**SPARK GRANT AGREEMENT**

THIS Agreement made and entered into on this \_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_, Two Thousand …...................., between the Chief Executive Officer / Additional Chief Executive Officer, Defence Innovation Organisation, Department of Defence Production, Ministry of Defence, Government of India having its Office at South Block, New Delhi (hereinafter called DIO which expression shall wherever the context so admits include its successors and permitted assigns) of the first part AND

**Aartech Solonics Limited** a*, Limited Company* incorporated under the Indian Companies Act 1956 having its registered office at **“Ashirwad” E-2/57, Arera Colony, Bhopal, Madhya Pradesh (M.P.) India 462016**

hereinafter called SPARK Grantee which expression shall wherever the context so admits include its successors, receivers, administrators, permitted assigns and associated companies of the second part.

WHEREAS the SPARK Grantee is selected as a recipient of SPARK grant on the basis of having emerged as iDEX Winner in the **DISC5** under the challenge titled **‘Silent Overwatch for Infantry Combat Vehicles using Fuel Cell / Alternate Fuel based Auxiliary Power’** issued by Indian Army, shall receive the grant-in-aid to support the development of the desired and viable product, adequately meeting the requirements and being compliant to the quality and performance standards as required by the respective Technical and/or Commercial department or agency concerned within the Indian defence establishment.

WHEREAS the SPARK Grantee is selected through a competitive process of rigorous screening and expert evaluation supervised by the High Powered Steering Committee (HPSC), constituted under the Chairman, HPSC.

WHEREAS the SPARK Grantee is allowed to use the grant solely for the development of the product, within the approved capital and operating expenditures in strict adherence to the SPARK Grant guidelines and the terms and conditions outlined in this agreement.

WHEREAS DIO (Defence Innovation Organisation) established as a Section 8 company under The Companies Act 2013, is entrusted with the responsibility to implement the SPARK scheme.

1. DEFINITIONS

For purposes of this Agreement, and in addition to those terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below unless the context dictates otherwise.

* 1. **“Confidential Information”** means all proprietary or confidential information of DIO, including all information concerning the Product, Product Improvements (as defined below), or Product Knowhow (as defined below), any data derived there from, or any other trade secrets, information, technical data, know-how, and other confidential and proprietary information, including, but not limited to, that which relates to research, products, services, customers, markets, software, product plans, protocols, methods, developments, inventions (whether patentable or not), chemical compounds, mixtures, formulas, formulations, manufacturing processes, strategies, processes, designs, drawings, engineering information, marketing or finances. Specifically excluded from "Confidential Information" shall be information which:
1. is or becomes part of the public domain, through no fault of either party;
2. is lawfully disclosed without limitation by a third party who is not obligated to retain such information in confidence; or
3. is required to be disclosed by law, regulation, or order of a court or other tribunal of competent jurisdiction, provided that “Spark Grantee” provides DIO with (i) prior written notice of such proposed disclosure, in order to allow DIO to take reasonable and lawful actions to avoid and/or minimize the extent of such disclosure and (ii) reasonable assistance in minimizing the extent of such disclosures, as requested by DIO.
	1. **“Program Management Unit”** hereinafter referred to as PMU, shall mean the team of professionals, who are employed by DIO and which shall be functionally reporting to the CEO/Addl CEO/COO of DIO, to manage the implementation of the SPARK Grant under iDEX, the broader initiative undertaken by the DIO.
	2. **“Partner Incubator”** hereinafter referred to as PI, shall mean the incubator companies chosen by the DIO as its partner to the iDEX program, and which are through an independent MoU signed between the DIO and the PIs, charged with the responsibility to support DIO in the implementation of different activities of iDEX.
	3. **“Nodal Agency ”** shall mean the specific Directorate 0/ Unit identified by the respective Services HQ of Indian Army, Indian Navy, Indian Air Force or DPSUs/ Other Defence Establishments//DPSUs/Other Government Establishment/Private Sector, and authorised to anchor and coordinate the necessary activities required in facilitating various technical activities involved
	4. **“Product”** shall mean the final deliverable to the Nodal Agency within the Indian military, including all hardware, software, documentation, and other artifacts, after adequately qualifying all prerequisite testing and certification criteria as defined by the defence forces.
	5. **“Product Development”** shall mean the process, in general, encompassing all technical, commercial, financial, managerial, and administrative activities as is duly required for developing a technologically advanced solution, carried out by the SPARK Grantee independently and/or in consultation with its partners defined in the broadest sense, and/or in consultation with the PMU of DIO and the designated PI.
	6. **“Milestone” shall mean** points in the planned schedule and timeline of the Product Development activities, defined in terms of specific goals to be achieved or deliverables to be completed and output by the SPARK Grantee, in order to evaluate the progress of the Product Development activities, and to assess the effectiveness of the implementation of the SPARK Grant. There shall be six (6) milestones, numbered from Milestone 0 to Milestone 5 as described in
	Annexure-X.
	7. **“WBS” or “Work Breakdown Structure”,** shall refer to the exhaustively enumerated set of technical activities to be carried out by the SPARK Grantee in order to achieve the desired technical deliverables and outcomes in accordance to the broader set of expectations described under the Product Development & QA track of the Annexure X. It is expected that the SPARK grantee shall define an indicative WBS in compliance with the respective goals and deliverables in Annexure X, in concurrence with DIO. WBS may have to change over the life of the project, due to emergent technical learnings/experiments with approval of CEO/Addl CEO/COO, DIO
	8. **“Product Improvements”** shall mean any inventions, discoveries, information, knowledge, improvements or modifications related to the practice of the Product which comes into the possession of DIO during the term of this Agreement.
	9. **“Program”** shall mean in the broad sense all of the activities undertaken by DIO under the umbrella initiative iDEX, and/or shall mean as a collective term used to refer to all the SPARK Grants issued by DIO.
	10. **“Project”** shall mean as a collective term to refer to those set of activities defined under Product Development.
	11. **“Product Knowhow”** shall mean any research and development information, non-patented inventions, technical data, or knowledge related to the practice of the Product or Product Improvements in the possession of or which comes into the possession of DIO.
	12. **“Milestone and Funding Group”** hereinafter referred to as MFG shall mean the committee of persons consisting of officials from DIO, PI and Nodal Agency(optional) as shall be appointed by the Competent Authority as delegated to, by the DIO Board to monitor the overall process of the implementation of the SPARK Grant. MFG acts as Grant Monitoring Committee.
	13. **“Product Development Grant” hereinafter referred to as** PDG, shall mean the financial support offered to the SPARK Grantee to duly fund the product development activity, and shall be matched equally or in excess by the SPARK Grantee through the Matching Contribution, in accordance to the guidelines presented in Annexure Y.
	14. **“Matching Contribution”** hereinafter referred to as MC or also referred to as Total Matching Contribution (TMC), shall mean the cumulative contribution in the form of Cash, In-Kind, and Past Expenditures, made by the SPARK Grantee in accordance to the guidelines presented in Annexure Y.
	15. **“Tranche”** shall mean the individual instalment payments made by DIO, which cumulatively shall amount to the total sanctioned value of the SPARK grant offered by DIO to the SPARK Grantee. There shall be a total of Five (5) tranches and the value of the payment in each tranche shall be: 10% in Tranche-1, 20% in Tranche-2, 30% in Tranche-3, 30% in Tranche-4, and 10% in Tranche-5, with each percentage value indicated applied on the total sanctioned amount of the SPARK grant. The amount to be paid for each tranche is indicated in
	Annexure C, corresponding to a particular milestone. The payment of Tranche-1 shall be made immediately after execution of this agreement as a contract between DIO and the SPARK Grantee.
	16. **“Completion of Milestone”** shall mean the completion by the SPARK Grantee as per acceptable standards of quality, the preapproved set of technical activities defined in the WBS for the respective milestone, and the submission of the relevant documentation as shall be prescribed by the PMU of DIO, including the certification of the same by the Partner Incubator. In addition to due completion of the WBS activities and the related technical deliverables for the respective milestone to be deemed complete, the utilization of the SPARK Grant funds received in the preceding tranches and 100% utilisation of the Cash portion of the Matching Contribution corresponding to the preceding tranches must be completed by the SPARK Grantee to be submitted as Annexure Z.

**TERMS AND CONDITIONS OF AGREEMENT**

1. **Product Development**

SPARK Grantee shall employ adequate resources and significant efforts required to complete product development using standard product development lifecycle methods and practices as is commonly followed in the industry. The product so developed shall meet all desired functional specifications, performance metrics, quality assurance & certification standards, and shall gain acceptance by the concerned/designated military authority as being viable for defence production and induction. To ensure that the innovators are offered the desired levels of flexibility to explore differentiated solutions meeting the needs of the end-users and operators, the DIO shall facilitate the SPARK Grantee to engage directly with the designated Nodal Agency in developing the Qualitative Requirements (QR) of the product, which shall serve as a basis to monitor the progress of the product development activities. The details of the proposed product concept are included in Annexure B, highlighting the specific technologies developed or applied and the key features and functionalities of the innovative solution.

* 1. **Production-Ready Design of the End Product:** The SPARK Grantee shall own the responsibility to deliver a production-ready design of a military-grade product by effectively utilising the financial support and other services, resources, and value additions offered from the broader iDEX ecosystem. The SPARK Grantee is expected to complete the full lifecycle of technology development & validation and product design, development & validation activities including the adequate scope of DFMA (Design for Manufacturing and Assembly), in order to duly complete the scope of the product development activities. Any result or outcome that falls short of this desired goal shall amount to not meeting the desired expectations, and therefore lead to a situation where the SPARK Grantee may be denied disbursements of the last one or two or more tranches. Additionally, efforts by DIO to facilitate the procurement of the product by Armed Forces shall be undertaken once DIO is assured of a production-ready product or design from the SPARK Grantee.
	2. **Definition of QRs owned by the SPARK Grantee:** The SPARK Grantee shall own the responsibility of duly completing the finalization of the QRs in an accelerated manner within a reasonable time duration, which shall be defined by DIO on case-to-case basis subject to various considerations and conditions.
	3. **Necessary Licenses to be obtained by the SPARK Grantee:** The SPARK Grantee shall take necessary steps as may be required and incur the relevant expenses to apply for and obtain the Defence Manufacturing License, SCOMET License, and other such licenses, approvals, certifications and shall comply with any other statutory requirements prior to commencement of prototype development in particular or to become qualified as a Development Agency in general. The SPARK Grantee shall submit to the MFG of DIO, a self-declaration confirming its compliance to any or all licences or approvals as may be necessary. SPARK Grantee shall be provided best possible assistance from DIO, Nodal Agencies and the Partner Incubator to complete these formalities in a time bound manner. However, insufficiency of such support shall not relieve the SPARK grantee of its obligations under this article.
	4. **Complete Solution for the Challenge:**Unless otherwise approved, in writing, it is assumed that the SPARK Grantee is expected to deliver a holistic solution offering a complete set of features, functionality, and system integration aspects, required to duly address the needs of the military with respect to the stated challenge. In the case where the SPARK Grantee is designing and developing a solution to address a part of the challenge, it is expected that it will source components and systems required to address the other parts, and it will own up the overall system integration necessary to deliver the complete viable solution. In order to ensure that the SPARK Grantee is able to offer complete solutions, the designated PI in collaboration with DIO and the larger defence ecosystem shall facilitate access to suppliers, vendors, experts etc.
1. **Statement of Product Development Budget**

The estimate of the costs covering capital and operating expenditures, collectively referred to as the Product Development Budget (PDB), in accordance to the guidelines issued by DIO, has been reviewed and approved on a provisional basis by DIO, and presented in Annexure B. The estimation of the PDB shall follow the guidelines presented in Annexure Y.

