start manufacturing the products to quality, is absolutely essential. The project teams associated with the technology transfer have to play a very crucial and supportive role and take extra steps to make ToT a success.

The guidelines provide a framework for transfer of technology to industries, both military and spin off technologies. While the military technologies are handled through in house institutionalized mechanism, the spin off technologies are handled through DRDO FICCI ATAC program. The ATAC program that has been a joint initiative of both DRDO and FICCI aims to bring world's best practices in technology commercialisation, in technology assessment and commercialisation. The program has been well recognized and has shown very promising results. Number of innovative processes have been introduced that has yielded good results.

I will be failing in my duty if I do not place it on record the support and guidance of Additional Financial Adviser and his team, Directors and Project directors from labs for the key inputs and the untiring work of my team of officers and staff in the directorate for their perseverance in seeking inputs from all stakeholders, Ministry of Law and Justice - but for which this would not have happened.

Above all I must thank Hon'ble RM who spent considerable time in going through the complete guidelines, line by line and offered his comments & suggestions. Thus the guidelines have path breaking provisions like level playing field, provisions to restrict number of ToTs for military systems (MILTECH) to ensure quality is not compromised, protection of intellectual inputs of industries to make them innovative and also invest in their internal R&D etc.

The ToT guidelines is just a beginning. I believe and remain hopeful, the successful teams are motivated through incentives and recognitions, as the economic benefit of a successful ToT is enormous to any Nation.

'Jai Hind'



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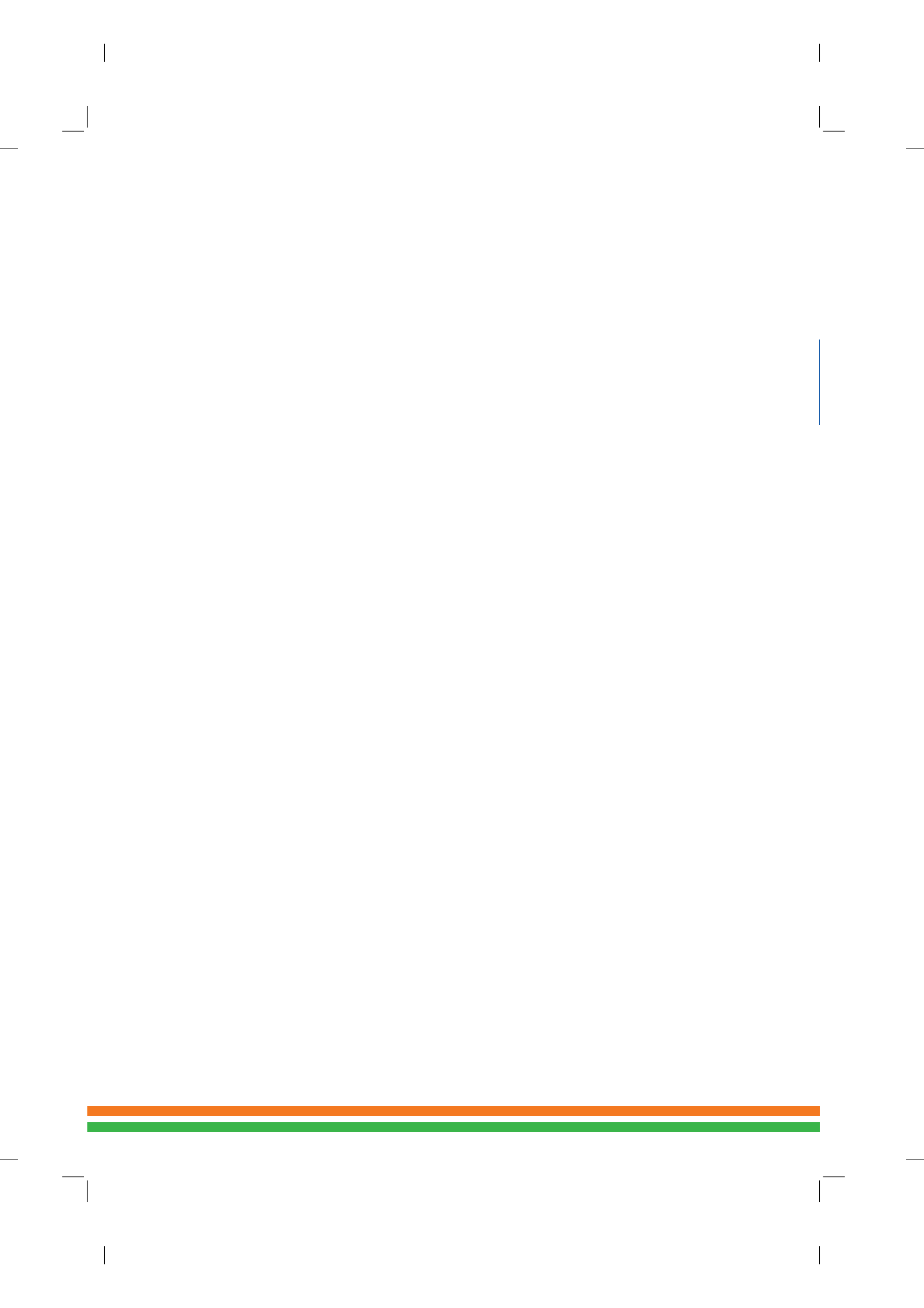


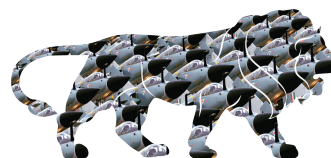
Enclosure to Govt. Letter No: DRDO/CCR&D(SI)/
DI²TM/07/TOT/2108/D(R&D)
Government of India, Ministry of Defence
Department of Defence Research & Development
New Delhi, Dated 2nd Sep 2015

Chapter 1

DRDO Guidelines for Transfer of Technology







1 DRDO Guidelines for Transfer of Technology

1.1 Introduction

- 1.1.1 Defence Research and Development Organisation (DRDO) has been developing technologies, products, systems that are required for Indian Armed Forces. These projects are undertaken by DRDO as Mission Mode (MM), Technology Demonstrator (TD), Science & Technology (S&T), Infrastructure (IF) and Product Support (PS) projects. In addition, DRDO also undertakes/ supports various technologies & products whose development has been undertaken through Research Boards, Extramural Research and grant-in-aid schemes. In the process of these developments, DRDO has been generating Intellectual Properties (IP), Trade Secrets, Patents and Copyrights and has a mechanism in place to protect them. Whenever the system has been trial evaluated and accepted by Armed Forces, the technology is transferred to the Indian industries to manufacture for production and supply. While transferring the technology to the Indian Industries, DRDO provides the relevant 'know-how' to enable Industries to carry out value addition to the base technology. This is a qualitative difference for the Industries when they acquire technology from the foreign OEMs wherein such value addition is prohibited at the receiver's end and all such value addition happens at OEM's end and often a new licensing agreement is required to be entered into by the industry for the value added product. Therefore, it enhances companies' capability to face global competition in the long term. Moreover, many of the DRDO developed systems and technologies have potential for spin-off in commercial sector and even for export. Thus, Transfer of Technology (ToT) of DRDO developed technologies to Indian Industries contributes to Technological Self-Reliance, Industrial Growth and National Development.
- 1.1.2 Guidelines for Resource Generation by DRDO was issued vide letter No: DP&RM/RG/6100/RD (Budget)/21/D (R&D), dated 01 Jan 1993 and revised vide letter Nos: DBFA/FA/10/6108/D(R&D) dated 23 Nov 1995 and DRDO/CCR&D(SI)/DI²TM/RG/2010/1525/D(R&D) dated 14 June 2010. The revised letter of 1995 had a stipulation for issue of "Guidelines for ToT fees/Royalty" separately. Accordingly several efforts were made since 1995 to bring out pragmatic and transparent guidelines that would meet vision and mission as well as societal obligations of DRDO. However, in the absence of promulgation of the guidelines, Transfer of Technology (ToT) developed by various DRDO labs to industries for supply exclusively for Defence use as well as for commercial exploitation has been taking place under departmental instructions on case to case basis. To streamline the process of ToT to Indian industries, the Transfer

of Technology Guidelines have been prepared by Directorate of Industry Interface & Technology Management (DI²TM), DRDO HQ after a wide consultation with DRDO labs, Project Directors, Chief Controllers at DRDO HQs, Defence Finance and other stake holders. Further as directed by Hon'ble Raksha Mantri, the templates of legal agreements e.g Licensing Agreement for Transfer of Technology (LATOT), Confidentiality and Non Disclosure Agreement (CNDA), Material Transfer Agreement (MTA) have all been duly vetted by the Dept. of Legal Affairs, Ministry of Law and Justice.

- 1.1.3 In this guideline the term 'technology' has been used for any design, know-how, processes, products, subsystems, system developed whose IP right is owned by DRDO and for which transfer of technology has to be done to the Industry to enable them to manufacture and sell as per the licensing agreement entered with DRDO.

1.2 Objective

- 1.2.1 The aim of these Guidelines is to establish an institutional mechanism for Transfer of Technology (ToT) from DRDO laboratories to Industries both public and private.

1.3 Scope

- 1.3.1 The "DRDO Guidelines for Transfer of Technology" will cover ToT of all technologies (except explosives) developed by DRDO (whose IP right is owned by DRDO) for manufacture of products for supply to Indian Armed Forces/ Paramilitary/ State Police etc. or for sale in appropriate commercial markets within India or abroad. Separate Guidelines for ToT of explosives will be issued after wider consultation within DRDO and also with MoD/ MHA.

1.4 Categorisation of Technologies for ToT

1.4.1 Categorisation Authority:

A Technology Review Board (TRB) will be constituted by Secy. Defence (R&D) for the purpose of categorisation as Cat 'A' & Cat 'B'. The TRB will be Chaired by a Chief Controller (R&D) and will have Addl FA (R&D), Director DI²TM, Director ER& IPR as members. Secretary Defence R&D may nominate additional members/ external experts as members, if required.

- 1.4.2 The TRB to categorise the technologies as Cat 'A' & Cat 'B', after taking into account the security sensitivity issues:

- a) **Category A:** Technologies for which Indian Armed Forces/MHA/other Govt. agencies (both central & state) are the only end users (Hereinafter referred to as "MILTECH"), ToT to be given to Indian Industries (Industries to comply with DIPP norms for Industrial License to manufacture Defence goods, wherever applicable) for manufacturing and sale only to MoD/ MHA/other Govt. Agencies

(both Central & State). These technologies are developed by DRDO

- i. As Built to Print -B2P through a supply order based on an Industry
- ii. As 'Built to Specifications-B2S' wherein the substantial Intellectual input have gone in deriving the detailed specification
- iii. Through in-house development
- iv. For which ToT is done through LSP (Limited Series Production) route

Note: In case any technology under Cat 'A' has demand in commercial markets and Industry wants license for use in commercial markets, the technology valuation will be carried out as per the provisions of Cat 'B'. Suitable clauses to this effect will be incorporated in the Licensing Agreement for Transfer of Technology (LAToT).

- b) **Category B:** Dual use (spin off) technologies that have large commercial potential beyond Defence applications. ToT is given to Industries for utilising the "Technology" to manufacture in India/ abroad and sell products based on the technology in 'India" and/or abroad.

1.4.3 **Approving Authority:** The recommendations of the TRB for categorisation of technologies as Cat 'A' & Cat 'B' shall be approved by Secretary, Defence (R&D). Post categorisation, transfer of Cat 'A' & Cat 'B' technologies will be done as per the provisions mentioned in this Guidelines.

1.5 Modes for Transfer of Technology (ToT)

1.5.1 ToT will be given to industries by DRDO by any one of the following mechanisms:

- a) **Directly by DRDO for all Category 'A' technologies:** "MILTECH" technologies under this category are essentially for MoD/MHA/other Govt. Agencies (Central & State) use. These are security sensitive technologies and needs to be monitored. Since these technologies are security sensitive, the licensing shall be restricted for manufacture and sales only to Indian MoD/ MHA/other Govt. Agencies (Central & State).
- b) **Through an External Agency for Category 'B' Technologies:** Technologies under this category are non-security sensitive technologies and has large commercial potential with certain adaptations. These technologies when commercialised are also likely to face competition from the market, if similar products or alternate is available in the market. The strength of Intellectual Property Rights (IPR) also determines the success of these products in the commercial space. Therefore, these technologies are required to be assessed for the market potentials, IP strategies, the USP (Better, cheaper or faster/easy to produce etc) of the product over other competitors. It is also important to understand the market growth in the sectors in which the product could be positioned for successful commercialisation. All these require proper assessment of the technology for its business potential and based on that the licensing strategy needs to be worked out. For cat 'B' technologies the ToT shall

be given for manufacture and sale in appropriate commercial markets within India and/ or abroad. Therefore, in such cases considerable market-analysis and research would be required to be carried out for valuation of Technologies on 'what market can bear' concept, defining the licensing regions and engagement models with the potential ToT recipient Industries. As DRDO's core competence is not in carrying out the market research in commercial space these would be done by collaborating with an external agency. For this purpose DRDO has entered into a MoU with an external agency [(Federation of Indian Chambers of Commerce and Industries (FICCI)]. The same may be continued with periodical review.

1.6 Type of ToTs

1.6.1 For Category 'A' technologies, the ToT will be offered to the Industry(ies) associated during development. Due priority will be given by the ToT Committees (Technical Assessment & Cost Estimation Committee) to such industries while making their recommendations. For Cat 'A' technologies, the ToT will be given on Non-Exclusive basis only. However, even in the case of "Non Exclusive" licenses, the number of licenses could be restricted for the following reasons:

- a) To ensure high quality of manufacture that is of primary requirement for these technologies
- b) Due to practical limitations on the support that could be given by the DRDO labs for technology absorption by the industries

Therefore, the number of ToTs may be restricted to those industries that were associated during development. Additional licenses, if required may be given by DRDO on a need basis. For Cat 'A' technologies, the Intellectual Property Rights shall always remain with DRDO. However, for value addition and variants, exclusive rights may be granted for the same.

1.6.2 Where ToT is to be given on Exclusive/ Restricted-exclusive basis, the ToT Committees (TAC & CEC) has to make justifications in their recommendations. Approval of Secretary Defence R&D will be required for the same.

1.6.3 For Category 'B' technologies, modes of licensing would be based on the market potential and the business case for successful commercialization recommended by the external agency and could be different for each case and these could be:

- a) Non-Exclusive License without transfer of IP Rights
- b) Limited period Non-Exclusive License/s without transfer of IP Rights
- c) Region/ Country specific Restricted-Exclusive-License without transfer of IP Rights
- d) Limited period license giving Exclusive Marketing Rights without transfer of IP Rights



- e) Outright sale of IP Rights
- f) Any other mode with due justifications

The terms & conditions of the Licensing will be as per the Licensing Agreement for Transfer of Technology (LATOT) to be entered between DRDO and the Licensee Company (Appendix-'K').

1.7 Legal Agreements

1.7.1 During the process of Transfer of Technology, several Agreements are to be entered. Before exchanging any confidential information, Confidentiality and Non-disclosure Agreement (CNDA) is entered, for 'due-diligence' of the technology before transferring any material, Material Transfer Agreement (MTA) is to be entered and finally Licensing Agreement for Transfer of Technology (LATOT) is entered between DRDO and the recipient industry. The details of the Legal Agreements to be entered are as follows:

- a) **Confidentiality and Non-disclosure Agreement (CNDA):** Prior to taking a final decision to obtain a ToT from DRDO, the potential ToT recipient industries generally want to carry out a 'due-diligence' to ascertain the claims made by DRDO about the technology. Thus in order to safeguard the Intellectual Property of DRDO, it is essential to enter into a CNDA with the Industry as a prerequisite for permitting the Industry to carry out the 'due-diligence' for validating the claims about the technology. The CNDA to be entered with Indian and Foreign Companies are placed at Appendix 'H' and Appendix 'I' respectively.
- b) **Material Transfer Agreement (MTA):** Often the Potential ToT recipient industries are interested in obtaining the sample of the product developed for carrying-out 'due-diligence'. In such a situation, in order to safe-guard the Intellectual Property of DRDO, it is essential to enter into Material Transfer Agreement (Appendix – 'J') as a pre-requisite for providing the material to the Industry for carrying out 'due-diligence'.
- c) **Licensing Agreement for Transfer of Technology (LATOT):** This is the final agreement between DRDO and the recipient industry which consists of details about the Licensing regions, ToT/Royalty fee, period of validity, handholding support required, arbitration clauses, performance guarantee and License Revocation etc. The LATOT to be entered with Companies is placed at Appendix 'K'.

1.8 Extent of Government's March-in-Rights Post-License/Sale

DRDO shall have the March-in Rights to use the Intellectual Property (IP) for its own use in the interest of Government of India without any restrictions, irrespective of the nature of license granted in the ToT agreement. Even in cases where the outright

6 | DRDO Guidelines for Transfer of Technology

sale of IP/Joint IP, DRDO reserves the March-in-rights to use the IP by Government of India for its Sovereign usage including further improvement, National Security, Research & Development purposes etc. but not for commercial use.

1.9 This Guidelines titled as 'DRDO Guidelines for Transfer of Technology' is set out in the document.

The following chapters are covered in the document:

- a) Chapter II - DRDO Guidelines for Transfer of Category 'A' Technologies
- b) Chapter III - DRDO Guidelines for Transfer of Category 'B' Technologies

1.10 Attempts have been made to cover all possible cases for ToT (refer Para 1.3 for Scope) in the 'DRDO Guidelines for Transfer of Technology'. However, if the need arises in future which doesn't get covered through the above guidelines then such cases would be dealt separately on case to case basis with approval of Secretary, Department of Defence R&D.

