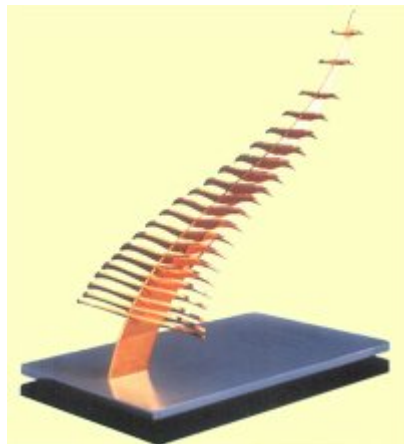


# Project Funding Guidelines



सत्यमेव जयते

## **Technology Development Board**

### **NATIONAL AWARDS FOR SUCCESSFUL COMMERCIALISATION OF INDIGENOUS TECHNOLOGY**

#### **Cash award of Rs. 10 lakhs each to-**

An industrial concern that has successfully commercialized the indigenous technology and the technology provider

#### **Cash award of Rs. 2 lakh to-**

SSI unit that has successfully commercialized a product based on indigenous technology

These awards are given annually on Technology Day. The industrial concerns that have successfully commercialized indigenous technologies after April for the subject year are eligible to apply for these awards, in response to the advertisement release in December every year inviting applications for the National Awards to be presented on 11<sup>th</sup> May every year.

PROJECT FUNDING GUIDELINES

JANUARY 2007



सत्यमेव जयते

**Technology Development Board**

**New Delhi-110016**

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## **TECHNOLOGY DEVELOPMENT BOARD**

### **FUND FOR TECHNOLOGY DEVELOPMENT AND APPLICATION**

#### **PROJECT FUNDING GUIDELINES**

For the development and application of indigenous technology in a dynamic economic environment, the Government of India enabled the placing of proceeds of the Research and Development Cess on the import of technology into a fund called the Fund for Technology Development and Application. To administer the Fund, the Government constituted a Technology Development Board on 1<sup>st</sup> September, 1996, under the provisions of the Technology Development Board Act, 1995. This booklet provides guidance to access the Fund.

#### **1. What the Board does**

The Technology Development Board invest in equity capital or gives loans to industrial concerns and other agencies, attempting development and commercial application of indigenous technology, or adapting imported technology to wider domestic applications.

#### **2. Who can be funded**

- 2.1 Commercial enterprises companies incorporated under companies act, 1956 (excluding sole entrepreneur / sole proprietorship/partnership concerns) cooperatives and other agencies are eligible to seek money from the Board for the development and application of technology-based product or service.
- 2.2 If the project is for the commercialisation of technology, developed by a domestic R&D institution, the enterprise should apply, along with an agreement signed by the R&D institution willing to transfer the technology. The R&D institution shall be any one of the following:-
  - National laboratory
  - State laboratory
  - Academic institution
  - Co-operative Research Association
  - Registered R&D Foundation/Trust/Society
  - In-house R&D unit in industry recognised by Government (Department of Scientific and Industrial Research – DSIR)
  - Scientific and Industrial Research Organisations recognised by Government (DSIR)
  - Commercial R&D company recognised by DSIR

- 2.3 If an enterprise has developed the technology with the assistance of an R&D institution (listed in 2.2 above), the application to the Board by such enterprise or its associate will also be considered (contract or joint or sponsored research).
- 2.4 Applications from enterprises, with or without any other partners (listed in 2.2 above), for commercialization of indigenous technologies may be considered if the project is for commercialization of technology developed through the financial support provided under Home Grown Technology (HGT) /Mission projects / Technology Vision 2020 implementation projects of Technology Information, Forecasting and Assessment Council (TIFAC) or under the Programme Aimed at Technological Self Reliance (PATSER) of DSIR or under the Technopreneur Promotion Programme (TePP) jointly operated by DSIR and DST.
- 2.5 Start-up companies and/or technocrat-entrepreneurs, with or without any other partners (listed in 2.2 above), in agricultural product processing, information technology or designing and developing special engineering machinery are encouraged to apply for projects in these areas.
- 2.6 Where legal title to domestically generated intellectual property is held (or filed for) by an individual generator (e.g. inventor) of such property or by an industrial concern, such individual or industrial concern shall also be eligible to apply.
- 2.7 If the activity is for adapting and commercialising imported technology, financial assistance from the Board may be provided for:-
- (i) effecting crucial modifications for wider domestic applications through an 'R&D institution' (listed in 2.2 above) or through an individual (2.6 above) and/or.
  - ii) further development of commercialisable technology imported when that technology is at 'proof-of-concept' or design stage.