* 1. **Provisional Budget:**
	Given that the product specifications shall be more firmly defined over the first and/or second milestones, during which the QRs of the desired military grade product shall be finalised in consultation with the Nodal Agencies, it is expected that there will be changes to the budget. To accommodate such changes, after being duly reviewed and approved by the MFG, the SPARK Grantee shall present revised estimates of the product development budget following the guidelines described in Annexure Y using the same format indicated in Exhibit B.1 along with suitable justification and rationale in the form of a Budget Change Request submitted to the PI, and the PMU. In doing so, the SPARK Grantee has to ensure that there is an adequate matching contribution made available in the form of Cash and/or In-Kind contribution to fund the budget addition.
1. **Statement of Matching Contribution**

The estimate of the Matching Contribution (MC) covering Cash, In-Kind, and Past Expenditures, in accordance to the SPARK Grant Guidelines issued by DIO, has been reviewed and approved on a provisional basis by DIO, and presented in Annexure C. The estimation of MC shall follow the guidelines presented in Annexure Y.

1. **Agreement Prerequisites**

The SPARK Grantee shall produce an original and a copy of relevant documents for scrutiny by PMU of DIO. List of documents to be handed over as a prerequisite for the signing of the agreement and subsequent release the of grant is included as enclosures or exhibits as listed in Annexure D.

1. **Partner Incubator (PI)**

DIO has recommended the Partner Incubator indicated in Annexure A, after having considered the preferences received from the SPARK Grantee, and having assessed the suitability of the PI to offer necessary incubation services and resources adhering to the guidelines of the framework for Partner Incubators as issued by DIO. The acceptance document from PI is included as Exhibit B.4.

1. **Conditions Precedent**

SPARK Grantee shall present a list of requirements specifying clearly the requirement for access to military facilities including the study of existing equipment/platforms, test sites, design/development labs, interactions with users/operators and military experts, etc. at any stage of the implementation of the Product development and such access shall be provided subject to necessary permissions from the owners/persons in charge of such facilities and in accordance with the rules and restrictions at such facilities. Where necessary, the Spark grantee shall execute any bonds/agreements to get access to such facilities. SPARK Grantee shall reserve the right to state for future reference or contingencies, those vital assumptions with which it shall accept the grant from DIO and endeavour to achieve the desired product development goals while being compliant to the terms and conditions as stated in this agreement and to those that may emerge during the course of utilization of the grant based on certain unforeseen circumstances, which will require the DIO to state additional terms and conditions to safeguard the larger interests of DIO, to protect the reputation of iDEX (DIO) overall and to prevent entire loss or complete failure of the sanctioned grant under the SPARK grant scheme. DIO in partnership with the PI shall endeavour to fulfil the requirements as far as possible or otherwise suggest suitable alternatives. The Conditions Precedents listed with suitable descriptions of context and relevance are included as an enclosure or exhibit listed under Annexure D.

1. **Product Development Grant**

The funds under the grant-in-aid limited to the extent sanctioned shall be transferred to the SPARK Grantee in 5 tranches - 10%, 20%, 30%, 30% and 10% tranche or subject to compliance of proviso to Clause 1.16, as per Annexure C, each tranche linked to a milestone designated by goals and deliverables for each milestone as per the WBS, which is proposed by the SPARK Grantee and approved thereof by the DIO. The first tranche (Tranche-1) shall be released after the signature of this agreement, which is deemed to be Milestone-0 and subsequent tranches shall be released on the completion of that corresponding milestone as has been indicated in the Annexure X i.e. Tranche-2 for Milestone-1, Tranche-3 for Milestone-2, Tranche-4 for Milestone-4, and Tranche-5 for Milestone-5. SPARK Grantee shall under the guidance, support and supervision of the Partner Incubator submit periodic interim and milestone completion reports to the Program Management Unit (PMU) of the DIO, indicating progress achieved against the specific set of goals and deliverables defined jointly under the purview of the PMU and the Partner Incubator. Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate shall be submitted on a timely basis to enable processing of subsequent tranches by PMU. Each Milestone Completion Report must be approved and signed by Partner Incubator which should clearly indicate the completion of goals and deliverables as per the approved WBS. Submission of Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate by Chartered Accountant (Statutory Auditor) is an essential pre-requite for release of Tranches of Payment subsequent to Tranche-1. DIO shall organise an External audit of the grantee as described in Para 18. The grantee shall provide the Grant Utilisation Certificate as per Annexure Z.

The SPARK Grantee shall have sufficient operating cash (sourced from the matching contribution) to ensure uninterrupted product development efforts for a minimum of 28 working days after the submission of the milestone completion report to DIO. The details of tranche payments from DIO at each of the six (6) milestones is indicated in Annexure C.

* 1. **Exclusive Bank Account**

To receive funds from the SPARK Grant, the SPARK Grantee shall maintain a separate bank account, whose account details shall be duly submitted to the PMU of DIO. This account shall be used exclusively for the purpose of receiving funds from the SPARK grant and MC (Cash) related to the project only. All the expenses relating to the project are to be undertaken from this account.

* 1. **Interest Accruals**

The interest earned by the funds received from the SPARK Grant deposited in this exclusive Bank account as per Article 8.1 shall be included as part of the total payout from the SPARK Grant. In order to keep track of the interest accruals, the SPARK Grantee shall report the interest earned during each milestone as part of the milestone completion report. The payout transferred to the SPARK Grantee for each milestone shall be reduced by the same amount corresponding to the interest earned in the previous milestone.

**8.3 Matching Contribution**

The SPARK Grantee shall make the funds available as per the statement of Matching Contribution within the duration as stipulated in the SPARK Grant guidelines. The schedule of transfer of funds corresponding to the cash part of the matching contribution has been included in Annexure C. The SPARK Grantee shall submit the statement of grant utilization for the capital and operating expenditures incurred by utilizing the SPARK Grant and the cash part of the matching contribution for each milestone, as per the format prescribed in Annexure Z and accompanying Table A, before filing requisition for funds from DIO for the next milestone. Submission of Milestone Completion Report, Techno Financial Certificate signed by PI, and Utilisation Certificate by Chartered Accountant (Statutory Auditor) is an essential pre-requite for release of Tranches of Payment subsequent to Tranche-1. In addition to the cash part of the matching contribution, the SPARK Grantee shall be allowed to show non-cash items as matching contribution, and only those pre-approved types of expenditures are allowed, and shall be limited to the type and monetary value as have been indicated in the statement of matching contribution, which is included in Annexure C and in accordance with the guidelines provided in Annexure Y of this agreement.

**8.4 Single Source of Salary**

The Founders (Promoters) or the full-time Employees, whose salaries fully/partially are included in the estimate of the product development budget, should not draw a salary from any other source/company/organisation especially during the time period starting from the effective date of this agreement and up to the completion of the grant implementation exercise. Only those promoters or employees who are not drawing a salary or whose salaries are not considered as part of Matching contribution or grant shall be permitted to draw salary from other sources. However, for Part-time employees, salaries may be included on Pro-rata basis as per the contribution to the project.

1. **Reports**
	1. **Interim Reports**

During the term of this agreement, the SPARK Grantee shall be obligated to furnish the following two kinds of reports:

(a) **Monthly Status Reports** indicating progress achieved with respect to the accepted goals and deliverables corresponding to the current Milestone. It is expected that the SPARK Grantee shall develop a suitable format for Monthly Status Reports with the support and supervision of the Partner Incubator.

(b) **Milestone Completion Reports** The SPARK Grantee shall submit the Utilisation Certificate to DIO within thirty days of achieving the completion of each milestone in accordance with the definition of ‘Completion of Milestone’ stated in para 1.17. The format for Milestone Completion Report shall be prepared by the SPARK Grantee with guidance from the Partner Incubator and ensure that specific goals and deliverables are aligned to those that have been stipulated in the framework included as Annexure X. Each Milestone Completion Report must be approved and signed by Partner Incubator which should clearly indicate the completion of goals and deliverables as per the approved WBS.

* 1. **Final Report**

[Paragraph 9.2 to be read concomitantly with Paragraph 10 regarding IPR Management]

A final Product Development Completion Report with an exhaustive description of the results and outcomes achieved along with detailed reports of certification for User Acceptance, Performance & QA/Standards, etc. as issued by the Nodal Agency (under the supervision of the respective Services HQ), final technical drawings and specifications sheet for the production-ready design of the product viable for defence production and induction, shall be duly submitted by the SPARK Grantee to the DIO within 30 days or earlier from the stated target completion date notified by DIO at the time of disbursement of the last tranche. Format of Product Development Completion report is included as Annexure E. Interim and Final reports shall be forwarded to PMU of DIO through Partner Incubator after sufficient diligence and review, and the SPARK Grantee is expected to proactively support the PMU of DIO in conducting external audit activities either directly or with the support of the Partner Incubator.