1.11 Provision have been incorporated in the 'DRDO guidelines for Transfer of Technology (ToT)' to cater for exceptions/ deviations. All such cases will be approved by Secretary, Department of Defence R&D.

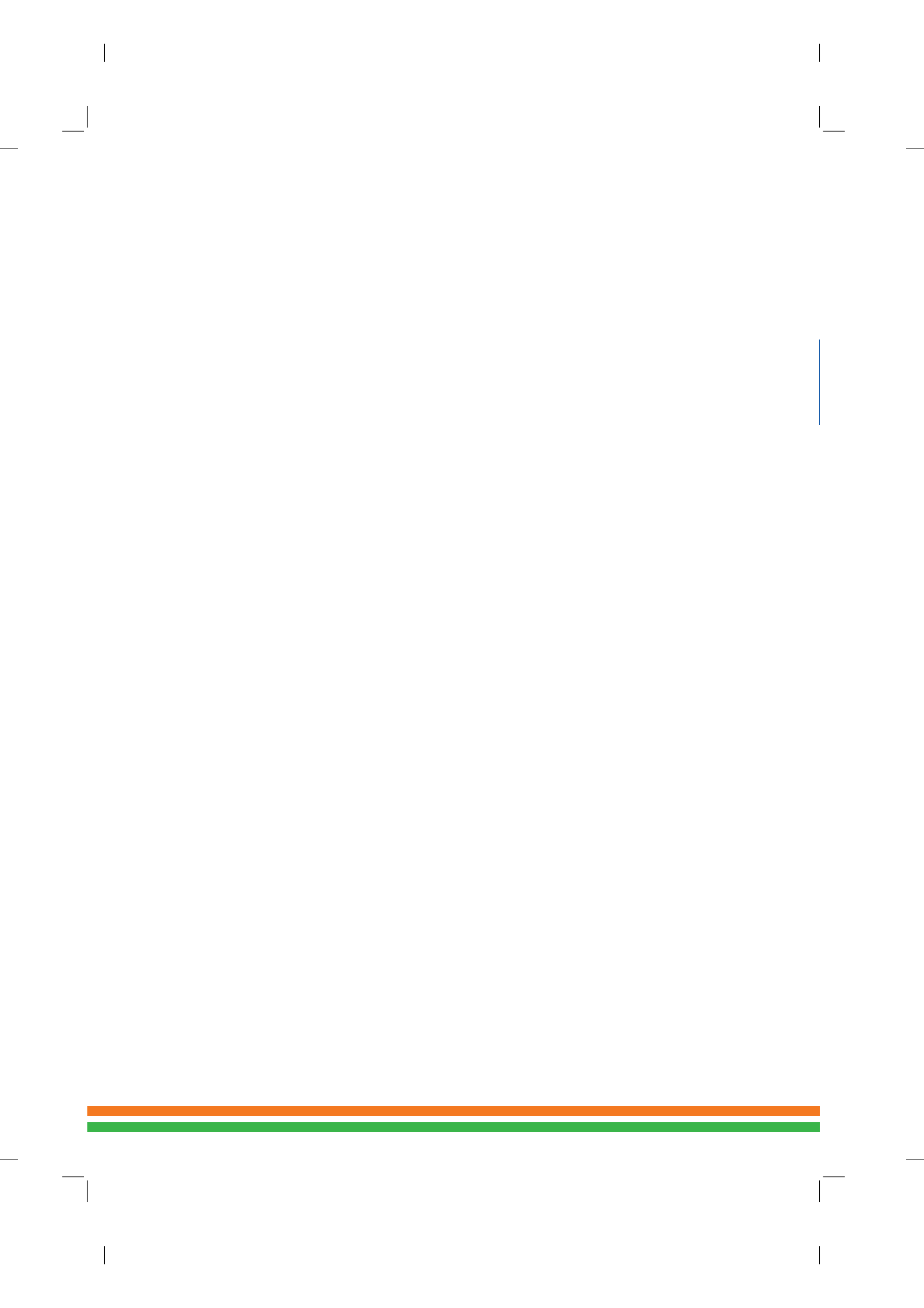
1.12 The policy will be reviewed after every five years.



Chapter 2

Guidelines for Transfer of Category 'A' Technologies







2 Guidelines for Transfer of Category 'A' Technologies

This chapter covers the Guidelines for Transfer of Technology for Category 'A' technologies, i.e., "MILTECH" as defined in Para 1.4.2 for which ToT has to be given to Industries for manufacture and sale only to MoD/ MHA/other Govt. Agencies (Central & State). The development cost for these technologies are fully borne by DRDO and the Intellectual Property (IP) rests with DRDO. The technology development is carried out either through in-house development or executed through an industry.

2.1 Transfer of Technology Procedure

- 2.1.1 For Make category of projects, Defence Procurement Procedure allows Government funding up to 80% and 20% is required to be borne by the Industry. The similar principle can be applied for ToT of Category 'A' technologies and the total upfront ToT fee shall be up to 20% derived out of the sanctioned Project Development Cost, taking into account the actual expenditure on the project.
- 2.1.2 Under the 'Make' by Industry category, DPSUs and OFB are not exempted in paying 20% of development cost, and only 80 per cent is funded by Government. DRDO projects are one of the Categories of 'Make', therefore post development, licensing the technology for manufacture by the Industries and charging an upfront ToT fee to all industries is fully justified. In fact in this case there is no undue risk, as development would have been completed with DRDO efforts. Charging upfront ToT fee to DPSUs will enable DRDO to have a uniform policy while licensing the technologies to Indian Industries for supply to Indian Armed Forces / other Govt. Agencies (Central & State). Therefore, ToT / Royalty fees would be applicable uniformly for PSUs, DPSUs and OFB as well all private Industries. The royalty fee would be charged @ 2% of net annual sales value for all these industries.
- 2.1.3 The first ToT would normally be given to the industry associated during development on priority (TAC is not required) and based on the reserve price and recommended by CEC and approved by the CFA.
- 2.1.4 In major systems/ platforms, more than one industry may be involved in realization of the various sub-systems. In general, the supply chain established by DRDO should

not be disturbed by the Industry that has received the ToT for the complete system. ToT of Cat 'A' Technologies will be done only on '**Non-exclusive**' basis. However, the number of licenses can be restricted even in the case of Non-exclusive Licenses. Whenever the CEC recommends the ToT to only one Industry, such cases shall not be treated as '**Single Vendor Case**' and shall not be rejected for both Capital & Revenue Procurements by MoD/ MHA/ Govt. Agencies (both Central & State). Hence, these cases to be processed for procurement by the procurement agencies.

2.1.5 LSP process would be managed as per the guidelines on LSP at Appendix 'C'.

2.1.6 In general, the Transfer of Technology (ToT) Procedure will involve the following:

- a) Technology Nomination (in the Technology Nomination Form at Appendix 'E') by the Concerned Laboratory with details of the technology for which the ToT is required to be given to industry and technology Screening and Categorisation at DRDO HQs (Appendix 'F')
- b) Solicitation of Expression of Interest (EOI) from Industries seeking ToTs, through website/ and advertisement in newspaper. Format for seeking EOI is placed at Appendix 'G'.
- c) **Technology valuation by Cost Estimation Committee (CEC):** The constitution, terms of reference is as per Appendix A. The ToT/ royalty fees for Cat A technologies would be as follows :
 - i. Total ToT fee as applicable to all industries to be charged up to 20% of the Development Cost derived out of the Sanctioned Project Cost without calculating Net Present Value (NPV). Based on the complexity of the project, as well as the efforts required, Cost Estimation Committee (CEC) to recommend the upfront ToT fee as applicable on case to case basis. In case of ToT of a subsystem/ component/ technology developed as part of the development project, CEC would apportion the Sanctioned Project Cost that could be assigned to the particular subsystem/ component/ technology.
 - ii. Royalty fee @ 2% of the annual sales will be applicable uniformly for all industries.
- d) Approval of Recommendations of CEC by CFA.
- e) Technical Assessment of Industries seeking ToT by Technical Assessment Committee (TAC). Constitution and Term of Reference of TAC is placed at Appendix 'B'.
- f) Signing of Confidentiality and Non-Disclosure Agreement (CNDA) (Appendix 'H' & 'I') and Material Transfer Agreement (MTA) (Appendix 'J') as required
- g) Due-Diligence of Technologies by Industries.
- h) Payment of ToT fees by Industry & Signing of Licensing Agreement (Appendix 'K')



- i) Handing over of ToT documents by Laboratory to the Industry & providing hand-holding support
- j) Absorption of Technology by Industry as recommended by the concerned Laboratory
- k) Issue of ToT certificate to Industry by DI²TM, DRDO HQrs on recommendation of the concerned Lab after the technology is absorbed by the Industry.

2.2 ToT Procedure Steps in Detail

2.2.1 Technology Nomination & Categorisation

The Technology nominations starts by the lab by filling the technology nomination form (Appendix 'E') the details of the technology for which the ToT is required to be given to industry. The nomination process involves a two tier screening of the technologies. The nominations are screened at the Lab and approved by the Director of the lab before submission to DI²TM at DRDO HQrs. At the HQrs Level, the categorisation of the technology is done at DI²TM, as per the screening and categorisation form placed at Appendix 'F'. All the nominations received are approved by Chief Controller R&D with the recommendation of Director, DI²TM.

2.2.2 Solicitation of Expression of Interest (EOI) from Industries seeking ToT

After the approval of DRDO HQrs, the laboratory would seek EOI from Indian Industries through advertisement (Appendix 'G') in leading National dailies/ DRDO Portal/ DI²TM portal of DRDO website.

2.2.3 Technical Assessment of Industries seeking ToT

The Technical Assessment of the industries submitting EOIs would be done by a Technical Assessment Committee (TAC) constituted by the Director of the concerned DRDO laboratory with the approval of DG cluster concerned. The constitution of TAC, terms of reference of TAC would be as Appendix 'B'. The TAC would be responsible in selecting the technically competent and financially sound firms. TAC shall also visit the industry premises for verification of the capability/ capacity of the company. Chairman, TAC will make its recommendations to Lab Director for approval.

2.2.4 Due-Diligence of Technologies by Industries

The Industries recommended by TAC and approved by Director of the lab are allowed to carry out due diligence of technologies for validation of claims made by DRDO regarding the technology. However, the industries are required to sign a Confidentiality and Non-Disclosure Agreement (CNDA) Appendix ('H' & 'I') before they could carry out due diligence. For carrying out due-diligence, the industries may visit the laboratory also. In case the industry is interested in getting a sample of the material/product for carrying out due-diligence then the industry is required to sign a Material Transfer Agreement (MTA) (Appendix 'J').



2.2.5 Technology Valuation

After receiving the recommendations of TAC, the Cost Estimation Committee (CEC) would be constituted by the concerned cluster DG. The baseline price would be recommended by a Cost Estimation Committee (CEC). The constitution of CEC, terms of reference would be as per Appendix 'A'.

2.2.6 Approval of Recommendations of CEC

The authority for approving the recommendations of CEC would be as follows:

For ToT Fee up to Rs 500 Lacs

Approving Authority : Chief Controller (R&D) with Concurrence of Addl FA

For ToT Fee above Rs 500 Lacs

Approving Authority : Secy. Def R&D with Concurrence of Addl FA

2.2.7 Signing of Licensing Agreement

The Licensing Agreement for Transfer of Technology (LATOT) to be signed would be as per the template approved by Department of Legal Affairs, Ministry of Law & Justice (Appendix 'K') and after the payment of upfront ToT fees is also made by the Industry as per the terms of the Licensing agreement.

2.2.8 Handing over of ToT documents by Laboratory to the Industry & providing hand-holding support

- a. Once the payment is realized, the ToT document is provided to the Industry by the laboratory. Free man-days for providing the handholding support for technology absorption by the ToT recipient Industry (Technology Transfer Period) would be generally as follows:

Sanctioned Cost of Development Project as part of which the technology has been developed	Below 50 Lacs	50 Lacs to 5 Crs	Above 5 Crs
Free Man-days	2 weeks	4 Weeks	8 Weeks

- b. However, depending on the complexity of the technology, if additional handholding support is required, the same can be recommended by the Cost Estimation Committee (CEC) on case to case basis.
- c. For any technical assistance given beyond the technology transfer period (i.e, the time period required for transferring the technology from DRDO to the ToT recipient Industry, per man-days rates to be charged @ Rs 20000/- (Rupees Twenty Thousand Only) for DRDS and @ Rs 10000/- (Rupees Ten Thousand Only) for Non-DRDS/ support staff. For deputation abroad, the ToT recipient Industry shall pay the consultation charges of \$500 (Five Hundred US Dollar) per man-days to DRDO. However, travel expenses, boarding and lodging charges for DRDS and supporting staff would be borne by Industry as per actuals and as permitted by Government rules.



2.2.9 **Issue of ToT certificate to Industry**

A certificate for Transfer of Technology (ToT) is issued by Directorate of Industry Interface & Technology Management (DI²TM), DRDO HQrs on the recommendation of Director of the Concerned Lab after the technology has been absorbed by the industry.

2.2.10 **Templates of Legal Agreements**

The templates of CNDA (Appendix 'H' & 'I'), MTA (Appendix 'J') and LATOT (Appendix 'K') may be customised to suit the requirement of ToT of individual technologies with the approval of Director, DI²TM, DRDO HQrs.

2.3 Renewal/Extension of Licenses

The performance of the Company in absorption of technology and the sale of the product based on the technology will be evaluated by a committee constituted by DI²TM for renewal of License. In such cases the feedback received from the Laboratory and the concerned user service(s) would be taken into account on the past performance of the firm. There will not be any additional ToT fee applicable for such renewal/extension of the existing licenses.

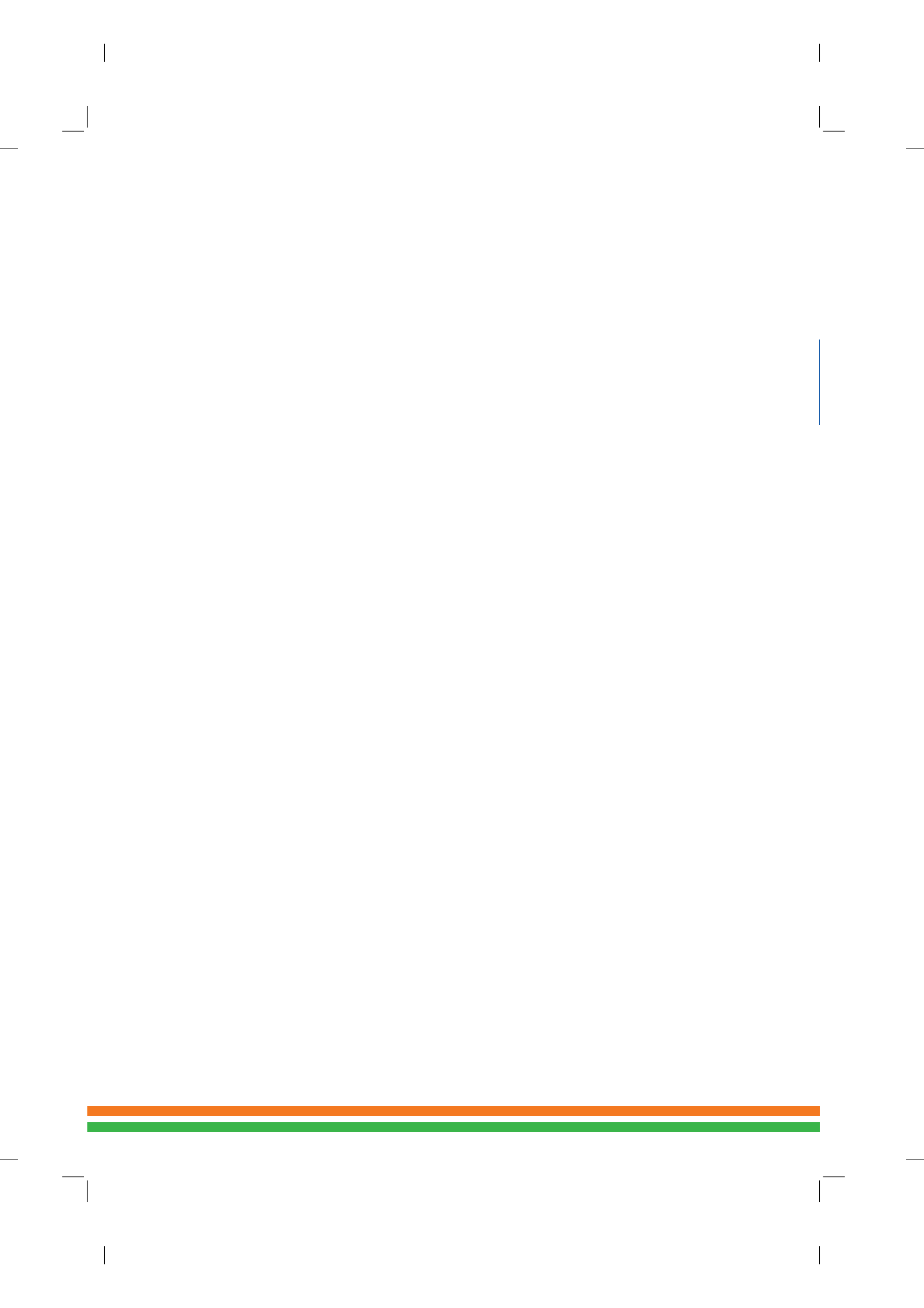




Chapter 3

Guidelines for Transfer of Category 'B' Technologies







3 Guidelines for Transfer of Category 'B' Technologies

This chapter covers the Guidelines for Transfer of Technology for Category 'B' technologies only.