### **3. What type of projects can be funded?**

The type of projects include –

- Development and commercialisation of a new product/process/application through indigenous technology.
- Significant improvements in the existing product/ process/ application.
- Substantial quality upgradation, reduced material consumption, reduced energy consumption, cost reduction, improved competitiveness, improved ergonomics.
- Development and deployment of technology or design to satisfy existing occupational health and/or safety standards, or improve upon them.
- Development and deployment of technology or design necessary to satisfy domestic or foreign environmental requirements or standards current or anticipated.
- Development and deployment of technology or design necessary to satisfy the requirements of domestic legislation, and/or decisions of the judiciary or product liability legislation in export markets.

- Adaptation/modification to product/process which has been imported so as to make it suitable for wider domestic application.
- Replacement of imported raw materials/components with indigenous substitutes.
- Providing the socio-commercial viability of new and/or renewable sources of energy commercially deliverable to consumers.
- Development of technology to meet the medical standards and providing socio-commercial viability of bio-medical equipment and devices.
- Hazardous, waste recycling.

#### **4. Which activities / expenditures can be funded?**

These may include –

- Development, test and evaluation necessary for establishing proof-of-applicability of product, process or application.
- Costs of a capital nature including cost of acquisition of technology of foreign origin which is at “proof-of-concept” or design stage requiring substantial indigenous technology development.
- Fabrication, testing and trial of prototypes.
- Setting-up pilot/demonstration plant including testing and trials.
- Industrial product design.
- Field trials (including limited market development, except as stand-alone activity)
- Setting-up the first or demonstrator commercial scale manufacturing unit using the innovative technology.
- Cost of studies, surveys and blue or grey-collar training necessary or incidental to the above.
- R&D / engineering consultancy for prototype / pilot plant / trials and testing.

The expenditure incurred by the applicant before the date of application shall not be reimbursed.

#### **5. Accessing the Fund:**

The Board may provide, in instalment(s) equity capital or loan assistance to enterprises or grants to enterprises /agencies.

The Board does not levy any processing, administrative or commitment charges from the applicant.

The duration of the project should not normally exceed three years.

The Board shall consider each application on merits and mere fulfillment of these guidelines shall not qualify an application for financial assistance.

##### **(a) Equity Participation:**

- (i) The Board may invest by way of equity capital in a company (incorporated under the Companies Act, 1956) on its commencement, start-up and / or growth stages according to the requirements as assessed by the Board and keeping in view the debt-equity ratio.
- (ii) Such investment in equity shares of a company may be upto 25 percent of the project cost, including margin money for working capital, provided such investment does not exceed the capital paid-up by the promoters. In the case of a new company, the Board may decide the quantum of capital to be paid up by the promoters.
- (iii) The company shall issue, at par, its share certificates to the Board equivalent to the amount subscribed by the Board. No brokerage shall be charged by the company on such issue.
- (iv) The pre-subscription conditions includes promoters should have subscribed and fully paid up their portion of the capital. The promoters shall pledge their shares to the board of a value equal to the equity subscription by the Board. The company shall not recognize or register any transfer of shares in the company's capital made by the promoters and as such other persons as may be specified by the Board. The Board shall not provide any guarantee including 'no default guarantee' or undertaking to any institution. The Board shall not subscribe any additional capital for any overrun in the project or any shortfall in the means of finance.
- (v) The Board shall have the right to nominate, from time to time, a person or persons to be a Director or Directors of the Board of Directors of the company. The nominee Director(s) shall not be required to hold qualification shares and shall not be liable to retire by rotation.
- (vi) The Board may disinvest its shareholdings after three years of completion of the project or five years from the date of subscription in accordance with the procedure prescribed in the TDB (equity capital) Regulations.
- (vii) The Board may, after examining the application of the company and after making such enquiries as it deems necessary, either approve the equity participation with or without additional conditionalities or refuse to approve the same.

**(b) Loan assistance:**

Although the assistance from the Board will take into account the totality of the financial environment in which the enterprise is to operate, the loan will normally be limited to half the estimated approved outlay on the activities eligible for funding.