1. **IPR Management**
	1. The ownership of IPR (Intellectual Property Rights) generated under the program shall be owned exclusively by the SPARK Grantee, and can be extended to include any associates as joint owners only after obtaining prior approval from DIO.
	2. In its capacity representing the Ministry of Defence, Government of India for the instant purposes, the DIO shall be empowered to restrict transfer/licensing of technology/IPR developed under the program/grant/DIO supervision/ support on considerations of national security or other strategic reasons. Any transfer/licensing of technology/IPR developed under the program/grant/DIO supervision or support shall be only with the explicit permission of DIO / Government of India.
	3. DIO shall retain Government Purpose Rights (GPRs) which shall be an exclusive, transferable irrevocable license to use the IP (Intellectual Property) for internal consumption or manufacture. The DIO /Government of India may use the GPRs mentioned hereinabove, to manufacture either directly or through sub-contractor. In case of exercise of this right, the Government shall be liable to pay royalty fee for use of GPRs in intellectual property/technology/product. A royalty (upto a maximum of 2%) mutually agreed between SPARK Grantee and DIO, on each manufactured unit along with a cap on total maximum royalty payable will be negotiated between DIO and the SPARK Grantee on a case-to-case basis, if DIO or its subcontractor uses the intellectual property generated solely for defence manufacturing.
	4. DIO or the Government of India through any of its duly authorised agencies, Armed Forces, or officers shall have **“March-In” Rights** for all items covered under its GPRs for reasons of national security and other strategic reasons. “March-In” Rights shall include the right to work the patent, either by itself or by another entity on behalf of the Government, in cases where (i) the SPARK Grantee fails to work the patent on its own within a specified and reasonable period of time (ii) the effective management and control of the SPARK Grantee is taken over by a foreign company without the prior approval of the Government. The march in rights of the Government shall be subject to the payment of royalty fee by the Government or the concerned production agency as per the terms stated in Article 10.3.
	5. The ownership of any rights by the SPARK Grantee does not include an absolute right to transfer of any software, product or documentation; and such transfer, including export thereof, shall continue to be governed by and be subjected to the export policy, export guidelines and all applicable laws, rules, regulations, orders and the instruction of the Government of India. Transfers and exports shall require the prior and explicit approval of the Ministry of Defence and such approval to be taken under the direct supervision of DIO.
	6. In case of a collaborative project between the iDEX Startup and partners, the ownership rights in the IP generated under the project, upon dissolution of the collaboration, shall vest amongst the partners as per their agreement on the subject, and any devolution of such Ownership of IP rights shall be subject to and in accordance with provisions under this agreement and with specific reference to Articles 10.1 to 10.5 of this agreement relating to GPRs and restrictions on Transfers and Licensing of technology /IPs.
	7. The SPARK Grantee shall be responsible for protecting and maintaining the IPs generated, and shall duly inform the DIO of any issues arising that may infringe upon any of the aforementioned terms concerning the management and ownership of IPR.
	8. Export control regulations of the Ministry of Defence will apply to the export of technology or product developed in the project.
	9. In the event the SPARK Grantee is unwilling to commercialise the product and deliver against the order (MOQ) from the Armed Forces within 12 months from final acceptance or disbursement of last tranche (whichever is earlier), DIO can license the Product (including the designs, IPs, technology know-how, hardware artefacts, software programs/modules, technical documentation, test plans, QA/Standards certifications and other resources, materials and artefacts developed during the course of product development) to other interested parties on executing a separate agreement with them. The royalty shall be paid in accordance with Article 10.3 above.
	10. The SPARK Grantee shall have the exclusive right to commercially exploit/conduct further research work on the technology, product designs, IPR, and other artefacts and modules generated during the course of product development after the completion of the desired milestones, and upon receiving the final acceptance from DIO after a thorough audit of the product development completion report and subject to article 10.5 above.
2. **Restrictions on Sale or Transfer of Technology to Foreign Firms, Institutions or Countries**
	1. **Context:** Both the Parties agree that research findings, technology development, product designs etc. arising under this agreement shall constitute a significant enhancement to the national defence, and to the economic vitality of India. Accordingly, access to tangible or intangible resources developed by Foreign Firms or Institutions must be carefully controlled under this agreement. The controls contemplated in this agreement are in addition to, and are not intended to change or supersede, any provisions in place for export, access or sale of defence or defence related technology to a non-Indian entity, company or any institution.
	2. **Excluded Scenarios:** In order to promote the national security interests of India and to effectuate the policies that underlie the regulations cited above, the procedures stated in paragraphs 10.2, 10.3, 10.4, 10.5 and 10.6 above shall apply to any transfer of Technology. For purposes of this paragraph, a transfer includes a sale of the company in complete or part thereof, and sales or licensing of Technology/Product.
	3. **Prior Notice to DIO:** The SPARK Grantee shall provide timely notice to DIO of any proposed transfers which occur after the effective date of this agreement, of Technology developed under this Agreement to Foreign Firms or Institutions. If DIO determines that the transfer may have adverse consequences to the national security interests of India, the SPARK Grantee and DIO shall jointly endeavour to find alternatives to the proposed transfer which obviate or mitigate potential adverse consequences of the transfer, but which provide substantially equivalent benefits to the SPARK Grantee.
	4. In any event, the SPARK Grantee shall provide written notice to the PMU of DIO of any proposed transfer to a foreign firm or institution at least Ninety (90) calendar days prior to the proposed date of transfer. Such notice shall cite this Agreement and shall state specifically what is to be transferred and the general terms of the transfer. Within Ninety (90) calendar days of receipt of the written notification, the PMU of DIO shall advise the Company whether DIO consents to the proposed transfer. No transfer shall take place until a decision is rendered.
	5. **Sale without notice to DIO:** In the event a transfer of Technology to Foreign Firms or Institutions which is NOT approved by DIO takes place, the SPARK Grantee shall,

(a) refund DIO the entire amount of funds sanctioned along with the interest computed as per the prevailing rate of interest and transferred for undertaking product development within the scope of this agreement and

(b) the Government shall have a -exclusive, transferable, irrevocable, paid-up license to practice or have practiced on behalf of the Indian government the Technology throughout the world for Government and any and all other purposes, particularly to effectuate the intent of this agreement. Upon notification from the Government, the SPARK Grantee shall provide written confirmation of such licenses.

**11.6 Survival:** The Articles 10 and 11 shall remain in effect during the term of the agreement and shall survive any termination / expiration of this agreement without limitation.

1. **Complete Agreement**

This agreement and the annexures hereto contain the entire agreement between the parties. No amendments or modifications to this Agreement shall be effective unless made in writing and signed by authorized representatives of both parties.

1. **Force Majeure**

Neither party shall be held responsible for non-fulfilment of their respective obligations under this Agreement due to the exigencies of one or more of the force Majeure events such as but not limited to acts of God, War, Flood, Earthquakes, Strikes not confined to the premises of the party, Lockouts beyond the control of the party claiming Force Majeure, Epidemics, Riots, Civil Commotions etc. provided on the occurrence and cessation of any such event the party affected thereby shall give a notice in writing to the other party within one month of such occurrence or cessation. If the force Majeure conditions continue beyond six months, the parties shall jointly decide about the future course of action.

1. **Indemnities**

The SPARK Grantee shall defend, indemnify and hold harmless the other Parties, their directors and employees from, and as a separate covenant will be liable for, any and all claims, demands, actions, expenses (including legal fees of a lawyer) and losses whatsoever that arise, directly or indirectly, out of negligence or wilful misconduct in the performance of the development work by the SPARK Grantee or attributable to infringement of Intellectual Property Rights of any third party without proper authorisation of such third party.

In the case of project failure caused not due to mal intent or misappropriation of funds on part of the grantees, DIO iDEX reserves the right to write off such grants. However, the unused portion of the grant in such cases, which is lying in the exclusive SPARK Grant account, shall be refunded to DIO. DIO may cause the Grantee to handover the ‘Development in Progress’ along with any or all artefacts and IPs generated till such point of time to DIO or any other Party chosen by DIO for the furtherance of such ‘Development in Progress’.

If DIO notices any misutilisation or improper utilisation by SPARK Grantee of funds offered under the SPARK grant, then the grantees shall return the grant amount disbursed back to DIO along with interest computed as per the prevailing rate of interest. Further, the grantees will also indemnify DIO of any actions arising out of such misutilisation as above and further the grantee shall be liable for legal action including that of blacklisting.

Spark Grantee shall provide the Chartered Accountant (Statutory Auditor) providing Utilisation Certificate with a Copy of this Agreement. In case of any false or incorrect expenditure statement verified by the CA (Statutory Auditor) of the SPARK Grantee, such CA shall be amenable to be proceeded against legally by DIO.

1. **Amendment**

No amendment or modification of this Agreement shall be valid unless the same is made in writing by both the parties to the agreement or their authorized representatives and specifically stating the same to be an amendment of this Agreement. The modifications or changes shall be effective from the date on which they are made or executed, unless otherwise agreed to.

1. **Negative List for Expenditures**

The grant funds received by the SPARK Grantee shall not be used for the expenditures mentioned below:

* 1. Cost overruns - The SPARK Grantee shall bear the additional cost in case of cost overruns.
	2. Cost of land and buildings
	3. Establishment of new R&D centres
	4. Writing of books or reports or collection of statistics or service
	5. Investments
	6. Interest
	7. Bad debts
	8. Contributions or donations
	9. Fines and penalties
	10. Advocacy and business development
	11. Losses from other businesses or commercial operations
	12. Expenditures/Liabilities by applicant before/after the sanction of the SPARK grant found to be irrelevant in general or not in accordance with the intent of co-creation under the current spark agreement, including its Annexures.
	13. Refinancing
	14. Entertainment/Alcoholic beverages
	15. Capital or Operating expenditures not authorised in PDB or not included in WBS by mutual consent of Grantee and DIO

1. **(Milestone and Funding Group)**

A **(Milestone and Funding Group)** (MFG) shall monitor the progress of the SPARK Grantee for achieving the defined objectives within the time and costs projected while adhering to the broader set of principles and the specific terms and conditions as outlined in this agreement.

The terms of reference of the MFG are:

* 1. To review and examine the progress of the product development activities in conformance with the milestones, targets and objectives as contained in the agreement;
	2. Based on the foregoing to assess and recommend for foreclosing or modification in the components of the project unforeseen serious adverse reactions and/or lack of efficacy, within the overall approved milestone objectives, budget and timeframe revision and release of next instalment of grants;
	3. Any other matter as referred to by CEO/ Addl CEO/COO, DIO;
	4. The MFG shall meet at least once in three months. The meetings of the MFG shall be convened by the PMU of DIO, and facilitated by the Partner Incubator;
1. **Expenditures, Milestones, and Duration of Product Development Project**

In order to provide flexibility to the SPARK Grantees, it is expected that they shall determine the most suitable allocation of funds (SPARK Grant and Cash part of Matching Contribution) as per Para 1.16 and Annexure C. SPARK grantees shall provide Utilisation Certificate as per Annexure Z. The limits on heads (Prime costs, Primary Overheads and Secondary overheads) as decided in WBS in compliance with Annexure X & Y shall be enforced in establishing proper use of grants, including enforcement of paragraph 16, but reallocations of resources within a head – e.g. across line-items or sub-heads - shall be up to the discretion of the SPARK Grantee.

In order to satisfy the compliance requirements expected of an organization of DIO’s legal stature, DIO reserves the right to conduct an external audit of the project at its discretion. It is expected that there shall be a mandatory external audit undertaken by an agency deputed by DIO after the utilization of Tranche-3 (which would amount to 60% of the total amount sanctioned under the SPARK grant) and at the time of disbursement of Tranche-5 (which is relating to the payment after the completion of the project and upon arriving at the final settlement of the total product expenditure). The SPARK Grantee is expected to fully cooperate with DIO and the agency deputed on its behalf to ensure that the external audit process is completed effectively and in a timely manner. During the course of the external audit, the grantee is required to submit the documentary evidence as requested by empowered audit/accountability agencies. Any violations/deviations found in an External audit shall be required to be resolved by SPARK Grantee in a timely manner and before any subsequent disbursement.

To ensure that the SPARK Grantee is making consistent progress towards achieving the ultimate outcome of developing a military grade product, it is important to set milestones with outcomes oriented definitions of goals and deliverables to be duly completed. The guidelines for the definition of goals and deliverables for the six (06) milestones corresponding to the disbursement of numbered tranches, are described in the Annexure X.

It shall be ensured by the SPARK Grantee that the milestones as set forth in the framework are met as per the stipulated timelines. No extensions (unless under extenuating circumstances and only after the request for extension is submitted by the SPARK Grantee for the consideration of the MFG and/or the PMU, who after consultation with the Partner Incubator and taking necessary approvals from the DIO Board or Competent Authority delegated by the DIO Board issue the notification for extension) shall be given for any of the milestones and/or overall project duration.