3.1 Procedure for ToT of Category 'B' Technologies

The transfer of Technology for this category would normally be carried out through an external agency. The broad guidelines for giving ToT to any industry under this category would be governed by the framework of commercialisation as per Appendix 'D'. The procedure for ToT of category 'B' Technologies is described as follows:

- 3.1.1 Technology Nomination:** The procedure starts with the Nomination of the Technology in the prescribed 'Technology Nomination Form' (Appendix 'E'). The duly completed form would be submitted by Labs to DI²TM, DRDO HQrs who would seek approval of Chief Controller R&D for providing the Technology Nominations to an external agency for Technology Assessment & Commercialisation.
- 3.1.2 Techno-commercial Assessment and submission of Baseline Recommendations by External Agency to DRDO:** The external agency would carry out the market analysis and recommend the baseline values for ToT & Royalty fees, number of ToTs to be given and the handholding support requirements as per the framework approved (Appendix 'D'). The baseline would be approved by Chairman TRB constituted by Secy. Defence R&D, with the concurrence of Addl FA.
- 3.1.3 Signing of Legal Agreements:** The Confidentiality and Non-Disclosure Agreement (CNDA), Material Transfer Agreement (MTA) and Licensing Agreements for Transfer of Technology (LAToT) to be signed as per the templates provided at Appendix 'H', 'I', 'J' & 'K' respectively.
- 3.1.4 ToT to Foreign Entity or to an Entity with Foreign Equity:** Category B are spin off technologies and are non-security sensitive technologies in nature. The business potential has to be seen in the global perspective. However, wherever the licenses are to be granted to a foreign company, approval of RM, MoD and MEA is to be taken in all such cases.

- 3.1.5 ToT Fees Realisation and Handholding Support by Laboratories:** After the realisation of ToT Fees submitted by Industry, the concerned laboratory will transfer the technology to the Industry. Handholding support is provided by the concerned laboratory as per the terms & conditions of the Licensing agreement.
- 3.1.6 ToT Certificate to Industry:** A certificate for Transfer of Technology (ToT) is issued by Directorate of Industry Interface & Technology Management (DI²TM), DRDO HQrs on the recommendation of the Director of the Lab after the technology is absorbed by the Industry.



Appendices





Appendix A: Cost Estimation Committee (CEC)

(Applicable for Category 'A' only)

For ToT Fee up to Rs 500 Lacs

Approving Authority	: Chief Controller (R&D) with Concurrence of Addl FA (R&D)
Chairman CEC	: Director, Laboratory
Members	: Representative, Finance : Representative, DI ² TM : Representative, cluster DG
Member Secretary	: Representative, Laboratory (Senior Scientist)

For ToT Fee above Rs 500 Lacs

Approving Authority	: Secretary, Defence R&D with Concurrence of Addl FA (R&D)
Chairman CEC	: Director, Laboratory
Members	: Representative, Finance : Director, DI ² TM : Representative, cluster DG
Member Secretary	: Representative, Laboratory (Senior Scientist)

Terms of Reference:

- (i) The CEC would be constituted by the concerned cluster DG.
- (ii) CEC would recommend the following:
 - Mode of Licensing. In case of exclusivity/ limited period exclusivity, justification to be given.
 - **Recommendation of reserve/ baseline price for ToT/ Royalty Fees. ToT Fee will be charged up to 20% of the development cost derived out of the sanctioned project cost taking into account the actual expenditure in the project without calculating Net Present Value (NPV).**
 - The Number of Licenses to be given for the particular technology
 - Priority to be given to the Industry(ies) participated during development.

- Any special condition to be incorporated like stage/ milestone payment, period of validity of License, mode of ToT, Licensing regions, terms & conditions for renewal of license etc.
 - Period of free mandays for providing handholding support
- (iii) In case of ToT of a subsystem/ component/ technology developed as part of the development project, CEC would apportion the Sanctioned Project Cost that could be assigned to the particular subsystem/ component/ technology.
- (iv) The CEC to prepare and submit the report to Director, DI²TM, DRDO HQrs to process the case for CFA approval within 30 days of the constitution of the CEC.
- (v) In cases where CEC needs time beyond 30 days, approval of DG cluster to be taken.



Appendix B: Technical Assessment Committee (TAC)

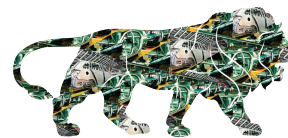
(Applicable for Category 'A' only)

Approving Authority	: Laboratory Director
Chairman	: Senior Scientist (Scientist 'F' and above) nominated by Lab Dir.
Members	: Project Director/Project Leader : Representative, cluster DG : Representative, DI ² TM
Member Secretary	: Representative, Project Team

Terms of Reference:

- (i) The TAC will be constituted by the Director of the lab with the approval of DG cluster concerned.
- (ii) TAC shall be responsible for selecting technically competent and financially sound firms which could successfully absorb the technology leading to productionisation of the products based on the technology while maintaining the requisite quality standards.
- (iii) TAC will verify the claims made by the Industry as per the information submitted in their Expression of Interest (EOI) (Appendix – G) and shortlist the Industry meeting the requirement for absorption of the technology.
- (iv) TAC would seek additional documents from industry and/or visit the shortlisted industries, if required to verify their capacity and capability to undertake production based on DRDO technology.
- (v) The TAC to prepare and submit the report to Director of the Lab for approval within 30 days of the constitution of the TAC.
- (vi) In cases where TAC needs time beyond 30 days to prepare the report, then Chairman TAC may seek extension of 15 days from the Director of the Lab. Beyond this period, any extension if required, would be with the approval of DG Cluster.

Appendix C: Procedure for Limited Series Production (LSP)



Introduction

1. Limited Series Production (LSP) of DRDO products accepted for induction by the services is undertaken before bulk production clearance is accorded by Service HQ/ MOD. It offers following advantages:-
 - (a) Enables conversion of product from lab model fielded for user trials to fully engineered product capable of production repeatability, **incorporating the user-suggested modifications and improvements.**
 - (b) Enables creation of infrastructure in the form of jigs and fixtures, special tools etc, for eventual free flow production.
 - (c) Provides an opportunity to the identified industry partners to absorb the technology and prepare for free flow production.
 - (d) Provides an opportunity to the Services to verify essential modifications and improvements to be carried out before the product goes for volume production.
 - (e) Quality assurance agencies get an opportunity to absorb the technology, associate themselves in the nitty gritty of production and quality control and prepare themselves for eventual QA/QC tasks during volume production.
2. DRDO would make an attempt to identify a development-cum production partner at the time of taking up the project. Identified partner would not only assist DRDO during the development stage but also take up the production of the developed product and give product support to Services during its life cycle. DRDO would continue to provide the necessary support to the partner on design issues, if required. However, there are occasions when DRDO undertakes Limited Series Production (LSP) for reasons as follows:
 - (a) Industry partners were not identified during development phase.
 - (b) Due to lack of confirmed quantity, production agency does not want to take up the production immediately.
 - (c) There are issues that need to be resolved during LSP before Services gives clear indications for bulk production.
 - (d) If the requirement itself is “one-off” or only a very limited quantity.
 - (e) Specific tasks requested by Services.
3. As opposed to an R&D Project which is essentially an in-house activity financed by R&D Budget, LSP is funded by concerned User Service HQ, is time bound (typically 24–36 months) and entails contractual obligations having time and cost implications. It may necessitate co-opting industry partners and transfer of technology to such

entities. Therefore, it is essential that all concerned fully understand the nuances of LSP activity and participate vigorously to ensure timely execution. This being a 'fast track' activity, procedure outlined for such activities should be adopted. However, care has to be taken to ensure that all activities are undertaken as per approved procedures and existing guidelines. All procurements shall be processed as per DRDO procurement manual, as amended from time to time. Standing TPCs would be constituted for expeditious processing of procurement cases.

4. It would be very essential to identify suitable industry partners capable of and willing to absorb the technology and ensure that technology is completely transferred to them and is correctly absorbed and implemented. Industrial entities who have collaborated with DRDO during R&D phase should be encouraged by giving them preference over others at the LSP stage while ensuring that it would not lead to a monopolistic situation and existing instructions are not contravened.
5. Ensuring involvement of Service representatives and DGQA right from the beginning of the LSP activity would be essential, even though DRDO would remain the AHSP during the LSP phase as it would enable DGQA to grasp the nuances and gear-up the QA/QC activities during subsequent free-flow production. DRDO, Service representative and DGQA could jointly resolve following issues during LSP:-
 - (a) Sampling methodology
 - (b) Testing criteria (QA documents, stage inspection)
 - (c) Expeditious clearance of products with limited storage life
 - (d) Acceptance criteria and ATP
 - (e) JRI procedure

LSP Proposal

6. Once a product has successfully completed users' trials, the concerned laboratory or the nodal laboratory in the case of a multi-disciplinary activity, will prepare a LSP proposal (LSPP) and forward the same to DI²TM at DRDO HQ. The proposal will include the following:-
 - (a) Description of the product bringing out the salient features and important technical specifications.
 - (b) Modifications/Improvements proposed to be carried out based on the feedback received from users on the trial of the prototype; mutually agreed compliance.
 - (c) Quantity to be Productionised: Ideally, the quantity to be productionised should be indicated by the Sponsoring Service Directorate at the time of initiation of product development activity. Otherwise, a commitment has to be sought for a certain quantity once the prototype (lab model) is tried out and the Sponsoring Directorate shows interest in the product.
 - (d) Nodal agency for LSP.



- (e) Role and responsibilities of various agencies and Service HQ involved in the LSP.
- (f) Particulars of industrial units to be co-opted for the activity: Since development activity invariably precedes LSP, agencies involved with the development of the product should be essentially involved in the LSP, in preference over new entrants. A formal commitment to this effect may have to be made at the stage of initiation of the product development activity so that the co-developers are not left out subsequently at LSP stage or when the product comes into full-scale production. This will also encourage entities involved at the development stage to actively participate and contribute to the development activity and the infrastructure and expertise acquired by them during product development would continue to be available during LSP and beyond. It may also enable DRDO to negotiate better terms with such entities at the time of awarding development contract.
- (g) Details of technology transfers envisaged.
- (h) Cost Estimates. Should clearly provide for escalation in costs since often there is a considerable time lag between the submission of LSP proposal and eventual sanction of the project. Escalation could be at ___% *per annum or the prevailing inflation rate, whichever is higher, commencing ___ *months from the date the cost estimate has been made.
- (j) Production plan clearly delineating the milestones to be achieved and period by which the milestones are to be achieved.
- (k) Financial year wise requirement of funds, linked to achievement of specific milestones.
- (l) Limited Confirmatory Evaluation to be conducted if any, scope of trials and expenditure involved. Cost for trials beyond the mandated ones and for repetitive trials shall be payable extra by the agency seeking such re-trials.
- (m) Scope of testing, ATP, Inspection methodology and role of DGQA during LSP for:-
 - (i) Joint Receipt Inspection (JRI). Since most of the development partners would be ISO certified agencies, self-certification by respective agencies is a possibility after the LSP phase. However, the issue should be decided in consultation with the user.
 - (ii) Issue of inspection notes based on which depots would receive consignment.
- (n) Training requirements for user and service agency.
- (o) Warranty including costing thereof.*
- (p) AMC requirements, if any, and costing thereof.

* To be decided in consultation with finance on case to case basis



- (q) Tie-up for back-to-back support from production agencies for 'In Service' support to the system.
 - (r) **QA and QC plan:** The QA and QC of the LSP will be responsibility of DRDO. However, DGQA or other agencies will be associated with the production as well as trials and inspections to enable them to absorb the necessary technical details for taking over the QA/QC responsibility subsequently. For the LSP phase, DRDO will be the AHSP.
 - (s) Estimated gradewise man-days of DRDO personnel (Labwise in the case of multi-lab involvement) likely to be utilised for the activity, to justify the utilisation of manpower.
7. Draft MOUs proposed to be signed with the User Service and with industry partners will also be forwarded along with the proposal, broadly covering the above aspects and other terms of contract.

Costing of LSPs - General Ground Rules

8. The total expenditure incurred by DRDO in developing the system may be indicated in the LSP proposal, though it shall not have bearing on the estimation of costs for LSP. Cost estimates will be made based on the guidelines given in succeeding paragraphs.
9. Stores procured by laboratories/establishments for undertaking development activities enjoy exemptions from customs/excise duties and other government levies including ST etc., subject to issue of appropriate certificates. LSP is the culmination of the product development and as such is an essential developmental activity leading to production. Therefore, exemptions available to the laboratories shall be extended to LSP activities also. The Government levies that are not exempted will have to be factored into the costing of LSP activity. When the product is for the exclusive use of the Services, as a matter of policy, development cost incurred during the R&D phase of the project will not be included in the costing.
10. The terms of reference for costing and all assumptions made for cost estimation should be clearly spelt out in the proposal. As far as possible, indicated costs should be suitably supported by documentary evidence. The period of validity of such costs should be clearly indicated.
11. In addition expenditure likely to be incurred towards following activities would have to be factored into the costing:-
- (a) Integration and testing including qualification of subsystems.
 - (b) Non-Recurring engineering including any build up essential for the LSP.
 - (c) Project management, to include movement of essential personnel and stores from all laboratories/establishments in connection with Transfer of Technology, LSP work and related activities.

- (d) Warranty, if any.
 - (e) Training of personnel from:-
 - (i) Production agency.
 - (ii) Quality assurances organisation.
 - (iii) User organisation
 - (f) AMC, if any.
 - (g) Spares back up for special operations, if any.
 - (h) Confirmatory trials.
 - (j) Customs duty in respect of imported elements, Excise duty, sales tax, octroi and all other statutory levies, which have to be paid/reimbursed by DRDO to fabricators/ suppliers.
12. Based on the costing as above, pricing of the activity will be arrived at by a committee consisting of the Director of the laboratory and a concerned project officer, representative of DI²TM and Finance. During negotiations with PSU/ Industry and / or user agencies, representative of DI²TM and Finance will be involved.

Cost of Procured Items

13. Items procured for LSP could be imported items, indigenous bought out items or items fabricated by DRDO laboratories/ establishments. Costing of these items would be done as follows:-
- (a) **Imported Items/Sub-Assemblies**
 - (i) Invoiced cost of the item (FOB) and cost escalation at ____% p.a. or prevailing inflation rate, whichever is higher, where essential. The rate of escalation may even be higher, depending on the nature of the item and will need to be determined on case to case basis. In case invoice cost for sub-systems is not readily available, lab should estimate the same as accurately as possible starting from bottom-up. Cost indicated in the LSPP would only be an estimate and variations within reasonable limits should be acceptable.
 - (ii) **CIF Cost:** where actual insurance and freight component is not indicated/not available it may be taken to be ___% *of the invoice value.
 - (iii) Customs duty, excise duty and other government levies as applicable.
 - (iv) **Material Handling Cost:** may be taken to ___%* of FOB value for high value items and ___%-* for low value items.
 - (v) **Non-manufacturing Overheads:** may be included at ____%* of the invoice value.

* To be decided in consultation with finance on case to case basis



- (vi) **Transportation Cost:** from Indian Port to the fabrication facility - at actuals.
- (vii) **Cost Escalation due to Variation in FE Rates:** to be factored in at ___%* of invoice value per annum. The rate at which FE has been calculated should be specified. Increases beyond, if any should be payable at actuals.
- (viii) Any other charges not specified above.
- (b) **Bought-out Items/Sub-Assemblies**
 - (i) Invoiced cost and cost escalation at ___ % *p.a., where essential.
 - (ii) Excise duty, Sales Tax, Octroi and other Government levies as applicable.
 - (iii) Material Handling Cost at ___ % *of invoice value.
 - (iv) Expenditure towards modification/integration/testing at fabricator's facility if not included at (i) above.
 - (v) Non-manufacturing Over Heads at ___ %* of invoice value.
 - (vi) Any other charges not specified above.
- (c) **Components/Sub-systems Fabricated by DRDO Labs/Estt.**
 - (i) Direct material cost & levies.
 - (ii) Material handling cost and transportation cost - at actuals.
 - (iii) Estimated Conversion Cost.
 - (iv) Escalation at ___% p.a.* or prevailing inflation rate, whichever is higher.
 - (v) Non-manufacturing overheads - at ___%* of (i) to (iii) above.
 - (vi) Notional cost due to manpower (direct and indirect) for DRDO fabricated items should be worked out, though not included in costing, to enable proper estimation of AMC cost subsequently.

Integration Cost

14. Cost of creating integration facilities including fabrication of jigs and fixtures, procurement of special tools and machinery for fabrication of the product etc. They will be costed at actuals including statutory taxes and levies, transportation costs to fabrication facility, installation and testing costs etc and costs towards essential maintenance at the fabrication facility during the LSP phase. Escalation at ___% *p.a. or prevailing inflation rate, whichever is higher may be factored into the costing, where essential.
15. Integration costs other than the above, specific to the project, should be estimated and indicated under this head, including expenditure towards manpower, utilities, consumables, logistics and overheads.

* To be decided in consultation with finance on case to case basis

Project Management Cost

16. All activities involving movement of personnel and stores need to be factored into the costing of the project. Most products being essentially multi-disciplinary in nature, several DRDO laboratories/establishments get involved in development of a product. Usually one laboratory/establishment is identified as the nodal laboratory/establishment for the project to co-ordinate LSP activity. There will be movement of personnel and stores to fabrication facility or nodal laboratory/establishment from other laboratories/establishments during LSP. This expenditure would have to be estimated and factored into the cost.
17. Any project specific expenditure, not otherwise included in the costing will be included under project management. Such expenditure needs to be estimated correctly.
18. Facilities required for effective management of LSP such as requirement of vehicles, office requisites, project specific employment of labour/ supervisory personnel and contingent expenditure essential to facilitate LSP may be estimated and included under project management. Any expenditure towards creation of infrastructure specifically for execution of the project may also be included under this head.
19. Expenditure towards the following has to be estimated and indicated in the costing as follows:
 - (a) **Training**
 - Training of personnel from production agency.
 - Training of quality assurance personnel.
 - Training of user representatives in operation and maintenance of the system.
 - (b) **Non-Recurring Engineering**
 - Expenditure towards NRE and creation of fabrication facility if any.
 - Essential training to staff involved in facilitating LSP.
 - Expenditure towards development of training equipment, simulators etc.
 - (c) **Documentation**
 - Training manuals and related documents.
 - Maintenance manuals and related documents.
 - Illustrated parts list.
 - Schematic drawings/circuit diagrams etc.
 - (d) Spares back-up for specific requirements indicated by the user or specifically required for operation of the system for a specified duration.
 - (e) **Limited Confirmatory Evaluation:** Expenditure likely to be incurred for confirmatory evaluation, including transportation of system and allied stores, movement of personnel and administrative back-up required for the trials.