The enterprise has to produce evidence of arrangement for the remainder of the money required. A commitment letter from a third party investor such as another established company, a venture capital company, financial institution or commercial bank will facilitate speedier processing.

The interest on loan shall be at the rate of five percent (5%) per annum (simple interest). Royalty would also be payable on sale of products under the TDB's project, during the currency of loan. The loan, interest and royalty require collaterals and guarantees.

The repayment of loan, together with interest and royalty thereon, shall commence within one year after the project is completed and shall be repaid in five years.

The accumulated interest up to the repayment of the first installment may be distributed over a period of three years commencing from the second year of repayment and terminating in the fourth year of repayment.

**(c) Grants:**

Grants may be provided by the Board in exceptional cases. However, the Board is not a substitute for funding by the Government or other appropriate institutions for R&D purposes.

The recipient may be required to pay the Board (equivalent to grant out of royalty received by it. The recipient may be required to share the profit with the Board proportionate to the investments made by participating agencies.

**6. Evaluation criteria:**

Applications will be evaluated for their scientific, technological, commercial and financial merits. The evaluation criteria include:

- the soundness, scientific quality and technological merit.
- the potential for wide application and the benefits expected to accrue from commercialization.
- the adequacy of the proposed effort.
- the capability of the R&D institution(s) in the proposed action network.
- the organisational and commercial capability of the enterprise including its internal accruals.
- the reasonableness of the proposed cost and financing pattern.
- measurable objectives, targets and mile-stones.
- track record of the entrepreneur.

The evaluation will include on-site visits.

## **7. Pro-active Role**

The Board has decided to take a pro-active role in addition to responding to the proposals received. This thrust is at the heart of Board's Vision document. Its aim is to enhance exports or towards producing competitive consumer products; encourage industries and R&D institutions for product innovation or improvisation to suit the Indian market; technology to be goal-oriented, socially relevant and profitable. It will identify and act in areas requiring strategic interventions.

The Board encourages new ideas from small enterprises even at the risk of failures.

While a few Indian industries themselves are capable of taking lead in modern technologies, balance of advantage for taking a lead in other areas lies dormant with many national laboratories. The pro-active role of the TDB lies in creating formal linkages to generate viable partnerships.

Information for selecting suitable projects is available in the TIFAC reports on Technology Vision for India upto 2020; proposals which aim at implementing / improving upon them may also be considered by the Board.

## **8. Contractual matters:**

All approved proposals will be financed under negotiated contract. The clauses may include, inter alia, payment of royalty for a limited period on commercialisation in case of grants, nomination of Director(s) on the Board of Directors (when the Board provides equity), buy-back/disposal/pledging of shares, providing collateral guarantees, hypothecation and/or mortgage of assets, project monitoring, inspection, re-payment schedules, termination, resolution of disputes, etc.

A specific payment schedule will be incorporated in the contract. The payment will be made periodically as per work programmes in accordance with risk-associated milestones. The Board shall monitor the progress of the project before the release of second and successive installments. To facilitate monitoring of the project and project completion, the enterprise is required to submit the prescribed returns in the enclosed format (See Page 20)

## **9. Intellectual property:**

The cost of filing of applications by industrial concerns for obtaining necessary patents in India as well as abroad shall be taken into account in the total project cost for providing financial assistance to industrial concerns.

The disposition of intellectual property is a bilateral contractual matter between the technology provider and the enterprise. However, the Board, in exceptional cases, may retain a royalty-free licence for the use of the intellectual property for the purposes of the

property to licence others in certain circumstances to manufacture and or sell the product in India.

**10. Money from the Board is not available for:**

- Refinancing.
- Basic research.
- Establishment of new R&D centres.
- Travel, conferences, workshops, etc. unless they form an essential component of the project approved by the Board.
- Writing of books or reports or collection of statistics or surveys unless they form an essential component of the project approved by the Board.
- Any form of grants-in-aid or loan for the mere creation of technical infrastructure.
- More than two projects at one time to an industrial concern.
- An industrial concern that is sick or incipiently sick.

**11. Submission of applications:**

The Board receives the application for financial assistance throughout the year.