The duration of product development indicated in Annexure A shall commence from the date of signing of the SPARK Agreement. It shall be the endeavour of SPARK Grantee to complete the project within the stipulated period. In case, the MFG feels that it is desirable to undertake further developmental work on the outcome of the project, which requires additional time or financial commitment, a special purpose committee will be constituted by the DIO to study the requirement of extension or additional financial commitment and provide recommendations to DIO.

1. **Project Completion and Deliverables**

The project envisaged shall be deemed to have been successfully completed, on acceptance of the production ready model by MFG. In case, during the tenure of the project, it is found that the project or any project component is not likely to lead to successful completion, the MFG may recommend foreclose / extending the project or the project component as warranted. In case a dispute arises regarding the decision of the MFG, the decision of Chairman DIO in the matter will be fully binding on all the participants. The project deliverables are included in Annexure G.

1. **Minimum Order Quantity (MOQ)**

DIO shall make an endeavour to facilitate the Services to issue a MOQ to the SPARK Grantee for a commercial purchase of the product, which has been duly accepted and certified by the respective Nodal Agency of the defence forces.

* 1. **Setoff / Claw back Clause:** In such a case where the SPARK Grantee was to receive a procurement order, within 18 months of successful completion of the product development activities, the SPARK Grantee shall repay the grant amount provided the commercial order value is at least 10 times the amount funded by DIO through the SPARK Grant.
1. **Confidentiality**
	1. During the tenure of the Agreement and for three (03) years after the successful commercialization of the project Aartech Solonics Limited undertakes on its behalf and on behalf of its employees, representatives and/or associates involved in the project to maintain strict confidentiality and refrain from disclosure thereof, of all or any part of the information and data exchanged and/or generated from the project under this Agreement for any purpose other than in accordance with this Agreement and for the commercialization of the project.
	2. The parties shall not have any obligation of confidentiality with respect to any information that;
		1. is in the public domain by use and/or publication at the time of its receipt from the disclosing party; or
		2. was already in its possession prior to receipt from the disclosing party; or
		3. is properly obtained by the recipient from a third party with a valid right to disclose such information and such third party is not under a confidentiality obligation to the disclosing party;
		4. is required by public authority by law or decree.
	3. Any and all information received by either party from the other upon request shall be promptly returned, however, the parties involved in the project may retain one copy of such information in their confidential files, solely for record purposes.
2. **Effective Date, Tenure & Termination of The Agreement**
	1. The Agreement shall be effective from the date of signing and be valid for the duration of the project completion, whereas the clauses in para numbers10, 11, 14 & 21 shall survive the expiry or termination of the agreement.
	2. The agreement duly signed by the SPARK Grantee and DIO shall remain in the custody of respective parties. A copy of the agreement duly authenticated by DIO can be accessed through online iDEX portal by the Partner Incubator and the Nodal Agency
3. **Termination**
	1. If the SPARK Grantee is in material breach of this Agreement, DIO shall give the SPARK Grantee written notice of such breach and to take remedial action within thirty (30) days from the date of receipt by the SPARK Grantee of the notice from the DIO. In the absence of suitable and timely action as desired by the DIO, the DIO may, upon written notice to the SPARK Grantee, terminate the SPARK grant and withdraw with immediate effect all resources, services offered from the Partner Incubator, Nodal Agency and other organizations within the broader defence ecosystem engaged to support in the product development process.
	2. In the event of termination of the Agreement, the rights and obligations of the parties thereto shall be settled by mutual discussions. In case the parties fail to reach a mutual settlement within a period of 3 months, the matter shall be referred for the recommendation of the MFG to be considered for approval and action by Chairman DIO/. The decision of the Chairman, DIO shall be final and binding on the parties. The financial settlement shall take into consideration not only the expenditure incurred but also the expenditure committed by the parties hereto.
4. **Notices**
	1. All notices and other communications required to be served on any of the parties under the terms of this Agreement shall be considered to be duly served if the same shall have been delivered by hand or registered mail to the party at its last known address of business. Similarly, any notice to be given to DIO shall be considered as duly served if the same shall have been delivered by registered mail to the DIO at its address in New Delhi.

1. **Governing Law and dispute resolution**

This Agreement shall be construed and interpreted in accordance with the Laws of India and All disputes arising between the Parties hereto out of or in connection with this agreement shall be amicably settled between the Parties. Where the Parties hereto fail to settle the disputes amicably, within ninety (90) days of the written notice of its existence given by either Party to the other, then such dispute shall be settled by arbitration in accordance with the rules of Arbitration of the International Centre for Alternate Dispute Resolution (ICADR), New Delhi, and the award made in pursuance thereof shall be final and binding on the Parties. The arbitration proceedings shall take place in Bangalore and be conducted in the English Language. The Arbitration proceedings will be administered by the ICADR. The award may be entered into a court of competent jurisdiction for its execution forthwith.

1. **Non-Waiver**

DIO’s failure to insist, in any one or more instances, upon the performance of any of the terms, covenants or conditions of this Agreement or to exercise any right hereunder, shall not be construed as a waiver of the future performance of any such term, covenant or condition or the future exercise of such right.

1. **Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall continue in full force and effect as if the Agreement had been executed with the affected provision eliminated.

1. **Survival of the Provisions**

In addition to the rights and obligations which survive as expressly provided for elsewhere in the Agreement, the other provisions which by their nature should survive shall survive and continue after any termination or cancellation of the agreement.

1. **Non-assignment**

SPARK Grantee shall not assign or transfer, in whole or in part, any of its rights or duties under this Agreement, or any of the monies due or to become due hereunder, without DIO's prior written consent. Any assignment or transfer entered into by SPARK Grantee without such consent shall be null and void as against DIO unless thereafter ratified by DIO in writing.

In witness whereof the parties hereto have signed this Agreement on the day, month and year mentioned hereinbefore.

**Parties**

For & on behalf of For & on behalf of

Signature Signature

Name Name

Designation Designation

SEAL SEAL

**Annexure A**

**SUMMARY OF SPARK GRANT APPRAISAL**

|  |  |  |
| --- | --- | --- |
| 1 | Name of Primary Applicant | M/s Aartech Solonics Ltd |
| 2 | Challenge Title | Silent Overwatch for Infantry Combat Vehicles using Fuel Cell / Alternate Fuel based Auxiliary Power |
| 3 | **Product Development Budget (Provisional)**1. Prime Costs
2. Primary Overheads
3. Secondary Overheads
4. TOTAL
 | = Rs. = Rs. = Rs. = Rs.  | 1,73,67,77120,32,229 6,00,0002,00,00,000 | Total Product Development Budget estimated on provisional basis is **Rs Two crores only** |
| 4 | **SPARK Grant Approved = Rs.1,00,00,000** | The amount under the SPARK Grant sanctioned is **Rs One Crore only.*.*** |
| 5 | **Matching Contribution (Provisional)**1. Cash (Minimum) = Rs 1,00,00,000
2. In-Kind = Rs 0
3. Past Expenditures = Rs 0

**TOTAL = Rs 1,00,00,000** | 1. Total Matching Contribution proposed by SPARK Grantee and approved thereafter by PMU of DIO is ***Rs 1,00,00,000 (1 Crore) only.***
2. The minimum Cash part of the Matching Contribution from the SPARK Grantee shall be ***Rs 1,00,00,000 (1 Crore) only***
 |
| 6 | Product Development Duration | **12** months  |
| 7 | Category under SPARK Grant | **INCUBATION TRACK** |
|  | Budget Diligence Risk | **MEDIUM** |
|  | Budget Viability Risk | **MEDIUM** |
|  | Product Viability Risk | **LOW** |
|  | Capacity & Competencies Risk | **LOW** |
| 8 | **Partner Incubator**1. Proposed by Grantee = **SINE, IIT BOMBAY**
2. Nominated by DIO = **SINE, IIT BOMBAY**
 |
| 9 | **Recommendations for Risk Management & Mitigation *(to be filled up by the PD/PE DIO-iDEX)*** |

**Annexure B**

**PRODUCT CONCEPT & DEFINITION**

1. **Challenge Title** Silent Overwatch for Infantry Combat Vehicles using Fuel Cell / Alternate Fuel based Auxiliary Power.
2. **Challenge Description** ICV BMP-2 deployed in High Altitude Areas (HAAs) presently have lead acid secondary batteries which are used to supply power to radio Surveillance equipment in the engine switched off mode. Prevalent low temperatures at High Altitude Area results in low charge holding and faster discharging of 24V secondary batteries of ICVs. The situation becomes critical operationally when there is a need for silent watch (main engine switched off while surveillance devices & radio sets are on). Evolution of the Problem- silent watch by the BMPs during various tactical situations. BMP-2/2K utilises the present lead acid batteries to operate the sights, communication equipment, gun traverse and dome lights in order to carry out the silent watch of the battlefield without switching or the main engine. Due to rapid loss of charge of the lead acid batteries. There is a requirement of frequent starting of the engine to charge these lead acid batteries which leads to loss of surprise. There is also derating of the lead acid batteries in the HAA due to extreme climate conditions and rarified atmosphere.
3. **Proposed Product Concept**

A concept named “**FaraDigm® APU+ BMP-II/IIK**” is proposed as a solution concept.

**FaraDigm® APU+ BMP-II/IIK** solution will consist of

* 1. **Faradigm® APU BMP-II/IIK –** An Engine driven compact APU for charging batteries. The engine will either be gasoline / petrol engine or diesel engine type.
	2. **KranKing® JSD BMP-II/IIK** – An Ultracapacitor that will cater to the surge current requirements. It will also be designed to cater to electrical load requirements in case of batteries being discharged completely and have multiple charging options. It will also have the capability to crank the main engine of BMP-II/IIK in case the batteries are discharged.
	3. **FaraDigm® Battery / Power Management System BMP-II/IIK –** For effective, efficient and safety driven power management of the system with suitable Human Machine Interface for soldier friendly operations.
1. **Key Technologies Developed/Applied**
	1. Customized Auxiliary Power Unit with Permanent Magnet Alternator (PMA)
	2. Customized Ultracapacitor Modules to meet various system requirements including surge current support, engine cranking and emergency charging.
2. **Key Product Features & Functionalities**
	1. Optimally Selected, Customized and Integrated Engine + Alternator capable of rugged use in HAA conditions for Product Concept.
	Ultra Capacitor based pulse power source that will meet main engine starting requirement in case of the discharged condition of lead acid batteries and provide for surge current requirements during silent watch operation along with emergency charging capabilities.

**Annexure C**

**Statement of Provisional Product Development Budget & Matching Contribution**

I, Amit Anil Raje, hereby accept that the total expenditure incurred during the process of product development shall not exceed the amount of Rs. 2,00,00,000 (Rs. Two Crores), as has been approved by DIO. In case of additional expenditure incurred in excess of the approved budget, necessary prior approvals from DIO shall be sought before such expenditures are incurred. In such cases of budget overruns, the additional funds required shall come exclusively from the matching contribution funds and the funds received as part of the SPARK Grant shall not be utilised for such expenditures, unless approved otherwise by DIO.