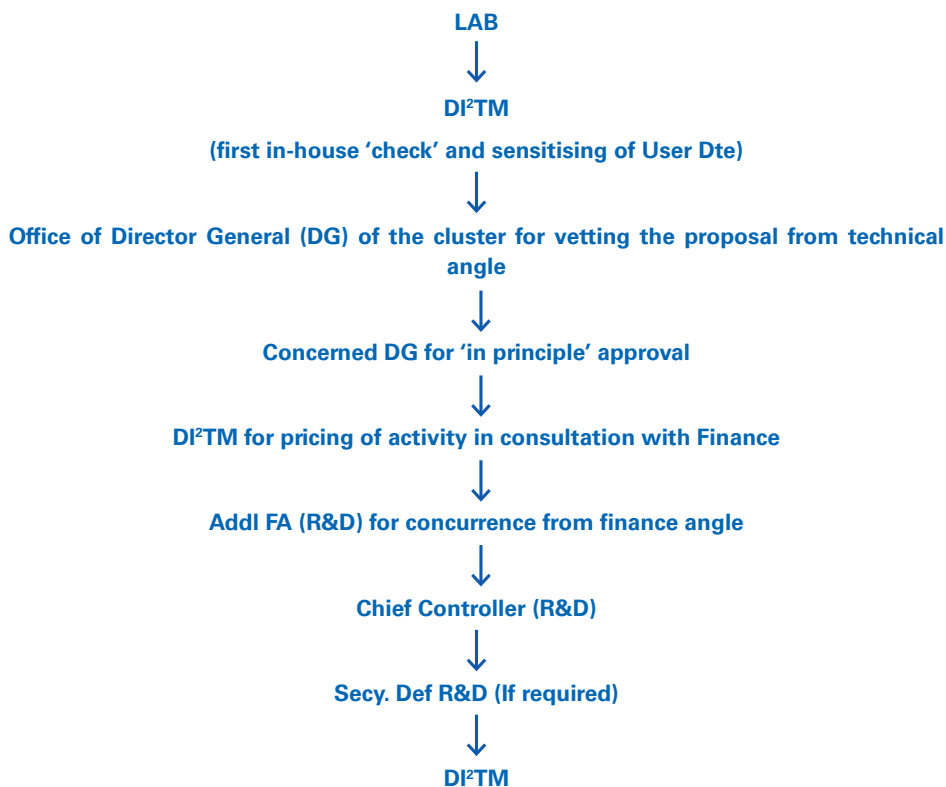
- (f) **Packing, Freights, Insurance etc:** Expenditure likely to be incurred towards packing and movement of the system fabricated under LSP to user indicated destinations.
- (g) **Warranty/AMC:** In case the LSP warrants providing a warranty, and/or accepting a liability for maintenance after the initial warranty period, then the costs involved in such an undertaking should be realistically worked out. It is estimated that ___%* to ___% *of the cost of the system per annum would be a reasonable charge, depending on the nature of the product and its likely usage. These costs are however only estimates. Users would bear the actual expenditure incurred.
20. (a) The LSP proposal will clearly indicate that the proposal is on a **“no profit - no loss” basis and does not include manpower costs**. However, since the costs indicated are reasonable estimates only, variations, if any, should be acceptable. While DRDO would make every effort to execute the LSP in the scheduled time frame, it would **NOT accept LD clause** since there is no provision in the cost estimate nor are any surpluses catered for in the estimate. Moreover delays could be for reasons beyond the control of DRDO.
- (b) Wherever the LSP involves use of platforms/sub-systems already in service, to be sourced from Ordnance Factories/Defence PSUs, the concerned Service HQ prevail upon the concerned OF/PSU for supply on priority to DRDO. Clear time frame for such cases should be identified in consultation with concerned agencies and stage payments linked to crossing of these milestones CDA(R&D) should be advised to seek concurrence of concerned lab director before releasing payment.
21. DI²TM will examine the proposal in consultation with concerned Cluster DG and Integrated Finance, carryout pricing of the activity, workout financial year wise cash flow and process the proposal to obtain necessary approvals at the HQs by the CFA.
22. The LSP will clearly indicate the date up to which the cost estimates are expected to be reasonably valid, as all cost inputs would vary with time. A provision for cost escalation be made and indicated as a percentage of the estimated cost, applicable beyond the validity period of the estimate. It may be linked to the inflation rate, subject to a minimum of 5% per annum.

* To be decided in consultation with finance on case to case basis



Processing of LSP Proposals at DRDO HQrs

23. The proposals will be processed in the following channel:-




MOD for acceptance of LSP proposal and sanction of funds through Service HQrs

24. DI²TM and Finance will actively participate in the CNC and other techno-commercial interactions with MOD/ Service HQrs leading to the final sanction of the project.

Fund Allocation

25. So far, funds for LSP activities were being provided by User agencies to the credit of the RDR Head of DRDO. However the new procedure introduced vide Govt of India letter No 9(9)/2005/D(R&D) dated 28 Jul 2005 as amended vide letter of even No. dated 17 Jul 2006 envisages the following:

- (a) DRDO Laboratories/Establishments should prepare a 'LSP proposal' (LSPP) containing, cost estimates, schedule of release of payments linked to achievement of well defined milestones, in consultation with DG cluster

- concerned, DI²TM & Finance. The Project Report will clearly specify mutually agreed milestones about the scope of work to be completed.
- (b) The LSPP will be processed at the HQ as mentioned at para 23.
 - (c) Services HQs will issue appropriate financial sanction based on the LSPP after obtaining approval of their Competent Financial Authority (CFA). The sanction will indicate total cost of the project, time frame, Head of Account to which the expenditure is to be booked and authorize Principal Controller of Defence Accounts (R&D) i.e. PCDA(R&D)/Controller of Defence Accounts (R&D), i.e., CDA(R&D) to book the expenditure directly to the relevant heads of accounts of the concerned Service. The booking of expenditure will be restricted to budget allocations for the project during the respective financial year. While issuing the sanction fund availability for the first financial year will be indicated in the Sanction Order.
 - (d) DRDO may require funds for payment to suppliers/vendors/developers for long lead items in executing LSP orders. Such requirement of advance is to be indicated in the LSPP and in the sanction for LSP/Projects on the merit of each case. DRDO shall be permitted to book such payments against the sanctioned cost of LSP projects as advances as are legitimate and essential to the execution of the order. The subsequent payments would be linked to pre-determined milestones and deliverables.
 - (e) DRDO Laboratories will commence orders/projects entrusted to them only after appropriate sanction for the project has been issued by Services HQ and funds are made available to concerned CDA (R&D). Laboratories will forward quarterly reports on the progress of each project to DRDO HQ as well as respective Services HQ, especially with reference to financial allotments made by them and actual progress against each agreed milestone linked to the time frame. Copies of the same will also be forwarded to the concerned Directorate/ Budget Centre or any other agency nominated by the Services HQs to monitor the project.
 - (f) In case the actual cost of the project is likely to exceed the sanctioned amount, revised cost estimates will be submitted to the Services HQ along with detailed justifications, duly vetted by Integrated Finance. Services HQ will issue suitable amendment to the original sanction letter, after obtaining approval from their CFA, based on the clarifications/justifications and allocate additional amount for the project. Similarly in case the actual cost is less than the initial estimated cost, the expenditure booked will be restricted to the actual cost.
 - (g) DRDO HQs (DI²TM) will project total fund requirements for the projects being executed by DRDO laboratories at the time of preparation of Budget Estimates/ Revised Estimates each year, to the concerned Services HQs for necessary allocations. Services HQs will ensure that adequate funds are allocated for each of these projects and allocation letters are sent to DRDO HQs, concerned laboratories and PCDA(R&D)/ CDA(R&D) in the beginning of the financial year.
- 

- (h) As soon as the project is completed, DRDO laboratories will intimate the total expenditure on the project, after reconciliation, duly vetted by respective PCDA(R&D)/ CDA(R&D) and intimate achievements against agreed milestones to respective Service HQrs.
26. In view of these instructions, it is imperative that our procedures are streamlined to ensure that fund requirements are projected well in time to be reflected in budgetary estimates/ revised estimates as also generate the periodical reports mandated at Paras 25(c) to 25(f). In view of this, **quarterly expenditure details** will be forwarded to DI²TM in the format enclosed at annexure-1 for compilation and submission to Financial Planning Cell of concerned Service HQ. In addition, an annual statement of receipts and expenditure, project-wise will be forwarded to respective Service HQ and this HQ, duly audited by respective CDA(R&D) or their sub-offices.
27. DI²TM shall interact with the Services HQrs for expeditious processing of the LSP proposal and remain in touch with concerned agencies in the MOD to obtain project sanctions including financial sanction. It will ensure that the Govt. letter conveying the sanction for LSP clearly specifies the total financial outlay, financial year wise fund allocation indicating the Major Head, Minor Head and Sub Head to which the expenditure is to be debited and authorises CDA(R&D) to debit the concerned head directly. DI²TM will liaise with the Service HQrs for additional budgetary allocations as and when additional requirements are projected by Labs. Efforts will be made to get fund allocation in subsequent financial year are made expeditiously for ongoing LSP projects.

Activities During LSP

28. Standing TPCs will be constituted for handling procurement of sub-systems/ components and system integration. Composition of the TPCs would be as follows:
- (a) **Estimated value less than 1 crore**
- | | | |
|------------------|---|--|
| Chairperson | - | Director, Lab |
| Members | - | Representative, Local CDA(R&D)
Representative, Project
Representative of other participating lab |
| Member Secretary | - | Head MMG, Laboratory |
- (b) **Estimated value between 1 crore and 3 crores**
- | | | |
|------------------|---|--|
| Chairperson | - | Director, Lab |
| Members | - | DMM (Directorate of Material Management)
Representative, Finance
Representative, DI ² TM
Representatives of other participating labs |
| Member Secretary | - | O-i-C (Officer in charge), Project |

(c) **Estimated value between 3 crores and 15 crores**

- Chairperson - Concerned DG Cluster
- Members - Addl FA
DMM (Directorate of Material Management)
Director, DI²TM
Director, Nodal laboratory
- Member Secretary - O-i-C (Officer in charge), Project

(d) **Estimated value beyond 15 crores:** Case to be referred to DMM for obtaining RM's approval after which the TPC at (c) will get promulgated.

29. During the execution of LSP, DI²TM will interface between the User agency, DRDO Lab, Industry partners and other concerned agencies to ensure smooth execution. It will monitor the following in particular:

- (a) Tasks to be executed during the LSP are carried out as scheduled and within the budgeted cost, to avoid cost/time over-runs
- (b) Get the monitoring group, and other committees organised on fast track basis with due approvals to obviate any delays in execution of the project
- (c) Mediate and facilitate resolution of disputes, if any, arising during the LSP

30. In case actual expenditure exceeds the estimated cost or allocation for the financial year, the concerned laboratory will forward details of the additional expenditure and reasons thereof. DI²TM will vet the same in consultation with Integrated Finance and obtain approval of the Competent Financial Authority and liaise with the user Services HQs for allocation of additional funds. It is well understood that at times certain commitments may be made beyond allocations for a given financial year. However laboratories should strive to avoid such commitments as far as possible, to obviate delay and difficulty in meeting financial liabilities such commitments entail.

31. In the interest of speedy execution of LSP, following powers will be delegated to Directors of labs undertaking LSP activities:-

- (a) To waive the difference in payment terms on the recommendation of TPCs subject to provisions of General Financial Rules (GFR).
- (b) To sanction Air move of 'non-entitled' personnel within limits to be specified, hiring of transport and accommodation where such facilities are not otherwise available, hiring of mobile phones etc., while undertaking installation of systems and while providing maintenance support during warranty period.
- (c) To sanction payment of overtime allowance.



Project Monitoring and Review

32. All LSP projects under execution will be closely monitored and periodically reviewed to resolve bottlenecks and ensure timely and smooth execution. For this purpose an empowered committee will be constituted which would meet once in 6 months or as required basis. Composition of the committee will be as follows:

Chairman	-	Concerned DG Cluster
Members	-	Director, Nodal Laboratory Addl FA (R&D) or his rep Senior Representative of concerned Service

Project Leader from nodal laboratory and participating Labs

- | | | |
|------------------|---|--|
| Member Secretary | - | Director, DI ² TM |
| In Attendance | - | Representatives of Industry partners (if considered necessary) |
33. The Empowered Committee shall focus on the following:
- (a) Review the progress of the LSP with emphasis on the agreed time line and cost.
 - (b) To resolve all techno-commercial and financial issues including adopting fast-track and procedure where essential and feasible to meet the deadlines.
 - (c) Provide guidance and support to the project team.
 - (d) To revisit delivery schedules, minor design deviation required and hold-ups in the implementation stage.
34. Secy. Defence (R&D) may review all LSP projects, once a year.



Appendix D: Framework for Commercialisation of the DRDO Technologies through an External Agency



1. External Agency would maintain transparency throughout the process outlined in the framework document. External Agency would take complete responsibility for the entire technology commercialisation process from the receipt to the Expression of Interest to signing of Confidentiality and Non Disclosure Agreements (CNDA) (Appendix 'H' & 'I'), Material Transfer Agreement (MTA) (App 'J') and the Licensing Agreement for Transfer of Technology (LATOt) (Appendix 'K').
2. The process that would be followed by the External Agency for all the transfer of technologies is as follows:
 - (a) Technologies submitted by DRDO (in prescribed format at Appendix 'D') will be assessed through the following process:
 - (i) Initial screening followed by global scanning
 - (ii) Detailed technology assessments
 - (iii) Market analysis
 - (iv) Generation of Quick Look Reports
 - (b) Seek approval of DRDO HQrs for Business Development Activities (BDA) for the shortlisted/selected technologies which External Agency feels have a reasonable market interest both in India and abroad. The Terms and Conditions of the commercialisation will be decided by the DRDO HQrs. Various alternatives will be put up by an External Agency for the decision of DRDO HQrs.
 - (c) Once approved by DRDO HQrs, the External Agency will carry out the Business Development activity as follows:
 - (i) Web based public announcement for inviting Expression of Interest (EOI) in the prescribed format (Appendix 'G') from the companies for the technologies to be commercialised. In addition the External Agency will also send letters to the prospective industries for EOI to be submitted by a specific date.
 - (ii) Carry out Business Presentations to all interested industries who have submitted their EOI in writing to External Agency.
 - (iii) Facilitating CNDA (Appendix 'H' & 'I') between interested companies and DRDO.
 - (iv) Facilitating the prospective industries to visit the labs to assess and do technical due-diligence as necessary for evaluating the technology.

- (v) The prospective companies are then asked to submit their confirmation if they would like to move ahead for the next level of discussions.
 - (vi) As required, facilitate Business Engagement Agreement (BEA) between DRDO and those companies who have accepted to move to the next level of discussions.
 - (vii) As required, facilitate Material Transfer Agreement (MTA) (Appendix 'J') between interested industries and DRDO so that they can evaluate the product/technology.
 - (viii) As required by the companies, External Agency facilitates shipment of material/product/technology samples for evaluation/testing and trials/ certifications by the industries/ organisations, etc. External Agency claims from DRDO the actual costs/charges incurred to it in shipment/certification of samples/materials to the Companies.
 - (ix) After the above business development process is completed. External Agency would submit its recommendation along with the strategy for commercialisation that would include recommended ToT and Royalty Fee structure based on "What the market can bear" and also the number of ToTs/ licenses, etc., for each technology to the DRDO HQs to take its approval to move forward with the commercial discussions with the potential industry partners.
 - (x) With the completion of the evaluation process, the interested companies will be advised the terms of commercialisation and will be asked to submit their Letter of Intent (LoI) by a specified date on the specified terms.
3. The following would be used by External Agency as broad guidelines for seeking letter of intents from the companies:
- (a) **Technology Assessment and Business Development:** Various options can be considered for granting ToT Licenses
 - (i) **Mode of ToT:** This could be on any of the following basis:
 - Limited period Non-Exclusive License/s without transfer of Intellectual Property (IP) rights
 - Region/country specific Exclusive License without transfer of IP rights
 - Limited period license giving Exclusive Marketing Rights without transfer of IP rights
 - Outright sale of IP Rights
 - Any other mode with due justifications
 - (ii) With regards to ToT terms for MoD and GoI sectors and in cases where DRDO technology needs to compete with other existing

technologies in the market, a Non-Exclusive licenses would keep away potential serious players in taking DRDO technologies thereby effectively help others in the market. In such cases External Agency could consider recommending exclusive rights as that would be in the best interest of DRDO. Decisions would be taken by DRDO HQrs to give ToT through any one of the mode and on a case-to-case basis on merits based on the findings of Quick Look Reports and recommendations of External Agency.

- (b) **Period of License:** Period of license could be considered for:
- Revocable licenses with limited periods
 - Revocable licenses with limited period royalty payment and after that royalty free use
 - Revocable licenses (except in certain conditions) for the life time of the technologies
- (c) **ToT Fees:** Based upon different parameters e.g. technology maturity level, market competition, availability of complementary and substitute technologies, licensing regions, type of ToT, the investment required by the Licensee for commercialisation of the technology and market demand the external agency will recommend DRDO a baseline price for the ToT fees (upfront/stage payments). Based upon External Agency recommendations, DRDO can decide/ approve Minimum Expected/ Baseline ToT fee for each Technology (ies).
- (d) **Royalty Rates:** Royalty will be charged on net sales value on the basis of Central Excise declaration (Customs declaration also in case of exports) by the industry partner. Manufacturer will furnish details of net sales and a copy of Excise/ Customs declaration.
- (i) As decided by the DRDO HQrs royalty would be for a specific period after which it would be royalty free use or for the entire period of validity of licenses. The tenure of the royalty could also vary from technology to technology.
 - (ii) The Royalty fees will be normally as follows:
 - 2% - for sales to Govt Depts.
 - 4% - for domestic sales in India
 - 6% - for exports
 - (iii) DRDO may assign the task to an External Agency, on a mutually agreed terms and conditions, to undertake the responsibilities of administering, monitoring and coordination with the industry(ies) so that the timely payment of the royalty by the industry to DRDO can be ensured by External Agency from both from Indian industries and from International companies.
 - (iv) DRDO may also assign certain specific technologies to the External Agency on a mutually agreed terms and conditions for consideration in the BDA stage. For such cases, the external agency will carry

out the market analysis, technology valuation and make suitable recommendations to DRDO on the ToT and royalty fee structure. On approval by DRDO HQrs, the external agency to carry out further actions for the licensing agreement with potential companies.

- (e) **Subsequent Non-Exclusive ToT:** In future, where non-exclusive ToT and Licensing Rights are granted to the industries by DRDO, additional licenses of the technologies could be considered on case-to-case basis. In all such cases, the External Agency will re-assess the commercial value of that technology at that time and make suitable recommendations to DRDO along with various terms and conditions including harmonising the proposed licensing agreement(s) with all other existing licenses.
- (f) **Variation in ToT and Royalty Fees:** There could be variations in ToT Fees and Royalty Fees structure for the same Technology where non-exclusive licenses have been considered when licenses are given at different points of time. These variations could be either of any reasons mentioned as follows:
 - (i) Licensing Regions
 - (ii) Mode of ToT
 - (iii) Size of the companies/ToT seekers
 - (iv) Market penetration capability of the companies/ToT seekers
- (g) Similarly, there could be variations in ToT Fees and Royalty Fees structures for the same Technology for Indian market and overseas markets because of the above mentioned factors.
- (h) For export markets, there could be different strategies/ToT Fee structures/ licensing conditions to ensure successful market penetration and could be different approach for different countries/ regions and External Agency will submit its recommendations to the DRDO HQrs for approval.
- (i) **Termination/ Revoke of License(s):** There should be separate/ exclusive clauses in the Licensing Agreement for Transfer of Technology documents which authorise/allow parties to terminate the agreements. Similarly, explicit clauses should be mentioned in the Licensing Agreement for Transfer of Technology (App - 'K') that allows DRDO to revoke the license(s) in certain conditions including Black Listing of the company by the Government, Force Majeure etc.
- (j) **Extent of Government's March-in-Rights Post-License/Sale**
 - (i) DRDO normally will retain the IP rights of the Technology (ies) to continue working on Technology (ies) improvement (where substantial public interest is involved) and in such cases Royalty Free use of the Technology (ies) by the industries can be allowed.
 - (ii) DRDO may consider transferring of IP rights to the industry in cases where DRDO is not working on the particular Technology (ies) or where competing / better technologies are already available in the market.



- (iii) Even in cases where DRDO transfer the rights to the industry, DRDO will always have the March in Rights to use the IP for its own use without any restriction.
- (k) **Minimum Sales Performance**
 - (i) For non exclusive cases minimum sales performance is not a mandatory requirement in general. However in specific cases the External Agency may recommend minimum performance level In the interest of maximising the benefit of the Technology commercialisation.
 - (ii) On-case-to-case basis External Agency can recommend DRDO to bring assured performance/minimum sales clause in the Licensing Agreement for Transfer of Technology (Appendix 'K') where Exclusive License will be granted by DRDO. Terms and Conditions and penalty thereof should be explicitly mentioned in the Licensing Document for such clauses.
- (l) **Sub licensing:** In case of Sub-Licensing, industry has to take prior permission from DRDO. On case-to-case basis DRDO may consider sub-licensing of the Technology (ies) based upon mutually agreed terms and conditions and as per prevailing Government of India policies and regulations and to meet the mandatory/statutory requirements of other countries.
- (m) Based upon the decisions/guidelines/inputs received from DRDO for the above, External Agency will seek Lol from the industries, negotiate and thereafter submit final recommendations on each technology to DRDO.
- (n) **The Documents to be Provided by External Agency for DRDO's Record**
External Agency to provide the following documents to DRDO for the purpose of records and reference:
 - (i) Copy of web based announcements inviting Expression of Interests/ Letter of Intents etc.
 - (ii) Original Copies of Letter of Intents/ Bids received by External Agency
 - (iii) External Agency recommendations on each commercial offers received from the industries
 - (iv) Draft of the proposed CNDA/BEA/MTA and Licensing Agreement for Transfer of Technology mentioning various terms and conditions
- (o) **Licensing Agreement for Transfer of Technology**
External Agency in consultation with DRDO will provide, draft of the proposed Licensing Agreement for each Transfer of Technology for DRDO's approval. The proposed Licensing Agreement for Transfer of Technology (Appendix 'K') will cover following broad clauses:
 1. Preamble
 2. Technical know-how

3. Products description
 4. Licensing regions
 5. Grant of license
 6. Responsibilities of parties
 7. Sale
 8. Financial arrangements (ToT fees and Royalty)
 9. Marketing
 10. Security (Check on transferring/sub-licensing, etc.)
 11. Title and Ownership of Design
 12. Dispute Resolution
 13. Effective Date
 14. Period of Validity of License
 15. Force Majeure
 16. Amendments
 17. Special clauses if any
- (p) External agency would keep DI²TM in DRDO HQrs informed at all stages and submit its recommendations to DI²TM for seeking the approval of DRDO.

External Agency shall avoid any possible conflict of interest by not participating in marketing of products by the licensees. This provision shall be explicitly included in the agreement with the external agency.



Appendix E: Technology Nomination Form

Technology Number

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(To be filled by DI²TM, DRDO HQrs)

1. Name of Technology:

2. Name of DRDO Lab/Estt:
3. Category of the Technology:
(Tick Appropriately)

A	
---	--

B	
---	--

Section 1: Contact Information

4. Core Team Members (Name & Rank):
5. Support Team Members (Name & Rank):
In any case Core Team Members can't be more than support team members
6. Key Inventor Contact (Scientist Responsible):
First name:
Last name:
Title:
Telephone:
Mobile Phone:
Email:
Fax:
Mailing Address:



7. Administrative Contact (POC):

First name:

Last name:

Title:

Telephone:

Mobile Phone:

Email:

Fax:

Mailing Address:

8. Approving Official (Lab Director):

First name:

Last name:

Title:

Telephone:

Mobile Phone:

Email:

Fax:

Mailing Address:

Section 2: Technical Description

9. Problem Description: Please explain (in simple terms) the problem / situation that this innovation was created to solve or address. (Please limit your problem description to 70 words or less.)

10. Solution Description: Please explain (in simple terms) how this innovation addresses or solves the problem described in Question 9. Please do not divulge any sensitive information in your response. (Please limit your problem description to 70 words or less.)

11. To your knowledge, do similar solutions exist anywhere else in the world?

Yes

No

12. If you answered 'Yes' to Question 11 above, please explain why it was decided to develop this innovation instead of using an existing solution. If you answered 'No' to



Question 11, please proceed to Question 15.

13. What specific improvements or benefits are available in these innovations that are not available in other existing solutions? In other words, why is this innovation better than the existing solutions?
14. In which areas/applications (other than military use) in your opinion, can this innovation be useful?
15. Are alternative or substitute solutions in use today that can be used to address the problems outlined in Question 11 above. If yes, please provide details on those substitute or alternative solutions.
16. Based on the information described in Questions 11 and 12, please provide a brief technical description of your innovation. This description will be used to discuss the innovation with non-experts, so prepare a simple description that conveys the nature of the innovation without excessive technical detail. Do not share confidential or proprietary detail. Limit your description to 100 words or less.


Section 3: Intellectual Property Status

17. Has this innovation been granted any Indian patents? (Please ✓ the correct choice)
 - No Indian patents have been granted
 - An Indian patent is pending
 - An Indian patent has been granted
 - Patent has not been filed
18. Please list the Indian patents that have been granted to this innovation:
19. Has this innovation been granted any patents by other nations or patent granting agencies?
 - No other non-Indian patents have been granted
 - A non-Indian patent is pending
 - A non-Indian patent has been granted
 - Patent has not been filed
20. Please list the patents that have been granted by other nations or patent granting agencies:



Note: Please attach a copy of the abstract pages of any applicable patents that were mentioned in this section.

Section 4: Additional Information

21. What is the current status of this innovation?
- Concept only
 - Successful laboratory model
 - Full scale prototype
 - Infield testing or trials
 - Fully implemented / in use
22. How many calendar months will be required before this innovation is completely implemented?
- None – in active use now
 - 1-3 months
 - 4-6 months
 - 7-12 months
 - 13-18 months
 - More than 18 months
23. What is the total cost (including manpower, equipment and all other resources) required to complete implementation of this innovation?
- None – in active use now
 - Less than 10 lakhs
 - Less than 25 lakhs
 - Less than 50 lakhs
 - Less than 1 crore
 - Less than 2 crore
 - More than 2 crore
24. What is availability of the inventor(s) to support a commercialisation process for this innovation?
- Inventor(s) is/are readily available full-time
 - Inventor(s) is/are readily available half-time
 - Inventor(s) is/are readily available one quarter-time
 - Inventor(s) is/are readily available less than one quarter-time
 - Inventor(s) is/are not available at all
- 

25. Is this innovation subject to any sensitive classification?
- Yes
- No
26. Has DRDO licensed this innovation to be used in any commercial activity or product?
- Yes
- No
27. If you answered Yes to Question 26, please elaborate on the nature of the license granted by DRDO for this commercial purpose. (exclusive/non-exclusive, number of licenses, market penetration, Indian/foreign licenses etc.)

Section 5: Additional Information

You may attach documents, diagrams and additional information that will aid in describing this innovation. Do not attach any confidential information. Please upload patent abstract information here if available.

- Profile of the company including the following:
 - o Background of the Company (including company structure & promoter)
 - o Product Range
 - o Financial health (Profit/Loss making company since past three years)
 - o Capacity to absorb technology (Human Resource, Equipment, Processes being followed, Proposed Investment for Technology Absorption)
 - o Past Experiences (in case the company has participated during development)
- Total Project Cost
- Value of the Development Contract
- IPR Status
- Projected Requirements of the Indian Armed Forces for next five years (In Rupees)
- In case of ToT of Critical Technologies developed by DRDO (i.e., without involving any joint development partner/development contract), Labs to forward a Statement of Case indicating their proposals on the Nominated Industry, ToT/ Royalty Fees and structure (if any). Open invitation of offers may be dispensed with in these cases.



Section 6: Certifications and Approvals

It is certified that the above information about the Technology Nominated for Transfer of Technology is correct and no Security Sensitive/ Confidential and Proprietary information has been provided.

Approved By

Lab Director

Signature :

Name :

Designation : Director, Lab

Date



Appendix F: Technology screening and Categorisation form

Technology Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(To be filled by DI²TM, DRDO HQrs)

1. Name of Technology:

2. Name of DRDO Lab/ Estt:
3. If the information has been provided for all points in Technology Nomination Form and has been signed by the Innovator, POC and Countersigned by Director of the Lab :
(Tick Appropriately)

Yes	<input type="checkbox"/>
-----	--------------------------

No	<input type="checkbox"/>
----	--------------------------

(If the answer to step 3 is 'yes' then continue else communicate to lab for completing the form)

1. Approved Category :

A	<input type="checkbox"/>
---	--------------------------

B	<input type="checkbox"/>
---	--------------------------

(Tick Appropriately)



2. Approved Mode of ToT : - Directly by Lab
(Tick Appropriately) - Through an External Agency

Screened by

Signature :

Name :

Designation :

Date :

Countersigned by

Director, DI²TM

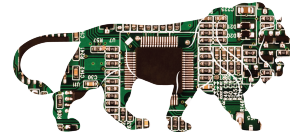


Appendix G: Format for Seeking Expression of Interest (EOI)

Expression of Interest (EOI) will be sought through notification in all leading National dailies and DI²TM portal of the DRDO website (www.drdo.gov.in/drdo/English/indexCorpDir.jsp?pg=tech_commercialisation.jsp). Following information will generally be sought through the EOI:

- (a) Memorandum and Articles of Association (Should be incorporated as per Indian Companies Act, 1956)
- (b) Certificates of registration as a manufacturing unit, if any.
- (c) Balance Sheet for the preceding three years.
- (d) Income Tax returns for the preceding three year period
- (e) Details of shareholding/ownership pattern especially foreign partners/ shareholders, foreign employees, directors, etc. The company must adhere to the prevailing Govt of India policies and regulations on Foreign Direct Investment (FDI)/DIPP norms as applicable.
- (f) Annual budget for R&D during last three years.
- (g) Numbers and details of IPR or patents, etc., held by the company.
- (h) Number of technically or professionally qualified personnel.
- (i) Record of past performance (e.g., Supply orders executed against of Ministry of Defence orders, Public Sectors and Paramilitary Forces, if any).
- (j) Availability of adequate infrastructure (List of machines and their production capacities) and technical expertise.
- (k) List of Testing and Support equipments
- (l) ISO/ ISI certification or any other certification
- (m) Relevant clearances form the authorities/ ministries (if any)
- (n) Capacity and capability to undertake developmental work and to accept attendant financial and commercial risks.
- (o) Capacity/capability to market the product through the marketing network, sales and service network, reliability to maintain confidentiality.

Appendix H: Confidentiality and Non-Disclosure Agreement (CNDA)



(For Indian Companies)

Between

Laboratory Name, City

Defence Research Development Organisation (DRDO)

Ministry of Defence, Government of India

And

Company Name, City

This Confidentiality and Non-Disclosure Agreement is entered into on the Day of Month in the Year(Two Thousand)

Between

The President of India, acting through and represented by the **Director, Lab Name, City** a constituent laboratory under the **Defence Research and Development Organisation, Ministry of Defence, Government of India** and the **Director, Industry Interface and Technology Management (DI²TM)** at DRDO HQ, DRDO Bhawan, New Delhi – 110011 (Hereinafter referred to as “DRDO”, which expression shall whenever the context so requires or admits, mean and include its successors in office and/assigns).

And

“Name of the Company”, a company formed in accordance with the laws of India and having their registered office at **Company Address (Hereinafter referred to as Company Name, which expression shall whenever the context so requires or admits, mean and include their heirs/ successors, respective executors, administrators, legal representatives, and/or permitted assigns)**.

“DRDO” and **“Company Name”** are individually referred to as **“Party”** and jointly as **“Parties”**.

WHEREAS

(A). DRDO has developed a technology called - **“Technology Name”, Technology Description**

(Hereinafter referred to as “Technology” for which the present agreement of Confidentiality and Non-disclosure is executed)



- (B). The Parties intend to provide each other with certain information pertaining to their operations and the Parties are in the process of discussing certain matters with a view to concluding a business agreement ("**the potential agreement**"), which discussions have required and will require the disclosure to one another of information of a proprietary, secret and confidential nature. Whether or not the Parties conclude the potential agreement will not affect the validity of this Agreement.
- (C). The Parties wish to record the terms and conditions upon which they shall disclose the Confidential Information to each other, which terms and conditions shall constitute a binding and enforceable Agreement between the Parties and their agents.

NOW THEREFORE in consideration of the foregoing and the respective covenants and Agreements set forth in this Agreement, the sufficiency and adequacy of which is hereby acknowledged, and intending to legally bound hereby, the Parties agree as follows:

1. Disclosing and Receiving Parties

The Party disclosing the Confidential Information shall be known as the "**Disclosing Party**" and the Party receiving the Confidential Information shall be known as the "**Receiving Party**".

2. The Confidential Information

"Confidential Information" shall, for the purpose of this Agreement include, without limitation, any technical, commercial, financial information, know-how, trade secrets, processes, machinery, designs, drawings, technical specifications, and data in whatever form, disclosed to or assessed by the Receiving Party during the course of its relationship with the Disclosing Party.

3. Disclosure of Confidential Information

- 3.1 The Disclosing Party shall disclose the Confidential Information to the Receiving Party only to the extent deemed necessary or desirable by the Disclosing Party in its discretion.
- 3.2 The Receiving Party acknowledges that the Confidential Information is a valuable, special and unique asset proprietary to the Disclosing Party.
- 3.3 The Receiving Party agrees that it will not, during or after the course of their relationship and/or the term of this Agreement as described in Clause 9, disclose the Confidential Information to any third Party for any reason or purpose whatsoever without the prior



written consent of the Disclosing Party, save in accordance with the provisions of this Agreement. For avoidance of doubt, in this Agreement "Third Party" means any Party other than the Receiving and Disclosing Parties (their holding and subsidiary companies or agents who shall be deemed to be bound by the provisions of this Agreement).

- 3.4 Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that the Confidential Information may be disclosed by the Receiving Party to its professional advisors on a need-to-know basis; provided that the Receiving Party takes all the necessary steps to ensure that such professional advisors agree to abide by the terms of this Agreement to prevent the unauthorised disclosure of the Confidential Information to Third Parties. For purposes of this clause, the Receiving Party's professional advisers and employees, directors or managers shall be deemed to be acting, in the event of a breach, as the Receiving Party's duly authorised agents.
- 3.5 The Receiving Party agrees not to utilise, exploit or in any other manner whatsoever use the Confidential Information disclosed pursuant to the provisions of this Agreement for any purpose whatsoever without the prior written consent of the other/the Disclosing Party.