Schedule of Payout of SPARK Grant Funds and Statement of Commitment for Cash & In-Kind parts of Matching Contribution

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Completed Milestone #** | **SPARK Grant Sanctioned** | **Matching Contribution Commitment (Cash)** | **Matching Contribution Commitment (In-Kind)** | **Past Expenditures** | **Comments** |
| **#0** | Rs.<10,00,000.>(10%) | Rs.<10,00,000.> (10%) | Rs.<0> | Rs.<0> | *Utilisation Certificate to be submitted for MC Past*  |
| **#1** | Rs.<20,00,000.>(20%) | Rs.<20,00,000>(20%) | Rs.<0> |  | *\* Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate to be submitted*  |
| **#2** | Rs.<30,00,000>(30%) | Rs.<30,00,000>(30%) | Rs.<0> |  | *Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate to be submitted* |
| **#3** |  | Rs.<30,00,000>(30%) | Rs.<0.> |  | *Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate to be submitted* |
| **#4** | Rs.<30,00,000>(30%) | Rs.<10,00,000>(10%) | Rs.<0> |  | *Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate to be submitted* |
| **#5** | Rs.<10,00,000>(10%) |  | Rs.<0> |  | *Milestone Completion Report, Techno Financial Certificate signed by PI and Utilisation Certificate to be submitted* |

I, Mr. Amit Raje, hereby accept the decision that DIO shall offer a SPARK Grant not exceeding the amount of Rs. 1,00,00,000 (Rs. 1 Crore), against a total product development budget of Rs. 2,00,00,000 (Rs. 2 Crore), which has been approved on a provisional basis, and being in accordance to the SPARK guidelines. I express acceptance that Aartech Solonics Limited shall submit utilisation certificate reflecting the transfer of funds corresponding to the cash part of the matching contribution for each milestone as has been indicated in the table above, in order to become eligible to receive funds from SPARK Grant for that corresponding milestone. However, if any Grant amount and equivalent Matching Contribution is un-utilised from any of the preceding Milestone, it shall be utilised during the subsequent Milestones / tranches. In the event that Aartech Solonics Limited fails to suitably report its conformance to the statement of matching contribution by providing sufficient proof thereof within a reasonable time duration or at the time of the external audit, Aartech Solonics Limited shall, in addition to any other remedies available to DIO, be liable for recovery of the grant-in-aid sanctioned and transferred by DIO, including additional indemnities/penalties/legal action as stated in the agreement.

For & on behalf of Aartech Solonics Limited

Signature

Name Amit A Raje Date

Designation Managing Director SEAL

 Aartech Solonics Limited

**Annexure D**

**List of Enclosures & Exhibits**

A copy of the following documents duly signed by an authorized representative of the SPARK Grantee, and/or the Partner Incubator shall be endorsed by the PMU of DIO and included in hard (real) copy format as enclosures to this agreement.

|  |  |  |
| --- | --- | --- |
| **#** | **Enclosure/Exhibit** | **Verified (Y/N/NA)** |
| A | Company Incorporation CertificateAoAMoALatest Audited Balance Sheet, P&L statements of the Company Govt. Issued ID Card of authorised representative of SPARK GranteeList of Founding Team & Core EmployeesBank account details of the exclusive bank account opened for iDEX project | YYYYYY |
| B | Statement of Product Development Budget Approved WBS ScheduleAcceptance from PI | YYY |

 **Annexure E**

**Product Development Completion Report/ Milestone Completion Report**

<To be prepared in consultation with DIO, PI and Nodal Agency>

**Annexure F**

**Precedence Requirement List**

(As submitted separately by the SPARK Grantee to DIO in the Project Technical Appraisal report)

1. Access to BMP for carrying out long duration field measurements and trials from time to time at Nodal Agency / Formations which are convenient and accessible to Aartech Solonics Limited team.
2. Permissions to install data loggers, video recorders etc. for monitoring system performance.
3. Priority access to testing labs available across DRDO Labs, CQAL Labs for development testing with flexibility of carrying out a number of design iterations for parts, sub-systems and complete systems through project lifetime within broad testing & certification budgets indicated herein; with scheduled allocations within 5 working days of request.
4. Access to design and simulation software licenses already available within DRDO Labs etc. or the PI M/s SINE, IIT Bombay or IIT Bombay’s various departments and faculties and permission to deploy our engineer for operating the same at their facilities.
5. Flexibility in adapting requirements defined in the PDS in case of material change in user performance expectations and defined validation procedures,
6. Necessary Passes for Personnel / Material / Equipment / Instruments with TAT < 24 Hours and 24x7 Access to the same if required.
7. Since access to HAA may be restricted, permissions and defined channel / protocol would be needed to mobilize remote trials there across the year with a TAT < 1 week irrespective of our ability to deploy a team member at such location.
8. Access to mechanical and electrical design information necessary for designing “**FaraDigm® APU+”** solution.

**Annexure G**

**Project Deliverables**

(As submitted separately by the SPARK Grantee to DIO in the Project Technical Appraisal report)

1. Supply of fully functional & tested **APU+** solution (Qty-1) : **FaraDigm® APU+ BMP-II/IIK** as per PDS PRU for meeting Silent Overwatch requirements for Infantry Combat Vehicle BMP-II/IIK consisting of:

a. **Faradigm® APU BMP-II/IIK –** Auxiliary Power Unit

b. **KranKing® JSD BMP-II/IIK –** Ultracapacitor

c. **FaraDigm® Battery / Power Management System BMP-II/IIK –** Battery / Power Management System

1. Sharing of Design documents:
	1. Engineering Drawings
	2. Bill of Material
	3. Software (as applicable)
	4. Part Catalogue, User Manual, Service Manual

**Exhibit A.6**

**Statement of Founding & Core Team and Advisory Board of SPARK Grantee**

1. **Founding Team**

|  |  |  |  |
| --- | --- | --- | --- |
| Name & Designation | Credentials (Education) | Credentials (Professional Experience) | Credentials (Entrepreneurship) |
| Amit Raje, CMD & CTO | IIT Bombay (95), Univ of Minnesota (97) | Professional Experience: 25 Years of Experience in Product Design, Development, Manufacturing, Commercialization across different domains including Power Sector, Defence, Process Industries. | 10 Years of Experience as Serial Entrepreneur, Angel Investor and Incubator. |
| Arati Nath, CEO | PGDBA – Finance | 17 Years of Experience in Finance & Operations in Financial Institutions, Banking, Credit Analysis, KPO Operations, Manufacturing Operations, C-Level Roles. | Entrepreneurship: Director in Incubation Centre, Investor Nominee Director in Start-ups |

1. **Core Team**

|  |  |  |  |
| --- | --- | --- | --- |
| Name & Designation | Credentials (Education) | Credentials (Professional Experience) | Credentials (Entrepreneurship) |
| Kiran KeskarProject Manager | BE Production (91)MBA SPJIMR (2008) | Diesel Engine, Generating sets and Defense Products – 31 years of experience in Product Design, Development, Product Management, Business Development / Marketing, Operations, Middle Level and Senior Level Management. | SBU Head of Defense Business Unit at Accurate Industrial Controls for 2.5 years.Serial Entrepreneur. |
| Sanjeev Kumar,  | MBA( Marketing)  | Sales & BD - 15+ Years of experience in Field Sales, Customer Facing Interactions, Product Trials and Techno-Commercial Approvals |  |
| Himanshu GuptaEngineer  | B.E. – Electronics & Communication  | Electrical, Electronics & Embedded developer with 3 year of experience, have product engineer roles in defence projects.  |  |
| Himanshu Tiwari Design Engineer | BE, Mechanical | Research, Design & Development - 3 years of experience in product design and development for defence products. |  |

1. **Advisory Board**

|  |  |  |  |
| --- | --- | --- | --- |
| Name & Designation | Credentials (Education) | Credentials (Professional Experience) | Credentials (Entrepreneurship) |
| Col. Sanjeev Poonia (Retd)  | MTech (Mechanical) , MBA  | 24years plus Indian Army experience with A vehicles, Commanded Armoured Formation EME unit having load of presently held tanks and BMPII of Indian Army. | CTO for an Armoured vehicles modernisation and upgrade program outside India, 04 years plus corporate experience  |
| Mukesh Vyas | B.E.(Electrical), PGDM(AIMA) | Over 3 decades experience in Sales, Marketing, Business Development as well as Purchase & Projects  |  |

**Exhibit B.4**

**ACCEPTANCE FROM PARTNER INCUBATOR**

**ANNEXURE-W**

**FINANCIAL FAQs (Financial Guidelines)**

**Q1. What is a Product Development Budget and how is it worked out?**

The Product Development Budget (PDB) is an estimate of the resources required for bringing a product to the deployment stage, covering capital and operating expenditures, in accordance to the guidelines issued by DIO. The PDB is the overall project cost including the SPARK Grant and Matching Contribution (Cash, In-Kind and Past Expenditure). The PDB is divided in three broad heads – Prime Costs, Primary Overheads and Secondary Overheads.

**Q2. What all expense head is Included in Prime Cost Primary Overhead and Secondary Overhead?**

Annexure Y (Product Development Budget - Categories of Expenditures) of the SPARK Grant agreement defines all three heads along with the limits under each head for SPARK Grant as well as Matching Contribution. Category wise allocation of Matching Contribution is NOT applicable if: • TMC is > 2 times the SPARK Grant approved, and • Cash part of matching contribution is equal to or greater than 2 times the SPARK Grant approved

**Q3. What are eligible expenditures for the grant money under SPARK?**

Since the focus of the framework is to facilitate creating of prototypes and bringing of products/technologies to market (Defence or otherwise), applicants will be encouraged to spend on:

a. Research & Development

b. Prototyping

c. Pilot Implementation

d. Market Assessment

Detailed fund utilization guidelines will be provided to the selected applicants.

**Q4. Who all will be eligible for the support?**

1. Startups, as defined and recognised by DPIIT, Ministry of Commerce and Industry, Govt of India.
2. Any Indian company incorporated under the Companies Act 1956/2013, primarily a Micro, Small and Medium Enterprises (MSME) as defined in the MSME Act, 2006.
3. Individual innovators are also encouraged to apply (research & academic institutions can use this category to apply)

**Q5. What is Matching Contribution and how is it a Part of the Project Cost?**

The project cost is the total cost of the project envisioned, including the SPARK Grant and the Matching Contribution. Matching Contribution (MC) shall mean the cumulative contribution in the form of Cash, In-Kind, and Past Expenditures, made by the SPARK Grantee in accordance to the guidelines of DIO.

**Q6. What is Past Expenditure Matching Contribution?**

Past Expenditure Matching Contribution corresponds to the monetary value (based on fair market value for intangibles or competitive market prices for others) of all expenditures incurred by the SPARK grantee company in the past specifically related to technology / product development activities, which have been showcased during the SPARK Grant selection process. Point to note is that actual expenditure on the Product Development starts when PDS defines the problem and SPARK Grant Agreement is signed. Past Expenditure partially covers some of the CAPEX / OPEX used for core product development activities between HPSC and agreement signing period as well as CAPEX up to a year before the HPSC.

The Past Expenditure should be less than 20% of the MC for the project.