4. Title

All Confidential Information disclosed by the Disclosing Party to the Receiving Party is acknowledged by the Receiving Party:

- 4.1 To be proprietary to the Disclosing Party; and
- 4.2 Not to confer any rights on the Receiving Party of whatever nature in the Confidential Information.

5. Restrictions on disclosure and use of the Confidential Information

The Receiving Party undertakes not to use the Confidential Information for any purpose other than:

- 5.1 That for which it is disclosed as specifically directed by the Disclosing Party; and
- 5.2 In accordance with the provisions of this Agreement.

6. Standard of Care

Both Parties agree that they shall protect the Confidential Information disclosed pursuant to the provisions of this Agreement using the same standard of care that each Party applies to safeguard its own proprietary, secret or Confidential Information and that the Confidential Information shall be stored and handled in such a way as to prevent any unauthorised disclosure thereof.



7. Return of material containing or pertaining to the Confidential Information

- 7.1 Either Party may, at any time, request the other to return any material and/or data in whatever form containing, pertaining to or relating to Confidential Information disclosed pursuant to the terms of this Agreement and may, in addition request the other to furnish a written statement to the effect that, upon such return, the Receiving Party has not retained in its possession, or under its control, either directly or indirectly, any such material and/or data.
- 7.2 As an alternative to the return of the material and/or contemplated in Clause 7.1 above, the Receiving Party shall, at the instance of the Disclosing Party, destroy such material and/or and furnish the Disclosing Party with a written statement to the effect that all such material has been destroyed.
- 7.3 The Receiving Party shall comply with any request by the Disclosing Party in terms of this clause, within 7 (seven) days of receipt of any such request.

8. Excluded Confidential Information

The obligations of the Receiving Party pursuant to the provisions of this Agreement shall not apply to any Confidential Information that:

- 8.1 Is known to, or in the possession of the Receiving Party prior to disclosure thereof by the Disclosing Party
- 8.2 Is or has become publicly known, otherwise than as a result of a breach of this Agreement by the Receiving Party
- 8.3 Is developed independently of the Disclosing Party by the Receiving Party in circumstances that do not amount to a breach of the provisions of this Agreement
- 8.4 Is disclosed by the Receiving Party to satisfy an order of a court of competent jurisdiction or to comply with the provisions of any law or regulation in force from time to time; provided that in these circumstances, the Receiving Party shall advise the Disclosing Party to take whatever steps it deems necessary to protect its interests in this regard and provided further that the Receiving Party will disclose only that portion of the Confidential Information which it is legally required to disclose and the Receiving Party will use its reasonable endeavours to protect the confidentiality of such Confidential Information to the greatest extent possible in the circumstances
- 8.5 Is received from a Third Party in circumstances that do not result in a breach of the provisions of this Agreement.

9. Term of Agreement

- 9.1 This Agreement shall be effective on and from the date of signature of the last signing Party and shall be effective for a period of..... months (the "Term").



9.2 In the event that the Parties extend the “Term” by mutual and written agreement, then the provisions of this Agreement shall endure for a further period of months mutatis mutandis.

10. Breach

In the event that the Receiving Party should breach the provisions of this Agreement and fail to remedy such breach within seven (7) days from date of a written notice to do so, then the Disclosing Party shall be entitled to invoke all remedies available to it in law including, but not limited to, the institution of urgent interim proceedings and/or an action for damages.

11. Enforcement

The failure by the Disclosing Party to enforce or to require the performance at any time of any of the provisions of this Agreement shall not be construed to be a waiver of such provision, and shall not affect either the validity of this Agreement or any part thereof or the right of the Disclosing Party to enforce the provisions of this Agreement.

12. Headings

The headings of the clauses of this Agreement are used for convenience only and shall not effect the meaning or construction of the contents of this Agreement.

13. Representations and Warranties

Each Party represents that it has authority to enter into this Agreement and to do all things necessary to procure the fulfilment of its obligations in terms of this Agreement.

14. Entire Agreement

This Agreement contains the entire Agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior Agreements between the Parties, whether written or oral, with respect to the subject matter of this Agreement.



15. Assignment

This Agreement shall not be assigned by the company to any person, save and except with the prior consent of DRDO in writing, and that the DRDO shall be entitled to decline consent without assigning any reason.

16. Dispute Resolution

In event of any dispute or difference between the Parties hereto, such disputes and differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then, the unresolved dispute and difference shall be referred to arbitration of the Sole Arbitrator to be appointed by the Secretary, Department of Defence Research & Development on the recommendation of the Secretary, Department of Legal Affairs ("Law Secretary"), Government of India. The provisions of Arbitration and Conciliation Act, 1996 (No. 26 of 1996) shall be applicable to the arbitration under this clause. The venue of such arbitration shall be at Delhi or any other place decided by the arbitrator and the language of arbitration proceedings shall be English. The arbitrator shall make a reasoned award (the "Award"), which shall be final and binding on the Parties.

17. Governing law

This Agreement and the relationship of the Parties in connection with the subject matter of this Agreement and each other shall be governed and determined in accordance with the laws of the Republic of India.

18. Force Majeure

Neither Party shall be responsible or liable to the other Party for any failure to perform any of its covenant or obligations hereunder if such failure results from Force Majeure, i.e., unforeseeable events or circumstances, any acts of God and beyond the reasonable control of such Party. The Party failing to perform as a result of an event of Force Majeure shall no later than Fifteen (15) days from the occurrence of Force Majeure notify in writing to the other Party of such event of Force Majeure and shall take all action that is reasonably possible to remove such event of Force Majeure.

19. Postal addresses

19.1 Any written notice in connection with this Agreement shall be addressed:

19.1.1 In the case of DRDO



Address : Director, Industry Interface and Technology Management (DI²TM),
DRDO HQrs, 447, B Block,
DRDO Bhawan, Rajaji Marg,
New Delhi - 110 011

19.1.2 In the case of The Company

Address: Company Address.....

.....

and shall be marked for the attention of **Name**, nominated by the **Company**

19.2 A Party may change that Party's address, provided it gives a 30 (thirty) days prior notice in writing to the other Party.

19.3 If any notice is to be sent by mail, it shall be sent by prepaid registered mail and shall then be deemed until and unless the contrary is proved, to have been received 20 (twenty) days after the date of posting.

19.4 If any notice is sent by telefax, it will be deemed, until and unless the contrary is proved, to have been received on the date recorded on the transmission slip.

19.5 If any notice is delivered by hand, it will be deemed to have been received on proof of the date of delivery.

20. Severability

In the event of any one or more of the provisions of this Agreement being held for any reason to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision was not a part of this Agreement, and the Agreement shall be carried out as nearly as possible in accordance with its original terms and intent.

21. Amendments

No amendment/ modification/ alternation of any of the terms of this Agreement shall be valid till it is reduced to writing and duly signed by the Parties. Any amendment shall be subject to final approval by the Director, DI²TM, DRDO HQrs.



IN WITNESS HEREOF, the parties have set their hands to it on the Day, Month and Year..... (Two Thousand)

Signed For and on behalf of the President of India	Signed by on and behalf of M/s "Name of the Company", City
By :	By :
Name :	Name :
Title : Director, Name of Lab, City	Title :
Date :	Date :
By :	
Name :	
Title : Director, DI ² TM, DRDO HQrs, New Delhi	
Date :	

In the presence of :

Witness

Witness

By : _____

By : _____

Name: _____

Name: _____

Title: _____

Title: _____

Organisation: _____

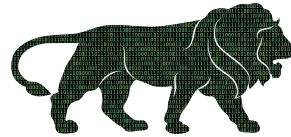
Organisation: _____

By :

Date :



Appendix I: Confidentiality and Non-Disclosure Agreement (CNDA)



(For Foreign Companies)

Between

Lab Name, City

Defence Research Development Organisation (DRDO)

Ministry of Defence, Government of India

And

Company Name, City

This Confidentiality and Non-Disclosure Agreement is entered into on the Day of Month in the Year(Two Thousand)

Between

The President of India, acting through and represented by the **Director, Lab Name, City** a constituent laboratory under the **Defence Research and Development Organisation**, Ministry of Defence, Government of India and the **Director, Industry Interface and Technology Management (DI²TM)** at DRDO HQ, DRDO Bhawan, New Delhi – 110011 (Hereinafter referred to as “**DRDO**”, which expression shall whenever the context so requires or admits, mean and include its successors in office and/ assigns).

And

“**Name of the Company**”, a company formed in accordance with the laws of **Name of Country** and having their registered office at **Company Address (Hereinafter referred to as Company Name,which expression shall whenever the context so requires or admits, mean and include their heirs/successors, respective executors, administrators, legal representatives, and/or permitted assigns).**

“**DRDO**” and “**Company Name**” are individually referred to as “**Party**” and jointly as “**Parties**”.

WHEREAS

- (a) DRDO has developed a technology called - “**Technology Name**”, **Technology Description**

 (Hereinafter referred to as “**Technology**” for which the present agreement of Confidentiality and Non-Disclosure is executed)



- (b) The Parties intend to provide each other with certain information pertaining to their operations and the Parties are in the process of discussing certain matters with a view to concluding a business agreement (“**the potential agreement**”), which discussions have required and will require the disclosure to one another of information of a proprietary, secret and confidential nature. Whether or not the Parties conclude the potential agreement will not affect the validity of this Agreement.
- (c) The Parties wish to record the terms and conditions upon which they shall disclose the Confidential Information to each other, which terms and conditions shall constitute a binding and enforceable Agreement between the Parties and their agents.

NOW THEREFORE in consideration of the foregoing and the respective covenants and Agreements set forth in this Agreement, the sufficiency and adequacy of which is hereby acknowledged, and intending to legally bound hereby, the Parties agree as follows:

1. Disclosing and Receiving Parties

The Party Disclosing the Confidential Information shall be known as the “Disclosing Party” and the Party Receiving the Confidential Information shall be known as the “Receiving Party”.

2. The Confidential Information

“Confidential Information” shall, for the purpose of this Agreement include, without limitation, any technical, commercial, financial information, know-how, trade secrets, processes, machinery, designs, drawings, technical specifications, and data in whatever form, disclosed to or assessed by the Receiving Party during the course of its relationship with the Disclosing Party.

3. Disclosure of Confidential Information

- 3.1 The Disclosing Party shall disclose the Confidential Information to the Receiving Party only to the extent deemed necessary or desirable by the Disclosing Party in its discretion.
- 3.2 The Receiving Party acknowledges that the Confidential Information is a valuable, special and unique asset proprietary to the Disclosing Party.
- 3.3 The Receiving Party agrees that it will not, during or after the course of their relationship and/or the term of this Agreement as described in Clause 9, disclose the Confidential Information to any third Party for any reason or purpose whatsoever without the prior written consent of the Disclosing Party, save in accordance with the provisions of this Agreement. For avoidance of doubt, in this Agreement “Third Party” means any Party other than the Receiving and Disclosing Parties (their holding and subsidiary companies or agents who shall be deemed to be bound by the provisions of this Agreement).
- 3.4 Notwithstanding anything to the contrary contained in this Agreement the Parties agree that the Confidential Information may be disclosed by the Receiving Party to



its professional advisors on a need-to-know basis; provided that the Receiving Party takes all the necessary steps to ensure that such professional advisors agree to abide by the terms of this Agreement to prevent the unauthorised disclosure of the Confidential Information to Third Parties. For purposes of this clause, the Receiving Party's professional advisors and employees, directors or managers shall be deemed to be acting, in the event of a breach, as the Receiving Party's duly authorised agents.

- 3.5 The Receiving Party agrees not to utilise, exploit or in any other manner whatsoever use the Confidential Information disclosed pursuant to the provisions of this Agreement for any purpose whatsoever without the prior written consent of the other/the Disclosing Party.

4. Title

All Confidential Information disclosed by the Disclosing Party to the Receiving Party is acknowledged by the Receiving Party:

- (a) To be proprietary to the Disclosing Party; and
- (b) Not to confer any rights on the Receiving Party of whatever nature in the Confidential Information.

5. Restrictions on disclosure and use of the Confidential Information

The Receiving Party undertakes not to use the Confidential Information for any purpose other than:

- (a) That for which it is disclosed as specifically directed by the Disclosing Party; and
- (b) In accordance with the provisions of this Agreement.

6. Standard of Care

Both Parties agree that they shall protect the Confidential Information disclosed pursuant to the provisions of this Agreement using the same standard of care that each Party applies to safeguard its own proprietary, secret or Confidential Information and that the Confidential Information shall be stored and handled in such a way as to prevent any unauthorised disclosure thereof.

7. Return of material containing or pertaining to the Confidential Information

- 7.1 Either Party may, at any time, request the other to return any material and/or data in whatever form containing, pertaining to or relating to Confidential Information disclosed pursuant to the terms of this Agreement and may, in addition request the other to furnish a written statement to the effect that, upon such return, the Receiving Party has not retained in its possession, or under its control, either directly or indirectly, any such material and/or data.

- 7.2 As an alternative to the return of the material and/or contemplated in Clause 7.1 above, the Receiving Party shall, at the instance of the Disclosing Party, destroy such



material and/or and furnish the Disclosing Party with a written statement to the effect that all such material has been destroyed.

- 7.3 The Receiving Party shall comply with any request by the Disclosing Party in terms of this clause, within 7 (seven) days of receipt of any such request.

8. Excluded Confidential Information

The obligations of the Receiving Party pursuant to the provisions of this Agreement shall not apply to any Confidential Information that:

- 8.1 Is known to, or in the possession of the Receiving Party prior to disclosure thereof by the Disclosing Party
- 8.2 Is or has become publicly known, otherwise than as a result of a breach of this Agreement by the Receiving Party
- 8.3 Is developed independently of the Disclosing Party by the Receiving Party in circumstances that do not amount to a breach of the provisions of this Agreement
- 8.4 Is disclosed by the Receiving Party to satisfy an order of a court of competent jurisdiction or to comply with the provisions of any law or regulation in force from time to time; provided that in these circumstances, the Receiving Party shall advise the Disclosing Party to take whatever steps it deems necessary to protect its interests in this regard and provided further that the Receiving Party will disclose only that portion of the Confidential Information which it is legally required to disclose and the Receiving Party will use its reasonable endeavours to protect the confidentiality of such Confidential Information to the greatest extent possible in the circumstances
- 8.5 Is received from a Third Party in circumstances that do not result in a breach of the provisions of this Agreement.

9. Term of Agreement

- 9.1 This Agreement shall be effective on and from the date of signature of the last signing Party and shall be effective for a period of..... months (the "Term").
- 9.2 In the event that the Parties extend the "Term" by mutual and written agreement, then the provisions of this Agreement shall endure for a further period of months mutatis mutandis.

10. Breach

In the event that the Receiving Party should breach the provisions of this Agreement and fail to remedy such breach within seven (7) days from date of a written notice to do so, then the Disclosing Party shall be entitled to invoke all remedies available to it in law including, but not limited to, the institution of urgent interim proceedings and/or an action for damages.



11. Enforcement

The failure by the Disclosing Party to enforce or to require the performance at any time of any of the provisions of this Agreement shall not be construed to be a waiver of such provision, and shall not affect either the validity of this Agreement or any part hereof or the right of the Disclosing Party to enforce the provisions of this Agreement.

12. Headings

The headings of the clauses of this Agreement are used for convenience only and shall not effect the meaning or construction of the contents of this Agreement.

13. Representations and Warranties

Each Party represents that it has authority to enter into this Agreement and to do all things necessary to procure the fulfilment of its obligations in terms of this Agreement.

14. Entire Agreement

This Agreement contains the entire Agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior Agreements between the Parties, whether written or oral, with respect to the subject matter of this Agreement.

15. Assignment

This Agreement shall not be assigned by the company to any person, save and except with the prior consent of DRDO in writing, which the DRDO shall be entitled to decline consent without assigning any reason.

16. Dispute Resolution

In event of any dispute or difference between the Parties hereto, such disputes and differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then, the unresolved dispute and difference shall be referred to arbitration of the Sole Arbitrator to be appointed by the Secretary, Department of Defence Research & Development on the recommendation of the Secretary, Department of Legal Affairs ("Law Secretary"), Government of India. The provisions of Arbitration and Conciliation Act, 1996 (No. 26 of 1996) shall be applicable to the arbitration under this clause. The venue of such arbitration shall be at Delhi or any other place decided by the arbitrator and the language of arbitration proceedings shall be English. The arbitrator shall make a reasoned award (the "Award"), which shall be final and binding on the Parties.

17. Governing law

This Agreement and the relationship of the Parties in connection with the subject matter of this Agreement and each other shall be governed and determined in accordance with the laws of the Republic of India.



18. Force Majeure

Neither Party shall be responsible or liable to the other Party for any failure to perform any of its covenant or obligations hereunder if such failure results from Force Majeure i.e., unforeseeable events or circumstances, any acts of God and beyond the reasonable control of such Party. The Party failing to perform as a result of an event of Force Majeure shall no later than Fifteen (15) days from the occurrence of Force Majeure notify in writing the other Party of such event of Force Majeure and shall take all action that is reasonably possible to remove such event of Force Majeure.

19. Postal addresses

19.1 Any written notice in connection with this Agreement shall be addressed:

19.1.1 In the case of DRDO

Address: **Director, Industry Interface and Technology Management,
DRDO HQrs, 447, B Block,
DRDO Bhawan, Rajaji Marg,
New Delhi-110011**

19.1.2 In the case of The Company

Address: **Company Address**

and shall be marked for the attention of **Name nominated by the company**

19.2 A Party may change that Party's address, provided it gives a 30 (thirty) days prior notice in writing to the other Party.