**Q7. What can/cannot be covered under Past Expenditure?**

OPEX incurred before the selection of the winner, with broad limits being adhered to and upto a reasonable proportion of Matching Contribution (less than 20%) may be considered. This form of Matching Contribution can only form a part of Prime Costs, i.e. it should not include any component that would normally be covered in Primary Overheads or Secondary Overheads.

Point to note is that iDEX does not endeavour to compensate for all technology development activity of the startup. It only tries and covers some of the expenses that occurred in developing the technology which will be utilised for creating the product as defined by PDS.

Past Expenditure needs to be ascertained by PDs/PEs at the time of preparation of Technical Appraisal and supporting documents verified at the completion of Milestone 3 by External Audit.

**Q8. What is In-Kind Matching Contribution?**

In-Kind Matching Contribution corresponds to the monetary value (based on fair market value for intangibles or competitive market prices for others) of all expenditures incurred by the SPARK Grantee company either on actuals or accruals. Note that it is recommended that only upto 25% of the Salary for Founders/Promoters shall be included in the Product Development Budget under the Primary Overhead. The emoluments for the founder will be decided by DIO before signing the agreement.

It is the responsibility of the SPARK Grantee to prove beyond reasonable doubt that all artifacts or IP generated in the past shall be applied or reused effectively. The Grantee is required to submit the documentary evidence to External Audit as and when requested.

**Q9. What cannot be included in Matching Contribution In-Kind?**

* Any amount linked with the Equity of the company cannot be considered as Matching contribution or In-Kind.
* Amount linked with the company's own business purpose and not directly related to iDEX-DIO project cannot be considered as In-Kind matching.

**Q10. How is Matching Contribution In-Kind Expenditure for Founders/Promoters salary interpreted?**

* Founders/ promoters who are working employees of the company and are involved in the iDEX Product Development process.
* Founder/ promoter who is contributing to iDEX Product Development activities but are not employees of the company.
* If the said individual is not drawing his salary in cash, then a liability needs to be created in the audited balance sheet of the financial year under consideration. The startup may or may not clear the liability within the duration of the product development with iDEX.

**Q11. Clarification -Annexure Y of the SPARK Grant Agreement mentions within In-Kind Category “Salaries for Promoters (Founders) Core Technical /Operations Team, corresponding to the part not drawn as monthly salary but accrued for later payments, subject to limits acceptable to or approved by the PMU of DIO”. To ensure that there is less cash outflow towards salaries for founders and doing so commits the minimum cash contributions from the SPARK Grantee only towards the Prime costs and Primary overheads excluding the salaries for founders/promoters.** AsCurrent practices ensure that following ceiling limit is under practice: Salary of promoter/founder has been capped at max Rs 2 Lakh per month for a maximum of two promoters/founders per startup. This overall limit will be in vogue even if the promoters/founders have more than one ongoing project with iDEX. Hence max Rs.50,000/- per month each for two promoters at 25% of pay will be admissible even if they are undertaking more than one project with iDEX. This will be negotiated before signing of the agreement.

1. The consideration of valuation of promoter/founder owned IP would be decided based on criticality in the project and on a case-to-case basis at the time of negotiation of the agreement for Matching Contribution. The amount admissible as MC for IP may be capped at 20% of the total Matching contribution or the amount Rs. 25 Lac whichever is lower.

PDB at the time of signing of the agreement is tentative which may undergo multiple changes during the course of Product Development. In all cases, SPARK Grant will remain 1.5 Cr or half (50%) the product development budget whichever is lower.

**Q12. What are the caps for SPARK Grants under the various heads?**

In a PDB, minimum 75% of SPARK Grant should be allocated to the Prime Costs and maximum 25% of SPARK grant may be allocated to Primary Overheads. No fund is allocated to Secondary Overheads from SPARK Grant.

**Q13. What are the caps for Matching Contribution Cash, In Kind and Past Expenditure?**

Matching Contribution (MC) Cash is one of the components of MC. Matching Contribution cash also follows the same category wise percentage as SPARK Grant for Prime Cost and Primary Overhead. Maximum 5% of MC Cash may be used for Secondary Overhead expenses. Within the Matching Contribution, at least 50% of Cash Contribution is recommended.

**Q14. How are salaries for Core Team treated as a part of PDB?**

Core team salaries are a part of SPARK Grant/ MC Cash portion of Matching Contribution and is considered under Prime Cost. The salaries should be based on reasonable estimation and market rates.

In case of In-Kind, if salaries are not paid but salary slips for an individual are generated, they create a legal liability on the company. All these payments shall be verified by External Audit at the completion of Milestone 3 and at the time of disbursement of Tranche-5.

Past expenditure is limited to prime costs, which may not include salaries. Additionally, old salaries cannot be included in past expenditures.

Core team for Product development is expected to be assembled after the HPSC, hence salary of core team may be considered after being raised till signing of SPARK Grant Agreement.

**Q15. How much Salary may be claimed in the Product Development Budget?**

25% of the salary for founders / promoters shall be included in PDB under Primary Overhead and remainder 75% shall be included as in kind part of matching contribution over and above the project cost. Statements reflecting 25% salary from Grant and 75% as part of MC in Kind shall not be acceptable. Only 25% of founder’s salary may be claimed from the Project Cost.

**Q16. How is Capital Equipment included in the PDB or treated as a part of the project?**

Capital Equipment may be purchased as a part of the project. In case already purchased and is in use before the Agreement, it may be included in the PDB based on guidelines set by DIO. Old/New equipment will be included based on its amortized/depreciated costs.

**Q17. How is rent treated as a part of PDB?**

Use of existing labs is encouraged to ensure efficient use of funds. Actual expenses paid to use such a lab would be part of prime cost. For any such expenditure to be considered as part of in Kind expense, a formal agreement between the parties is needed.

**Q18. How should cost of multiple projects be estimated?**

Estimates in terms of proportionate expenditure need to be in line with the project budget of each individual grant. If expenditures are made from a different entity, the entity receiving the grant should be compensated or compensate other entities, as per accounting standards.

**Q19. In case of multiple projects from the same start-up / firm, can Salary be claimed from all projects?**

The salary may be claimed from only one project and not multiple projects. Adding salary as a part of parallel projects by the same startup / firm shall not be permitted.

**Q20. How are payments made in cases where company imports equipment?**

The amount in all circumstances will be paid out of exclusive SPARK Grant Account. The exchange rate will be of date when actual transaction has taken place and not the date of delivery of product.

**Q21. Negative List of Expenditure?**

The grant funds received by the SPARK Grantee shall not be used for the expenditures mentioned in Para 16 of the SPARK Grant Agreement:

* Cost overruns - The SPARK Grantee shall bear the additional cost in case of cost overruns.
* Cost of land and buildings
* Establishment of new R&D centres
* Writing of books or reports or collection of statistics or service
* Investments
* Interest
* Bad debts
* Contributions or donations
* Fines and penalties
* Advocacy and business development
* Losses from other businesses or commercial operations
* Expenditures/Liabilities by applicant before/after the sanction of the SPARK grant found to be irrelevant in general or not in accordance with the intent of co-creation under the current spark agreement, including its Annexures.
* Refinancing
* Entertainment/Alcoholic beverages
* Capital or Operating expenditures not authorised in PDB or not included in WBS by mutual consent of Grantee and DIO

**Q22. Can the Promoter/Founder owned IP be treated as MC In-Kind expense if the same is being utilized for iDEX product development activities? Is valuation of IP through a registered valuer of Insolvency & Bankruptcy Board of India mandatory?**

Yes and Yes. IP valuation of product prototype can be considered as In-kind expenditure based on valuation performed by a registered valuer. The consideration of valuation of IP would be decided based on criticality in the project and on a case-to-case basis at the time of negotiation of the agreement for Matching Contribution. The amount admissible as MC for IP may be capped at 20% of total Matching contribution or the amount Rs. 25 Lac whichever is lower.

**Q23. External Audit of In-Kind expenditure**

In-Kind Matching Contribution will also be audited by External Auditor at the Milestone 3 and Milestone 5.

**Q24. iDEX Project Transaction**

SPARK Grantee must do all the expenditure from the exclusive iDEX Bank Account except past expenditure and no transaction should be in cash.

**Q25. Capping on a monthly salary of Founder/Co-Founder/Core Team members**

Monthly Salary of Founder/Co-Founder/Core Team members should have cap of Rs 2 lakhs per month only, except in exceptional cases.