19.3 If any notice is to be sent by mail, it shall be sent by prepaid registered mail and shall then be deemed until and unless the contrary is proved, to have been received 20 (twenty) days after the date of posting.

19.4 If any notice is sent by telefax, it will be deemed, until and unless the contrary is proved, to have been received on the date recorded on the transmission slip.

19.5 If any notice is delivered by hand, it will be deemed to have been received on proof of the date of delivery.

20. Severability

In the event of any one or more of the provisions of this Agreement being held for any reason to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision was not a part of this Agreement, and the Agreement shall be carried out as nearly as possible in accordance with its original terms and intent.



21. Amendments

No amendment/ modification/ alternation of any of the terms of this Agreement shall be valid till it is reduced to writing and duly signed by the Parties. Any amendment shall be subject to final approval by the Director, DI²TM, DRDO HQrs.

IN WITNESS HEREOF, the parties have set their hands to it on the Day, Month and Year..... (Two Thousand)

Signed For and on behalf of the President of India	Signed by on and behalf of M/s "Name of the Company", City, Country
By :	By :
Name :	Name :
Title : Director, Name of Lab, City	Title :
Date :	Date :
By :	
Name :	
Title : Director, DI ² TM, DRDO HQrs, New Delhi	
Date :	

In the presence of :

Witness

Witness

By : _____

By : _____

Name : _____

Name : _____

Title : _____

Title : _____

Organisation : _____

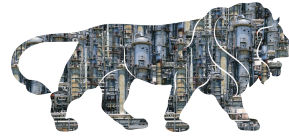
Organisation : _____

By :

Date :



Appendix J: Material Transfer Agreement (MTA)



Between

Name of the Lab, City, Country

Defence Research & Development Organisation (DRDO), India

And

Name of the Company, City, Country

For

Name of the Technologies

This MATERIAL TRANSFER AGREEMENT (the "Agreement"), is entered into on the Day of Month in the Year(Two Thousand)

BETWEEN

The President of India, acting through and represented by the **Director, Lab Name**, City a constituent laboratory under the **Defence Research and Development Organisation**, Ministry of Defence, Government of India and the **Director, Industry Interface and Technology Management (DI²TM)** at DRDO HQrs, DRDO Bhawan, New Delhi – 110011 (Hereinafter referred to as "PROVIDER", which expression shall whenever the context so requires or admits, mean and include its successors in office and/ assigns).

AND

"Name of the Company", a company formed in accordance with the laws of India and having their registered office at **Company Address** (Hereinafter referred to as "**RECIPIENT**"; which expression shall whenever the context so requires or admits, mean and include their heirs/successors, respective executors, administrators, legal representatives, and/or permitted assigns).

Pursuant to signing of the **Confidentiality & Non Disclosure Agreement** dated _____ between the PROVIDER and the RECIPIENT, the RECIPIENT has shown keen interest in further Testing and Validation on the products and technologies of – **Name of the technologies (Hereinafter together referred to as the "MATERIAL")** already developed in India by the PROVIDER. The PROVIDER has, therefore, agreed to provide to the RECIPIENT with materials and protocols proprietary to PROVIDER in order to allow such institutions and investigators in India through the RECIPIENT to conduct Testing and Validation relating to the 'MATERIAL', subject to the terms and conditions set forth below.



1. **Material; Testing and Validation**

Subject to the terms and conditions of this Agreement, PROVIDER agrees to provide RECIPIENT with mutually agreed quantities of the materials specified on Exhibit A (the "Material") as are reasonably available for the sole purpose of allowing RECIPIENT to undertake the Testing and Validation described on Exhibit B (the "Testing and Validation") RECIPIENT shall be responsible for the cost of transporting Material shipped to it by PROVIDER pursuant to this Agreement.

2. **Other Limitations**

RECIPIENT agrees: (i) to use prudence and reasonable care in the use, handling, storage, transportation, disposition, and containment of the Material, due to its experimental nature; (ii) not to administer or use the Material in humans under any circumstance; (iii) not to use the Material for any commercial purpose; (iv) not to use the Material in any research other than the Testing and Validation (as described on Exhibit B) without first obtaining PROVIDER's written consent.

3. **Control of Material. RECIPIENT AGREES TO RETAIN CONTROL OVER THE MATERIAL AND NOT TO TRANSFER MATERIAL TO ANY THIRD PERSON OR ENTITY WITHOUT FIRST OBTAINING PROVIDER'S PRIOR WRITTEN CONSENT.**

PROVIDER reserves the right to distribute the Material to others and use the Material without restriction for its own purposes. Upon the earlier to the PROVIDER's notice or the completion of the Testing and Validation, RECIPIENT agrees to notify PROVIDER of any quantities of Material remaining upon completion of the Testing and Validation and, at PROVIDER's option, shall (i) return any remaining Material to PROVIDER, or (ii) destroy such material on the request of the PROVIDER and on destruction of such remaining Material, the RECIPIENT shall provide a '**Certificate of Destruction**' to the PROVIDER clearly mentioning therein the quantities of the Materials destroyed and the method used for destruction.

4. **No Warranty. THE MATERIAL BEING SUPPLIED BY THE PROVIDER UNDER THIS AGREEMENT IS FOR THE TESTING AND VALIDATION PURPOSE ONLY ON "AS IS WHERE IS" BASIS AND IT SHALL NOT CARRY WARRANTIES OF WHATSOEVER NATURE, EITHER EXPRESSED OR IMPLIED AND THE PROVIDER HEREBY SPECIFICALLY AND EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE MATERIAL FOR A PARTICULAR PURPOSE.**

PROVIDER makes no representation or warranty that the use of Material will not infringe the proprietary rights of any third party.

5. **Confidentiality**

All oral or written communications received by RECIPIENT relating to Material are, and shall remain, proprietary and confidential to PROVIDER. RECIPIENT agrees to hold all such information in strict confidence and not to disclose such information to any third party or use it for any purpose other than to conduct the Testing and Validation, except that RECIPIENT shall not be required to maintain the confidentiality of information that:



- (a) Is already known to RECIPIENT at the time of its disclosure by PROVIDER, as evidenced by written records of RECIPIENT,
- (b) Has become publicly known and generally available through no wrongful act of RECIPIENT, or
- (c) Has been received by RECIPIENT or from a third party authorised to make such disclosure, as evidenced by written records of RECIPIENT.

6. **Reports**

During the term of this Agreement, RECIPIENT agrees to (i) periodically, but in no event less than annually, furnish PROVIDER with a written report summarising the results of the Testing and Validation to date, and (ii) within thirty (30) days of the completion of the Testing and Validation, furnish PROVIDER with a final written report detailing the results of the Testing and Validation. The final report may be in the form of a manuscript, abstract, or other publication submission. Such report shall be submitted in English language.

7. **Publications**

PROVIDER recognises that RECIPIENT may wish to publish scientific articles, abstracts, or posters, or make oral presentations relating to the results or Testing and Validation, and RECIPIENT recognises that publication or other public disclosure of the information relating to the Results or Testing and Validation can jeopardize proprietary rights, including patent rights, relating thereto of the PROVIDER. Therefore, RECIPIENT specifically agrees not to publish in any form and/or disclose to a third party or to public at large or make oral presentation relating to the Results or Testing and Validation, without specific and categorical written consent and approval of the PROVIDER in advance. It is clearly understood that if the RECIPIENT publishes and/or discloses or makes oral presentation stated above, without prior written consent and approval of the PROVIDER, RECIPIENT shall render itself liable to damages to the PROVIDER for breach of the Agreement. For the purpose of obtaining such advance consent and approval of the PROVIDER, the RECIPIENT shall provide to the PROVIDER with an advance copy of such proposed publication, oral presentation, poster, or other disclosure intending to disseminate any or all of the results at least thirty (30) days prior to submission for publication, presentation, or other disclosure. At PROVIDER's request, RECIPIENT agrees to delete confidential information of PROVIDER, and, if requested by PROVIDER within such thirty (30) day period, to delay submission for publication, presentation, or other disclosure for up to an additional sixty (60) days to permit the filing of one or more patent applications in respect of Developments. In the event PROVIDER determines that Results or Developments are more appropriately protected by a form of intellectual property other than patent rights, RECIPIENT agrees to delete the same from the publication, presentation, or other disclosure. In accordance with scientific custom, the contribution of PROVIDER will be expressly noted in all written or oral public disclosures made by RECIPIENT which relate to the Testing and Validation or results, by acknowledgment or co-authorship, as appropriate.



8. **Ownership**

It is understood by RECIPIENT that PROVIDER and its Affiliates will retain full ownership of the Material(s). Both parties will explore the possibility of a further collaboration, including the business terms thereof, in good faith if the results of the Study under this MTA warrant the same. In the event of breach by the RECIPIENT, PROVIDER shall remain the exclusive owner of all materials and know-how exchanged between PROVIDER and the RECIPIENT.

9. **Term; Termination**

The term of this Agreement shall extend until _____ unless the same is extended in writing by the Parties. Any right or obligation which accrues hereunder and Clauses 3, 5-9, 14, and 17 of this Agreement prior to the effective date of termination shall survive such termination.

10. **Notice**

Any notice to be given pursuant to this Agreement shall be made and deemed effective if sent to the party to whom such notice is required or permitted at the party's address first listed above, attention: **Director, Directorate of Industry Interface and Technology Management (DI²TM)**, if to PROVIDER, and attention: **Name of Recipient – Designation, Name of the Company**, if to RECIPIENT. Notice may be given via courier, registered mail, postage prepaid, and the like.

11. **Relationship**

The relationship created by this Agreement between PROVIDER and RECIPIENT shall be that of independent contractors without the authority given to either party to bind or act as agent for the other or its employees for any purpose.

12. **Compliance with Law**

RECIPIENT shall ensure that it shall comply with all applicable Government laws, regulations, and rules while carrying out the Testing and Validation and for any violations thereof, the RECIPIENT alone shall be fully liable.

13. **Indemnification**

RECIPIENT shall indemnify, defend, and hold PROVIDER, its directors, officers, employees, and agents harmless from and against any liability or cost, arising from any claim, suit, or proceeding arising as a result of or in connection with RECIPIENT's use, handling, storage, transportation, disposition, or containment of the material or conduct of the Testing and Validation or use of the Results, except to the extent due to the gross negligence of PROVIDER.

14. **No Implied Licences**

EXCEPT AS EXPRESSLY PROVIDED HEREIN, PROVIDER DOES NOT, BY IMPLICATION OR OTHERWISE, GRANT TO RECIPIENT ANY LICENCE OR OTHER RIGHT WITH RESPECT TO MATERIAL, DEVELOPMENTS, RESULTS, OR ANY INTELLECTUAL PROPERTY RELATING TO ANY OF THE FOREGOING.



15. **No Conflicting Obligations**

The Materials will not be used by the RECIPIENT in any research that is subject to consulting licensing or similar obligations to any third party without the prior written consent of the PROVIDER. In no event will the RECIPIENT use the results to file or support patent applications or patents in its name or in the name of any third party, without the prior written consent of the PROVIDER.

16. **Grants**

Applying for Grants in connection with the subject of this Agreement is not allowed without the prior written consent of PROVIDER. For this, RECIPIENT shall disclose to the PROVIDER all the terms and conditions of the intended grants.

17. **Assignment**

RECIPIENT shall not assign its interest in this Agreement without the prior written consent of PROVIDER to any third party. However, PROVIDER may assign its interest in this Agreement and its rights hereunder to any other person.

18. **Dispute Resolution/Arbitration**

In event of any dispute or difference between the Parties hereto, such disputes and differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then, the unresolved dispute and difference shall be referred to arbitration of the Sole Arbitrator to be appointed by the Secretary, Department of Defence Research & Development on the recommendation of the Secretary, Department of Legal Affairs ("Law Secretary"), Government of India. The provisions of Arbitration and Conciliation Act, 1996 (No. 26 of 1996) shall be applicable to the arbitration under this clause. The venue of such arbitration shall be at Delhi or any other place decided by the arbitrator and the language of arbitration proceedings shall be English. The arbitrator shall make a reasoned award (the "Award"), which shall be final and binding on the Parties.

19. **Governing Law**

This Agreement and the relationship of the parties in connection with the subject matter of this Agreement with each other shall be governed and determined in accordance with the laws of the Republic of India.

20. **Amendments**

No amendment, modification, alteration or waiver of any of the provisions of this Agreement shall be effective unless reduced in writing and signed by both the parties.

21. **Force Majeure**

This Agreement is subject to usual Force Majeure clause preventing the Parties to discharge their obligations which includes incidents by fire, Act of God, riots or other civil commotion, enemy action and/or other causes not within the control of the parties and in such cases neither party shall be liable to pay any compensation, claims to the other party. In the event either of the parties is affected by any circumstance



covered under this Force Majeure Clause, the other Party to the Agreement shall be informed of such circumstance within 15 days from the date of arising of such situation. If the situation preventing the affected Party to discharge its obligation, under the Agreement persists for more than three months continuously, either Party shall be at liberty to terminate this Agreement, subject of other clauses in this Agreement especially Clause 3.

22. **Non-Exclusivity**

This Agreement has been signed between the parties on non-exclusive basis and the PROVIDER is at liberty to have similar arrangement with other organisations in India and abroad during the validity of this Agreement.

23. **Entire Agreement**

This Agreement with its Exhibits set forth the entire agreement between the parties with respect to the subject matter contained herein and supersedes any previous understandings, commitments, or agreements, whether oral or written, with respect to the subject matter of this Agreement.

IN WITNESS HEREOF, the parties have set their hands to it on the Day, Month and Year..... (Two Thousand)

Signed For and on behalf of the President of India	Signed by on and behalf of M/s "Name of the Company", City, Country (if foreign company)
By :	By :
Name :	Name :
Title : Director, Name of Lab, City	Title :
Date :	Date :
By :	
Name :	
Title : Director, DI²TM, DRDO HQrs, New Delhi	
Date :	



In the presence of:

Witness

By : _____

Name: _____

Title: _____

Organisation: _____

Date :

Witness

By : _____

Name: _____

Title: _____

Organisation: _____



Exhibit A: Material and Protocols

1. For purposes of this Agreement, "Material" shall mean:
 - **Quantity of Product(s)**

Exhibit B: Testing and validation



By Testing and Validation it would mean the process of checking/tests/experiments conducted to prove the claim or confirm the performance, validity of data, or validate the processes as claimed by the mentioned technology/ material/ product.

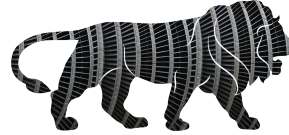
It could also include all such tests/experiments that are required to be conducted for getting the necessary statutory approvals for introducing the product/technology in the market. List of such tests is to be provided by the recipient to the provider in writing and necessary approval has to be taken from the provider in writing.

It Prohibits:

- Its use for carrying out the tests/experiments for the purpose of reverse engineering or for any other purpose with an intention to exploit the findings for Business Development activities without entering into license agreement through transfer of technology from the provider.
- Its use for publishing papers, without the prior written consent and approval by the Provider. However, publishing of the products/material provided by the Provider in the papers for advertising purposes with an object to market the product, are not prohibited.
- Its citation and its discussion at various forums, seminars or conferences, without the prior written consent and approval by the Provider. For this, the Recipient as per the provisions of Clause 7 of the Agreement shall give to the Provider at least thirty (30) days advance notice and wait for his approval and/or objection/suggestion.



Appendix K: Licensing Agreement for Transfer of Technology (LAToT)



Between
LAB NAME, City
Defence Research & Development Organisation (DRDO), India
Ministry of Defence, Government of India
And
Company Name, City, Country (in Case of Foreign Company)
For
Transfer of Technology (ToT) of
Name of Technology

This Licensing Agreement for Transfer of Technology is entered into on the Day of
Month in the Year(Two Thousand)

BETWEEN

The President of India, acting through and represented by the **Director, Lab Name, City**
a constituent laboratory under the **Defence Research and Development Organisation**,
Ministry of Defence, Government of India and the **Director, Industry Interface and
Technology Management (DI²TM)** at DRDO HQrs, DRDO Bhawan, New Delhi – 110 011
(Hereinafter referred to as “**DRDO**”, which expression shall whenever the context so requires
or admits, mean and include its successors in office and/ assigns) on the first part

AND

“**Name of the Company**”, a company formed in accordance with the laws of India and
having their registered office at **Company Address** (Hereinafter referred to as “**Company
Name**”, which expression shall whenever the context so requires or admits, mean and
include their heirs/successors, respective executors, administrators, legal representatives,
and/or permitted assigns) represented by, on the second part.

“**DRDO**” and “**Company Name**” are individually referred to as “**Party**” and jointly as
Parties”.

1. Preamble

1.1 WHEREAS DRDO, during the course of its research activities has developed a
unique technology for **Application of Technology** (Hereinafter referred to as the
“**Technology**” and more fully described in Technical Know-How) which is a “**Product**



Name”, (Hereinafter referred to as the **“Products”** and more fully described in Products Description).

- 1.2 WHEREAS **Company Name**, is desirous of utilising the developed “Technology” to manufacture in India/**“Country Name”*** and sell in ‘India” and/**“Countries Name”***(Hereinafter referred to as **Licensing Regions and morefully described in “Licensing Regions”**), the **“Products”**, there from.

2. Technical Know-How

DRDO shall transfer the complete details of the technical know-how and testing method for quality assurance to Company Name with requisite data on the functioning of the product.