**Annexure X**

**Framework for setting Milestones for SPARK Grantees**

| **KRA/****Milestone** | **Operations** | **2. Product Development & QA** | **3. Financials & Investments** |
| --- | --- | --- | --- |
| **Kickoff****[Milestone 0]****[Tranche-1 = 10%]** | **Execution of Agreement / Contract with DIO**+ Approval of Project Appraisal (Technical & Financial) by DIO and execution of SPARK Grant agreement; | **HPSC Recommendation****+** Technical Appraisal conducted in accordance to iDEX Tech/Product Management practices, evaluating the compliance of MVP (concept and design) proposed by iDEX Innovator;+ WBS definition highlighting product development progress/deliverables as per expectations laid out in Tech/Product Management guidelines; | **Matching Contribution**+ Opening of exclusive Bank account for SPARK Grant;+ Min. 10% of the cash portion of matching contribution transferred by the company/grantee,; |
| **Delivery of MVP Product Development Plan for TRL-8 grade product****[Milestone 1]****[Tranche-2 = 20%]** | **Incorporation**+ Company Registration+ DIPP Registration+ Completion of exhaustive scope of registration, license, and approvals required Defence R&D/Production, Company Law and State Govt. Laws;**Team Building**+ Full-time employment of the Directors and core technical team;+ Constitution of Advisory Board with reputed experts is initiated; | **Product Compliance**+ Achieving a min 50% MVP-Compliance to PDS with min. High level of Completeness;**Product Maturity**+ Demonstrate TRL-3/4 readiness in one or two core subsystems of the target MVP, to validate functional fitness of the core technology developed/applied; | **Matching Contribution**+ Min. 30% of the cash portion of matching contribution transferred by the company/grantee, backed by documentary evidence;+ Annexure Z for utilisation of Grant, MC-Cash and MC Past Expenditures, if any. |
| **Delivery of Functional Testing Prototype** **[Milestone 2]****[Tranche-3 = 30%]** | **Team Building**+ Good progress achieved in the planning and identification of top technical talent most capable of delivering the desired military-grade product;+ Good progress achieved in the Constitution of Advisory Board;**Technical Operations**+ Comprehensive list of suppliers, providers, and consultants with approved contracts, required to develop military-grade product; | **Product Compliance**+ Achieving a min 50% MVP-Compliance to PDS with min. High level of Completeness;**Product Maturity**+ Demonstrate TRL-4/5 readiness in all core subsystems of the target MVP; | **Matching Contribution**+ Min. 60% of the cash portion of matching contribution transferred by the company/grantee;+ Annexure- Z/ to be submitted for utilisation of Grant, MC-Cash,MC-In-Kind, if any, corresponding to Milestone 1; |
| **Delivery of Integration or Validation Ready Prototype** **[Milestone 3]** | **Team Building**+ Good progress achieved in hiring top technical talent most capable of delivering the desired military-grade product;+ Constitution of Advisory Board is completed;**Technical Operations**+ 100% utilization of desired peak team size/scope;+ Self-sufficient in managing 360D technical operations covering development, testing, QA, vendors & providers etc. | **Product Compliance**+ Achieving a min 75% MVP-Compliance to PDS with min. Very High level of Completeness;**Product Maturity**+ Demonstrate TRL-5/6 readiness in all core subsystems of the target MVP; | **Matching Contribution**+ Min. 90% of the cash portion of matching contribution transferred by the company/grantee;+ Annexure- Z to be submitted for utilisation of Grant, MC-Cash,MC In-Kind, if any, corresponding to Milestone 2; |
| **Delivery of User-Trials/QA Ready Prototype****[Milestone 4]****[Tranche-4 = 30%]** | **Team Building**+ Expanding Team with professionals capable of managing commercial operations and executing the business plan as prospective supplier to defence;**Technical Operations**+ 100% utilization of desired peak team size/scope;+ Self-sufficient in managing 360D technical operations covering DFMA, advanced QA, field-trials by military unit (nodal agency) etc. | **Product Compliance**+ Achieving a min 100% MVP-Compliance to PDS with min. Very High level of Completeness;**Product Maturity**+ Demonstrate TRL-6/7 readiness in all core subsystems of the target MVP;**Business Plan**+ Sound planning of technology/product, market, and business strategy to emerge as a full-fledged indigenous defence enterprise;**External Investments**+ Evidence of adequate efforts taken to raise external equity/debt investments from VCs; | **Matching Contribution**+ Min. 100% of the cash portion of matching contribution by the company/grantee;+ Annexure- Z/ to be submitted for utilisation of Grant, MC-Cash,MC In-Kind, if any, corresponding to Milestone 3; |
| **Delivery of Production Ready Design** **[Milestone 5]****[Tranche-5 = 10%]** | **Commercial Diligence**+ Ready to support extensive commercial diligence conducted by Services HQ/DoDP to prepare towards issuance of MOQ order;**Technical Operations**+ 100% utilization of desired peak team size/scope;+ Self-sufficient in managing 360D technical operations covering production design, supply-chain coordination, field-trials, installation and commissioning; | **Product Maturity**+ Demonstrate TRL-8 readiness the MVP qualified/certified by the SHQ as production-ready prototype acceptable for defence production and induction;**Technology Viability**+ Ensure the Technology developed/applied is matching the latest trends and advancements, and any form of obsolescence is proactively addressed;**External Investments**+ Details of equity/debt investments, enabling scaling up from prototype to defence grade production; | **Matching Contribution**+ Annexure- Z/ to be submitted for utilisation of Grant, MC-Cash,MC In-Kind, if any, corresponding to Milestone 4 & 5; |

**Annexure Y**

**Product Development Budget - Categories of Expenditures**

|  |  |  |
| --- | --- | --- |
| **Prime Costs**All those ***Direct costs*** related to the core activities concerning the technical, design, development, testing and certification aspects of the product development exercise, and considered as ***vitals*** to realise the desired/viable product are included in this category.Both the Capital and Operating expenditures covered under this category should be limited to the following costs below:**CapEx**Infra, Equipment & Machinery (Lab)Computing ResourcesPrivate CloudPCs & Laptops (Employees)Software (OS & Applications)**OpEx**Salaries for Core Technical TeamProfessional Services Fees for Technical ExpertsPrototyping Resources & MaterialsDesign/Manufacturing CostsTesting/Certification Costs | **Primary Overheads**All those ***Indirect costs*** related to the core activities concerning the technical, design, development, testing and certification aspects of the product development exercise, but considered only as ***essentials*** to realise the desired/viable product are included in this category.Both the Capital and Operating expenditures covered under this category should be limited to the following costs below:**CapEx**Infra & Facilities (Lab)**OpEx**Salaries for Promoters/FoundersField Visits - Travel CostsUtilities & MaintenanceRent (Office & Lab)Rent for Computing ResourcesInternet & PowerAMC for equipment/machineryIT/Cloud Systems - SubscriptionIPR Fees & CostsContingencies/OverrunsEvents & ConferencesTravel expensesRegistration/Booth charges | **Secondary Overheads**All those ***Indirect costs not related*** to the core activities concerning the technical, design, development, testing and certification aspects of the product development exercise, and ***not considered even as essentials*** to realise the desired/viable product are included in this category.Only Operating expenditures are allowed under this category.**OpEx**Salaries for Admin, HR, Marketing & SalesProfessional Services FeesLegal, Accounting/Audit, StatutoryTravel - BD & SalesBranding &MarCommInterest for LoansAll Others not specified under Prime Costs or Primary Overheads |

SPARK Grant - Allocation of Fund to Expenditure categories

|  |  |  |
| --- | --- | --- |
| **Prime Costs*****Minimum 75%*** of SPARK Grant approved/sanctioned shall be allocated to this category; | **Primary Overheads*****Maximum 25%*** of SPARK Grant approved/sanctioned shall be allocated to this category; | **Secondary Overheads*****0%*** allocation from SPARK Grant to cover any of the expenditures in this category; |

Matching Contribution - Types of Contribution

**The Matching Contribution from the SPARK Grantee shall be allowed under 3 types:**

**(1) Cash** - All the cash transferred to the SPARK Grantee company’s account exclusively for the purpose of funding the iDEX Product Development activities. This may include:

Capital Infusion from the Promoters (operated in the same manner as Owner’s Equity),

Cash from awards, funds from other grants which allow the money to be used as a supplement to SPARK Grant,

External funding in the form of debt/equity investments, bank loans etc.

Revenues generated by the company

Partner Funding

***Note:*** *All funds grouped under this category shall be substantiated with documentary evidence in the form of self-attested Bank account statements, submitted to the External Auditor. It is expected that unless explicitly approved under exceptional circumstances, these funds shall be available for expenditure during the grant lifecycle. The grantees shall provide the grant utilisation certificate as per Annexure Z. It is the responsibility of the SPARK Grantee to prove beyond reasonable doubt that all artifacts or IP generated in the past shall be applied or reused effectively.*

**(2) In-Kind** - This corresponds to the monetary value (based on fair market value for intangibles or competitive market prices for others) of all expenditures incurred by the SPARK Grantee company either on actuals or accruals. The following expenditures shall be considered under this category:

Salaries for Promoters (Founders), Core Technical/Operations Team, corresponding to the part not drawn as monthly salary but accrued for later payments, subject to limits acceptable to or approved by the PMU of DIO.

***Note:*** *In order to bring greater fairness, transparency and consistency, it is recommended that only upto 25% [Max upto Rs, 50,000] of the Salary for Founders/Promoters shall be included in the Product Development Budget under the Primary Overheads. Salary of maximum 2 Founder/ Co-Founder can be included in PDB By limiting this to 25% it is ensured that there is less cash outflow towards salaries for founders and promoters and doing so commits the maximum cash contribution from the SPARK Grantee only towards the Prime Costs and Primary Overheads excluding the Salaries for founders/promoters.*

Equipment/Machinery, Tools etc, corresponding to the depreciated value of the assets for the estimated duration of the product development activity;

Valuation of IP, Knowhow, or other intangibles;

Partner Resources, offered to the SPARK Grantee exclusively for the purpose of product development, in the form of equipment (considered on the basis of the depreciated value of the assets) or resources (valued at fair market prices);

Partner Funding, offered in the form of payment made to procure equipment (considered on the basis of the depreciated value of the assets) or resources (valued at fair market prices);

***Note:*** *The grantees to provide the grant utilisation certificate as per Annexure Z. All expenditures grouped under this category shall be substantiated with documentary evidence to be verified by statutory auditor (CA) as per Annexure Z . DIO will undertake an external audit as described in para 18. It is the responsibility of the SPARK Grantee to prove beyond reasonable doubt that all artifacts or IP generated in the past shall be applied or reused effectively*

**(3) Past Expenditures** - This corresponds to the monetary value (based on fair market value for intangibles or competitive market prices for others) of all expenditures incurred by the SPARK Grantee company in the past specifically related to technology/product development activities, which have been showcased during the SPARK Grant selection process.

***Note:*** *The grantees to provide the grant utilisation certificate as per Annexure-Z. All expenditures grouped under this category shall be substantiated with documentary evidence to be verified by statutory auditor (CA) as per Annexure Z . DIO will undertake an external audit as described in para 18. It is the responsibility of the SPARK Grantee to prove beyond reasonable doubt that all artifacts or IP generated in the past shall be applied or reused effectively. Expenditure incurred between Technical Appraisal approval and agreement signing (if any) may be considered as past expenditure without change in total PDB amount with approval of MFG.* Matching Contribution - Allocation of Funds to Expenditure categories

Total Matching Contribution (TMC)

The cumulative total monetary value of the matching contribution made by the SPARK Grantee across Cash, In-Kind and Past Expenditures.

NOTE: This allocation of Matching Contribution to expenditures is NOT applicable if:

TMC is > 2 times the SPARK Grant approved, and

The cash part of matching contribution is equal to or greater than 2 times the SPARK Grant approved

In the case of Matching Contribution Cash is equal or more than the SPARK Grant in PDB:-

SPARK Grant may be released up to 1.5 Cr equally as MC Cash.

|  |  |  |  |
| --- | --- | --- | --- |
| **MC Type/****Expenditure Category** | **Prime Costs** | **Primary Overheads** | **Secondary Overheads** |
| **1.Cash** | ***Minimum 75%***of Cash part of matching contribution shall be allocated; | ***Maximum 25%***of Cash part of matching contribution shall be allocated; | ***Maximum 5%***of Cash part of matching contribution shall be allocated; |
| **2. In-Kind** | ***Minimum 50%***of In-Kind part of matching contribution shall be allocated; | ***Maximum 25%***of In-Kind part of matching contribution shall be allocated; | ***Maximum 25%***of In-Kind part of matching contribution shall be allocated; |
| **3. Past Expenditures** | ***Minimum 100 %*** of Matching contribution under this category shall be entirely allocated to Prime costs only | No allocation is permitted for these expenditures. | No allocation is permitted for these expenditures. |

**Annexure Z**

**Certificate for Grant Utilisation and Product Development Expenditure**

*(To be provided by Practising CA appointed as the Statutory Auditor of SPARK Grantee (#) )*

This is to certify that the expenses incurred by M/s \_\_\_\_\_ [CIN: \_\_\_\_\_\_\_] under the SPARK GRANT AGREEMENT no \_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_ till \_\_\_\_\_\_\_\_ (Date to be given) is as follows: (Figures in Rs.)