3. Product Description

The “Product”is

4. Licensing Regions

- 4.1 By this Licensing Agreement for Transfer of Technology, DRDO grants a ***nonexclusive/restricted exclusive/exclusive Licence** to utilise the “Technology” by “Name of the Company” for the manufacture in **India** (referred as **“Licensing Region”**) **under the provisions contained in succeeding clauses of this Agreement.**
- 4.2 For sale of the product outside the licensing region “Name of the Company” shall seek prior written approval of DI²TM, DRDO Hqrs.

In pursuance of above, NOW IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

5. Grant of License

- 5.1 By this Licensing Agreement for Transfer of Technology, DRDO grants a ***nonexclusive /restricted exclusive/exclusive** license to utilise the “Technology” by **“Name of the Company”** for the manufacture in “_____” and for sale in the “licensing regions” for **“Period of License”** (described at Clause 14) from the date of this Agreement becoming effective.
- 5.2 DRDO shall have the March-in Rights to use the IP for its own use in the interest of Government of India without any restrictions, irrespective of the nature of license granted in this agreement.

6. Responsibilities of Parties

- 6.1 DRDO agrees to supply the “Technology” in the form of documents like drawings specifications, known sources of materials, samples for guidance and visualisation, testing details and specifications (which hereinafter will be collectively referred to as

* strike out whichever is not applicable



“Technology Transfer Documents TTD).

- 6.2 During the Technology Transfer period (i.e., the time period required for transferring the technology as per TTD from “DRDO” to “Name of the Company”), DRDO shall depute free of cost to “Name of the Company” experts/ personnel for a period not exceeding ____ man-days to provide technical assistance for manufacturing products for the first order.
- 6.3 For any technical assistance given beyond this Technology Transfer period (____ mandays), if required, “Name of the Company” shall pay to DRDO Rs 20000/- (Rupees twenty thousand only) per manday of the DRDS and Rs 10000/- (Rupees ten thousand only) per manday of the non-DRDS/staff. For deputation abroad “Name of the Company” shall pay the consultation charges of \$ 500 (Five Hundred US Dollars) per manday to DRDO. “**Name of the Company**” shall also bear the transport and lodging costs of the scientists and staffs, as per Government rules.
- 6.4 “**Name of the Company**” undertakes to manufacture the “Product” in accordance with the specifications contained in the TTD supplied by DRDO. Any changes/ deviations shall be mutually agreed upon in writing.
- 6.5 During the “**Period of Validity of License**” (refer Clause 14), DRDO reserves the right to stage inspect all materials and processes in the manufacture, at such intervals and under such conditions as may be felt necessary by DRDO. During such inspection should the materials and/or stage-products fail to meet the specification(s) as per the TTD, the rejects will be to the account of “**Name of the Company**”. After rectification, if the product still does not meet the specifications, DRDO may revoke the licence conferred on “**Name of the Company**”.
- 6.6 Further, on prior written approval from DRDO, “**Name of the Company**” can manufacture the said “**Technology**” & “**Product**” overseas subject to the ‘**government rules/policies on the subject**’. Also, for export of raw material, machine and tools from India to the country of manufacture abroad shall be subject to the Policy of the Government of India and **law relating to import/export** in both the countries, compliance of which shall be sole responsibility of “**Name of the Company**” alone.
- 6.7 It shall be the sole responsibility of “**Name of the Company**” to ensure maintaining the quality of the “**Technology**” and “**Products**” and in case of any complaint/claim in the quality of the “**Technology**” and “**Product**” produced by “**Name of the Company**” is received, DRDO shall in no way be held responsible in any manner, whatsoever, for such rejection/claims, etc. DRDO’s responsibility shall be limited to providing technical assistance to “**Name of the Company**” on the above terms and conditions. If DRDO’s assistance is required by any sub-licensee of “**Name of the Company**” in India or abroad, the same shall be provided on the terms to be discussed and agreed separately.
- 6.8 **Mutual Indemnification:** Subject to the above provisions DRDO agrees, to indemnify and hold harmless the “**Name of the Company**” against any liabilities, damages and cost, to the extent of money received by DRDO as ToT Fees. The “**Name of the Company**” agrees to the fullest extent permitted by law, to indemnify and

hold harmless DRDO from any liabilities, damages and costs (including reasonable attorneys fees and cost of defense) to the extent caused by the negligent acts, errors or omissions of the **"Name of the Company"** or anyone for whom **"Name of the Company"** is legally responsible.

- 6.9 **"Name of the Company"** undertakes and assures that it will always follow best Corporate Practices.

7. Sale

- 7.1 **"Name of the Company"** undertakes to launch the "Products" within a period of ___ months from the date of signing of this Agreement, failing which the license will be revoked and the **"Name of the Company"** will have no claim whatsoever on upfront ToT Fees given to DRDO and shall be forfeited.
- 7.2 If there is any delay in the launch of the product then **"Name of the Company"** will seek prior written approval for extension of period from DRDO HQrs, through Director, DI²TM.
- 7.3 **"Name of the Company"** undertakes to spend sufficient fund for promoting/ branding/ marketing the said **"Products"**.
- 7.4 **"Name of the Company"** shall inform DRDO of the sale of the product on a yearly basis (financial year). A copy of this information will also be sent to DI²TM, DRDO.
- 7.5 For enquiries received from abroad for the product, **"Name of the Company"** shall seek prior written approval from DI²TM, DRDO.

8. Financial Arrangements

- 8.1 **"Name of the Company"** shall pay to DRDO a Total **Technology Transfer Fees** of _____ (Amount in Figure and Words) as per the payment schedule mentioned below :
- 8.1.1 _____ (Amount in Figure and Words) of the **Technology Transfer Fees** payable at the time of signing of Agreement for entering into the Licensing Agreement for Transfer of Technology.
- 8.1.2 The balance amount of _____ (**Amount in Figures and Words**) of the **Total Technology Transfer Fees** shall be payable as per mutually agreed terms and conditions mentioned at Annexure -1 to Appendix 'K'.
- 8.1.3 The "Name of the Company" shall also pay service tax (if applicable) over and above ToT Fee. ToT Fee and service tax shall be payable by two different bank drafts.
- 8.2 The Annual Royalty payable to DRDO by **"Name of the Company"** shall be as follows:
- Royalty on Net Sales to Central Govt. Estt, Armed Forces (including Government Tenders) ___ % of value assessable for Central Excise purposes.
 - Royalty on Net Sales to Indian Market (Except Central Government

Establishment, Armed Forces and Government Tenders, etc.) _____ % of value assessable for Central Excise purposes.

- Royalty on Net Sales to Export Market _____ % of invoice value declared to Customs authorities.

8.2.1 **Sales figure will be determined based on the selling price declared for the purpose of payment of Excise duty.** Further sales figures for the purpose of royalty payment shall be based on a certificate derived from audited financial statements, duly certified by Chartered Accountant.

8.3 **The royalty** payment will be effected on pro-rata basis within 30 days of **publishing of the Annual Audited Financial Statements by Chartered accountants.** **"Name of the Company"** may quote the price to customers by including the royalty/ departmental charges payable to DRDO. However, Royalty payable to DRDO shall be calculated on the **Net Sale Price as described in clause 8.2 and 8.3.** In case of export, it shall be calculated on the F.O.B. price of the product. Against the sale of Products manufactured abroad by **"Name of the Company"**, the royalty to DRDO shall be paid in US Dollars.

8.4 In the course of its normal research and development, if DRDO come across facts, which lead to incremental improvement, the same will be shared with **"Name of the Company"**. However, should the nature of the product be changed to bring about a new product, the same shall be offered to **"Name of the Company"** by DRDO and the commercial aspects will be renegotiated to mutual acceptance.

8.5 Payment in respect of Technology Transfer Fee will be made through a Crossed Demand Draft drawn in favour of the "The Controller of Defence Accounts (R&D), New Delhi" payable at New Delhi and submitted to the Director, Directorate of Industry Interface and Technology Management (DI²TM), DRDO HQrs, 'B' Block, "DRDO Bhawan", Rajaji Marg, New Delhi – 110 011, under intimation to the Director, **Name of the Lab, City.** This procedure will be followed for remittance of Royalty as also in respect of export orders. Payment in respect of service tax, if applicable, shall be made as per the provisions of Service Tax, Finance Act 1994 (as amended from time to time) as applicable for the services provided by Government of India Departments.

8.6 For all commercial/ financial aspects, DI²TM, DRDO HQrs, New Delhi will be consulted by **"Name of the Company"**.

8.7 In the event of default in payment of royalty by due date, **"Name of the Company"** shall pay interest on amount due, in default, at the bank lending rate charge prevailing at the time in India.

8.8 **"Name of the Company"** will provide Certification of assessable value declared to Central Excise authorities and quantity of Production figures every year (Financial year) duly authenticated by their Chartered Accountant (CA) to **Director, Name of the Lab, City** with a copy to Director, DI²TM, New Delhi.



9. Marking

- 9.1 A DRDO product developed by DRDO and manufactured and marketed by **"Name of the Company"** shall have following markings **"Product Developed by DRDO"**, or words to this effect DRDO logo shall be visibly displayed.
- 9.2 **"Name of the Company"** shall indicate in all the technical documents/brochures including copies thereof furnished by DRDO and in a manner approved by DRDO that the design and technology contained in the documents are the properties of DRDO.

10. Security

- 10.1 **"Name of the Company"** shall not transfer, by resale or otherwise, the know how/ technology obtained from DRDO under this Agreement to any other party, in any manner, whatsoever, without the prior written approval of DRDO/ DI²™ irrespective of whether this Licensing Agreement for Transfer of Technology is in force or not. **"Name of the Company"** undertakes that it will take prior permissions from DRDO in case of sub-licensing the **"Technology"** and **"Products"** in the **"Licensing Regions"**:
- 10.2 **"Name of the Company"** shall take all necessary measures to ensure that the technology is not passed on, disclosed, or given access to, except to such of their Directors, Officers and employees and their subcontractors to whom it is necessary to pass on, disclose or give access to, for the purpose of execution or manufacture of the product under this Licensing Agreement for Transfer of Technology. **"Name of the Company"** hereby accepts full responsibility for any of their Directors, Officers and Employees and their subcontractors and undertakes to fully compensate DRDO in that regards.
- 10.3 Any product improvements carried out by **"Name of the Company"** shall be got approved from DRDO before the product is offered for sale and the same shall be the property of DRDO and will not be passed on by **"Name of the Company"** to any other parties irrespective of whether this Licensing Agreement for Transfer of Technology is in force or not.
- 10.4 **"Name of the Company"**, during the course of productionisation and/or commercialisation of the **"Product"** based on **"DRDO Technology"**, may want to effect improvements thereby causing a different **"Product"** to be formulated. All such differentials and 'variants' will be deemed as based on the **"DRDO Technology"** and all clauses in this Agreement will be fully applicable to such 'variants'. **Patent right on such new (improved) products/ variants shall be that of DRDO and DRDO may consider grant of an exclusive right to "Name of the Company" for that new variant, if "Name of the Company" so requests DRDO.**
- 10.5 **"Name of the Company"** shall keep royalty amounts and Technology Transfer fee and Royalty commercially confidential.

11. Title and Ownership of Design

The title to and ownership of the “Technology” including the improved technology and the “Products” including new variants and copyrights and intellectual property rights will rest exclusively with DRDO.

12. Dispute Resolution

In event of any dispute or difference between the Parties hereto, such disputes and differences shall be resolved amicably by mutual consultation. If such resolution is not possible, then, the unresolved dispute and difference shall be referred to arbitration of the Sole Arbitrator to be appointed by the Secretary, Department of Defence Research & Development on the recommendation of the Secretary, Department of Legal Affairs (“Law Secretary”), Government of India. The provisions of Arbitration and Conciliation Act, 1996 (No. 26 of 1996) shall be applicable to the arbitration under this clause. The venue of such arbitration shall be at Delhi or any other place decided by the arbitrator and the language of arbitration proceedings shall be English. The arbitrator shall make a reasoned award (the “Award”), which shall be final and binding on the Parties.

13. Effective Date

This Agreement shall be effective on and from the date it is signed by both the parties.

14. Period of Validity of License

- 14.1 DRDO grants a ***non-exclusive/restricted exclusive/exclusive** license to utilise the “Technology” by “**Name of the Company**” for the manufacture in _____ and for sale in the “licensing regions” for ____ **years** (referred as “**Period of Validity of License**”) from the date of this Licensing Agreement for Transfer of Technology becoming effective.
- 14.2 Though the validity of the granted license is for ____ **years**, DRDO shall be at liberty to revoke the license in the following circumstances, without any liability of whatsoever nature, to either “**Name of the Company**” or to the new company/owner/management and/ or to any other claimant.
 - 14.2.1 If the company (“**Name of the Company**”) and/ or its sub-license* is Black-Listed by any India Government Agency and/or Government Organisation.
 - 14.2.2 If the company (“**Name of the Company**”) and/ or its sub-license* fails to abide by the terms & conditions of this Agreement.
 - 14.2.3 If it is found that “**Name of the Company**” and/ or its sub-license* is involved in any unlawful acts.

* strike out whichever is not applicable

- 14.2.4 In the event of change of Management, ownership and/ or merger* of "**Name of the Company**" into some other company or sale/transfer* of the company to some other person by any mode; like purchase of shares, taking over of the company by any other means, without prior knowledge and consent of DRDO.
- 14.2.5 If the company ("**Name of the Company**") becomes insolvent.
- 14.3 In the case of revocation of license, "**Name of the Company**" will have no claim whatsoever on ToT Fees, Royalty Fees given to DRDO before the Revocation.
- 14.4 This Licensing Agreement for Transfer of Technology shall be reviewed for further extension/termination before the expiration of validity of License offered through this agreement.

15. Force Majeure

- 15.1 Neither party shall be liable for any failure of performance under this Agreement, due to causes beyond such party's reasonable control, including but limited to acts of God, fire, flood or other natural catastrophes; any law, order, regulation, direction, action of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lock-outs, work stoppages or other labour difficulties, provided however the party to which the force majeure has happened shall use commercially reasonable efforts to eliminate such an event.
- 15.2 Force Majeure shall also be deemed in the event of any regulatory decision or government order requiring the either party to suspend its service(s) or operation for any reason whatsoever.
- 15.3 If either party is unable to act(s) for a period of 90 (ninety) consecutive days as a result of continuing Force Majeure event, the other party may cancel/ terminate the Agreement.
- 15.4 However, "**Name of the Company**" will have no claim whatsoever on ToT Fees, Royalty Fees given to DRDO before the enforcement of Force Majeure event.

16. Entire Agreement

- 16.1 This Agreement constitutes the final agreement between the Parties and it supersedes all prior agreements, understandings and other correspondence/ communications between the Parties with respect to the subject matter hereof.

17. Amendments

- 17.1 No amendment/ modification/ alternation of any of the terms of this Agreement shall be valid till it is reduced to writing and duly signed by both the Parties. Any amendment of financial/commercial nature shall be subject to final approval by the Director, DI²TM, DRDO HQrs.

* strike out whichever is not applicable

IN WITNESS HEREOF, the parties have set their hands to it on the Day, Month and Year..... (Two Thousand)

Signed For and on behalf of the President of India	Signed by on and behalf of M/s “Name of the Company”, City, Country (if foreign company)
By :	By :
Name :	Name :
Title : Director, Name of Lab, City	Title :
Date :	Date :
By :	
Name :	
Title : Director, DI²TM, DRDO HQrs, New Delhi	
Date :	

In the presence of:

Witness

By : _____

Name: _____

Title: _____

Organisation: _____

Date :

Witness

By : _____

Name: _____

Title: _____

Organisation: _____



Annexure to Appendix K: Schedule of Payments

1. **ToT fee payable at the time of signing of Licensing Agreement: (Amount in Figure and Words)**
2. **Stage payments/ Milestone* based payments**
(Amount in Figure and Words)

* strike out whichever is not applicable

Keywords/Abbreviations

Addl FA	: Additional Financial Advisor
AMC	: Annual Maintenance Contract
B2P	: Built to Print
BDA	: Business Development Activities
BEA	: Business Engagement Agreement
CC R&D	: Chief Controller (Research & Development)
CDA(R&D)	: Controller of Defence Account (Research & Development)
CIF	: Cost, Insurance & Freight
PCDA(R&D)	: Principal Controller of Defence Account (Research & Development)
CEC	: Cost Estimation Committee
CFA	: Competent Financial Authority
CNC	: Cost Negotiation Committee
CNDA	: Confidentiality and Non-Disclosure Agreement
DG	: Director General
DGQA	: Director General of Quality and Assurance
DIPP	: Department of Industrial Policy & Promotion
DI ² TM	: Directorate of Industry Interface & Technology Management
DPSU	: Defence Public Sector Unit
DRDO	: Defence Research & Development Organisation
DRDS	: Defence Research and Development Services
EOI	: Expression of Interest
FE	: Financial Estimate
FICCI	: Federation of Indian Chambers of Commerce and Industries
FOB	: Free on Board
IF	: Infrastructure
IP	: Intellectual Property
IPR	: Intellectual Property Rights
LATOT	: Licensing Agreement for Transfer of Technology

LD	: Liquidity Damage
LOI	: Letter of Intent
LSP	: Limited Series Production
LSPP	: Limited Series Production Proposal
MHA	: Ministry of Home Affairs
MILTECH	: Military Technology
MM	: Mission Mode
MoD	: Ministry of Defence
MoU	: Memorandum of Understanding
MTA	: Material Transfer Agreement
NPV	: Net Present Value
NRE	: Non Recurring Engineering
OFB	: Ordnance Factory Board
PA	: Production Agency
p.a.	: Per Annum
POC	: Point of Contact
PSU	: Public Sector Unit
QA	: Quality Assurance
QC	: Quality Control
S&T	: Science and Technology
TAC	: Technical Assessment Committee
TD	: Technology Demonstrator
ToT	: Transfer of Technology
TPC	: Tender Purchase Committee
TRB	: Technology Review Board