|  | **Particulars** | **Completed Milestone # 0** | **Completed Milestone #1** | **Completed Milestone #2** | **Completed Milestone #3** | **Completed Milestone #4**  | **Completed Milestone #5** |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Date of completion of milestone** | **Date of signing of the Contract /agreement** |  |  |  |  |  |
| **A** | **SPARK Grant** |  |  |
| A1 | Sanctioned as per Annx C of contract/ agreement |  |  |  |  |  |  |
| A2  | Disbursed  |  |  |  |  |  |  |
| A3  | Actual Cash Expenditure incurred against A1in **completed Milestone** |  |  |  |  |  |  |
| A4  | Actual Cash Expenditure included in A3 related to iDEX project incurred out of non iDEX project bank account (only if applicable) |  |  |  |  |  |  |
|  |  |
| **B** | **Matching Contribution** |  |  |
| B1  | Cash - Commitment as per Annx C for **Next Milestone** |  |  |  |  |  |  |
| B1.1 | Funds transferred against B1 |  |  |  |  |  |  |
| B1.2 | *Actual Funds Transferred included in B1.1 related to iDEX project incurred out of non iDEX project bank account (only if applicable)* |  |  |  |  |  |  |
| B2  | MC-Cash Utilised in this **completed milestone***(Expenditure incurred on actuals basis against B1of the previous column)* |  |  |  |  |  |  |
| B3  | MC-In-Kind Actual in this completed milestone*(commitment as per Annexure C of contract/agreement (Also refer Annex)* |  |  |  |  |  |  |
| B4 | Past Expenditures Actual*(Expenditures incurred on actuals basis against amount approved in Annexure A of contract/agreement )* |  |  |  |  |  |  |
| B5 | *Actual Cash Expenditure included in B2 related to iDEX project incurred out of non iDEX project bank account (only if applicable).* |  |  |  |  |  |  |
| **C** | **Summary** |  |  |
| C1  | Committed Cash Expenditure for Next Milestone (C1)=A1+B1 |  |  |  |  |  |  |
| C2 | Actual Cash Expenditure (C2)= A3+B2  |  | Rs\_\_\_\_\_(D1) | Rs­­\_\_\_\_\_(D2) | Rs \_\_\_\_\_(D3) | Rs\_\_\_\_(D4) | Rs \_\_\_\_(D5) |
| D | **Cumulative Actual Cash Expenditure (D)=D1+D2+D3+D4+D5** | **=Rs** |
| C3 | Total Expenditure - Estimated(C3=C2 + B3 + B4) |  | Rs.\_\_\_\_\_\_ (E1) | Rs.\_\_\_\_\_\_E2 | Rs.\_\_\_\_\_E3 | Rs.\_\_\_\_\_\_E4 | Rs.\_\_\_\_\_\_E5 |
| E | Cumulative Actual Total Expenditure (E)=E1+E2+E3+E4+E5  | **= Rs**  |

**(#) Grantees who have already appointed the practicing CAs specifically for iDEX project from the initial stage, can provide the above certificate and produce the relevant documents/mail for engagement of Practicing CA (other than statutory auditor) subject to acceptance by the PMU DIO team. Further, grant utilisation certificate is to be provided from completed Milestone #1 and onwards.**

We have read and understood the SPARK Grant Agreement and carried out the necessary due diligence to ensure that the requirements for providing this Certificate as spelled out in the said agreement and guidelines have been complied at our end.

 It is also certified that all the expenditure or part thereof has not been funded as Grant-in-aid by or claimed from any other Company, Agency, PSUs, or Government Organisation etc.

Further, during this Milestone\_\_\_\_, the amount of Rs. \_\_\_\_ corresponding to the cash part of the matching contribution relating to item B2 in the table above has been erroneously paid out from the company’s main bank account [Name of Bank \_\_\_, Account No \_\_\_\_\_\_\_\_, IFSC Code \_\_\_\_\_\_\_\_\_\_\_] instead of iDEX project bank account [Name of Bank \_\_\_, Account No \_\_\_\_\_\_\_\_, IFSC Code \_\_\_\_\_\_\_\_\_\_\_].

Further, the above expenditure mentioned in C2 above, also includes those expenditure that were erroneously paid out out from the company’s main bank account [Name of Bank \_\_\_, Account No \_\_\_\_\_\_\_\_, IFSC Code \_\_\_\_\_\_\_\_\_\_\_] instead of iDEX project bank account [Name of Bank \_\_\_, Account No \_\_\_\_\_\_\_\_, IFSC Code \_\_\_\_\_\_\_\_\_\_\_].

The Grantee has earned the interest of Rs. \_\_\_\_\_\_\_ and the same is not included above as per requirement of Para 8.2 of the contract.

GST has not been included wherever credit is available. Documentary evidence has been verified.

We have also verified all the documentary evidence corresponding to the expenditures cited above and are found to be correct, and also verified that there are no expenditures as pertaining to the negative list of expenditures enumerated in Para 16 of the contract.

The detailed breakdown of cumulative total expenditure presented in Table A as per the format for product development budget included in the contract, has been verified to be in accordance with the guidelines prescribed in Annexure Y and Annexure X of the contract.

 For ABC & Co

 Chartered Accountants

 Firm Regd No

 Name :

 Proprietor/Partner

 Membership No

 UDIN:

Place :

Date :

**Enclosed :**

***Table A attached below forms part of Agreement and a***ny other Annexures as deemed relevant by CA.

**Table A - Statement of Product Development Expenditure**

| **PRIME COSTS (DIRECT COSTS)** |
| --- |
|  |  |  | **Actual Expenditure** |  |
|  | Expenditure Type *(if necessary additional rows can be inserted as per the requirement)* | **Cost Estimate** *(As per Agreement)* | **SPARK Grant Utilised***(Head A3 in CA Cert.)* | **MC-Cash Utilised***(Head B2 in CA Cert.)*  | **MC-In Kind Contributed** *(Head B3 in CA Cert.)*  | **MC-Past Exp.** *(Head B4 in CA Cert.)*  | **Remarks** |
| **CAPEX** | **Equipment & Machinery (A)** |   |   |
| Prototyping Lab - Equipment |  -  |  -  |  -  |  -  |  -  |   |
| Tools - Design & Validation |  -  |  -  |  -  |  -  |  -  |   |
| Misc (Equipment & Machinery)*(Items > Rs.1L to be accounted for as separate sub heads)* |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (A)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **Computing Resources (B)** |   |   |
| Workstations (Prototyping Lab) |  -  |  -  |  -  |  -  |  -  |   |
| Private Cloud |  -  |  -  |  -  |  -  |  -  |   |
| PCs & Laptops (Employees) |  -  |  -  |  -  |  -  |  -  |   |
| Software (OS & Applications) |  -  |  -  |  -  |  -  |  -  |   |
| Peripherals and other computing resources  |  -  |  -  |  -  |  -  |  -  |   |
| Misc (Computing Resources) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (B)** |  -  |  -  |  -  |  -  |  -  |  -  |
|  | **TOTAL CAPEX (A+B)**  |  -  |  -  |  -  |  -  |  -  |  -  |
| **OPEX**  | **Manpower Resources (C)** |   |   |
| Salaries (Core Technical Team) |  -  |  -  |  -  |  -  |  -  |   |
| Professional Services Fees (Technical Experts/Specialists) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (C)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **Design & Development Costs (D)** |   |   |
| Prototyping Resources/Materials |  -  |  -  |  -  |  -  |  -  |   |
| Design/Manufacturing Costs |  -  |  -  |  -  |  -  |  -  |   |
| Testing/Certification Costs |  -  |  -  |  -  |  -  |  -  |   |
| Misc (Design and Development) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (D)** |  -  |  -  |  -  |  -  |  -  |  -  |
|  | **TOTAL PRIME COST X (A+B+C+D)**  |  **-**  |  **-**  |  **-**  |  **-**  |  **-**  |  -  |
| **PRIMARY OVERHEADS** |
| **CAPEX** | Prototyping Lab - Physical Infra (E) |  -  |  -  |  -  |  -  |  -  |   |
| Others*(Items > Rs.1L to be accounted for as separate sub heads)* |  -  |  -  |  -  |  -  |  -  |   |
|  | **Sub Total (E)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **OPEX** | **Manpower Resources (F)** |   |   |
| Salaries (Promoters/Founders) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (F)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **Utilities & Maintenance (G)** |   |   |
| Power, HVAC, Internet |  -  |  -  |  -  |  -  |  -  |   |
| Rent (Office & Lab) |  -  |  -  |  -  |  -  |  -  |   |
| Rent for Computing Resources |  -  |  -  |  -  |  -  |  -  |   |
| AMC for equipment & machinery |  -  |  -  |  -  |  -  |  -  |   |
| IT/Cloud Systems - Subscription |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (G)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **Others (H)** |   |   |
| Field Visits (Travel+Others) |  -  |  -  |  -  |  -  |  -  |   |
| IPR Fees & Costs |  -  |  -  |  -  |  -  |  -  |   |
| Contingencies & Overruns |  -  |  -  |  -  |  -  |  -  |   |
| Events & Conferences (Travel + Regn/Booth Charges) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (H)** |  -  |  -  |  -  |  -  |  -  |  -  |
|  |  **Total Primary Overheads Y (E+F+G+H)** |  **-**  |  **-**  |  **-**  |  **-**  |  **-**  |  -  |
| **SECONDARY OVERHEADS** |
| **OPEX** | **Manpower Resources (I)** |   |   |
| Salaries (Admin, Legal, HR, Marketing & Sales) |  -  |  -  |  -  |  -  |  -  |   |
| Professional Services Fees (Legal, Audit/Acctg, Statutory) |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (I)** |  -  |  -  |  -  |  -  |  -  |  -  |
| **Others (J)** |   |   |
| Travel - BD & Sales |  -  |  -  |  -  |  -  |  -  |   |
| Branding &MarComm |  -  |  -  |  -  |  -  |  -  |   |
| Interest for Loans |  -  |  -  |  -  |  -  |  -  |   |
| Others not listed under Prime Costs or Primary Overheads |  -  |  -  |  -  |  -  |  -  |   |
| **Sub Total (J)** |  -  |  -  |  -  |  -  |  -  |  -  |
|  **Total Secondary Overheads Z (I+J)** |  **-**  |  **-**  |  **-**  |  **-**  |  **-**  |  -  |
|  | **TOTAL EXPENDITURE (X+Y+Z)** |  **-**  |  **-**  |  **-**  |  **-**  |  **-**  |  -  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Summary of Funds for Product Development Budget/Expenditure** |  |  |  |  |  |
| **1** | **SPARK GRANT** | - |  |  |  |  |  |
| **2** | **MATCHING CONTRIBUTION** | - |  |  |  |  |  |
| **2A** | Matching Contribution (Past Expenditures) | - |  |  |  |  |  |
| **2B** | Matching Contribution (In-Kind) | - |  |  |  |  |  |
| **2C** | Matching Contribution (Cash) | - |  |  |  |  |  |
|  | - VC/Angel Funding | - |  |  |  |  |  |
|  | - Loan | - |  |  |  |  |  |
|  | - Capital Infusion by Founder | - |  |  |  |  |  |
|  | - From Profits of Company | - |  |  |  |  |  |
|  | - Other funding sources | - |  |  |  |  |  |
|  | **TOTAL** | **-** |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

We have also verified the expenditures stated above with the documentary proofs made available by the grantee and are found to be correct.

 For ABC& CO

 Chartered Accountants

 Firm Regd. No.:

 (Name :\_\_\_\_\_\_ )

 Proprietor/Partner

Membership No: / UDIN: / Date : / Place :