Applications should be submitted in the enclosed format (See page 17). The applicant is requested to carefully study the instructions before filling in the application form given on page 29. The applicant should also fill in the acknowledgement form. Ten copies of application and supporting documents must be sent in the same package, to:-

**The Secretary  
TECHNOLOGY DEVELOPMENT BOARD  
Department of Science and Technology  
A-wing, Ground Floor,  
Vishwakarma Bhavan  
Shaheed Jeet Singh Marg,  
New Delhi - 110016  
Telephone No. 26537349, 26540100  
Fax No. 26531862, 26540141**

**Note: The Board reserves the right to amend these Project Funding Guidelines, without notice.**



## **Application for Seeking Financial Assistance from TDB**

# **TECHNOLOGY DEVELOPMENT BOARD**

**Wing-A, Vishwakarma Bhawan,**

**Shaheed Jeet Singh Marg,**

**New Delhi- 110016**

**PHONE: 011-26540100, 26537349**

**FAX: 011-26531862, 26540141**

**Web site: [www.tdbindia.org](http://www.tdbindia.org)**

**TECHNOLOGY DEVELOPMENT BOARD  
APPLICATION FORM  
(FORM – A)**

Rule 19(2): Any applicant who is desirous to seek financial assistance, from the Fund for Technology Development and Application, shall apply to the Board in Form- A.

Important: Please submit 10 copies of projects proposals in this format.

**PART-I**

**INFORMATION ABOUT APPLICANT**

**1.1 Title of the project**

**1.2 Name and correspondence address of the applicant/company:**

<b>Name of the applicant company</b>			
<b>Status of the Company</b>	<b>Public Limited/Private Limited/Joint Sector/Others (Specify)</b>		
<b>Name of the Key Person</b>			
<b>Address</b>			
<b>Village</b>			
<b>Taluk</b>			
<b>District</b>			
<b>Pin</b>			
<b>State</b>			
<b>STD Code</b>		<b>Phone No: /Mobile No.</b>	
<b>Fax No.</b>		<b>E-Mail:</b>	<b>Website:</b>
<b>Nearest Rly Station</b>		<b>Distance in (Kms)</b>	
<b>Nearest Airport</b>		<b>Distance in (Kms)</b>	

**1.3 Address in full including PIN code:**

(a) **Registered Office with telephone Nos./fax/e-mail:**

(b) **Administrative office with telephone Nos./ fax/e-mail :**

**1.4 Date of incorporation with Registration number:**

(a) **Whether the applicant has an in –house R&D unit recognized by the DSIR? :**

(b) **If so, details of recognitions:**

(c) **Recognition/Certification received from other Government Agencies**

**1.5 Name of the promoters, and their track record (submit detailed resume)**

**1.6 Board of Directors**

**1.7 Share holding pattern of the Company**

**1.8 Management Team:- Detail of key professional, designation qualification & experience:**

**1.9 Applicant's background (including association with other group/subsidiary/ associate companies and other enterprises and contribution in them):**

**1.10 Please furnish a note on the present activities of the applicant including commitment to R&D**

**1.11 (a) Has the applicant applied for assistance from TDB earlier?  
(b) If so, details thereof**

**1.12 Provide the summary of balance sheet and Profit & Loss account of last three years for the company (submit last three years report):**

<b>Particulars</b>			
Share Capital			
Share Application Money			
Reserves and Surplus			
Secured Loan			
Unsecured Loan			
Fixed Net assets			
Net current Assets			
Income			
Total Expenditure			
PBDIT			
Depreciation			
Interest			
PBT			

Tax			
PAT			
Cumulative Profit/Loss carried to BS			

**1.13 Furnish complete details of loans outstanding against the applicant for:**

**(a) Existing and the proposed project**

**(b) Other project(s) including re-schedule and defaults if any**

**1.14 Name, Address and Phone No. of the Banker through whom working capital is sought.**

**1.15 Details of prosecution, if any, in a court of law launched against the applicant.**

**PART-II**  
**INFORMATION ABOUT PROJECT**

**Description of the project: (Brief details of project) submit Project Report which should include the following:**

**2.1 Technical Details: (Must be elaborated)**

- Proposed products / services with technical specifications
  - Process
  - Technology Details
  - Source of Technology
  - Whether indigenous /imported technology, Copy of technology tie-up agreement and its salient features
  - Statutory Approvals/Clearances required and present status
  - Patent status of the product/process/service
  - Other Competing Players, Product Advantage
  - Indigenous aspects, specific features
  - Testing Facilities and Quality Assurance for the Product
  - Uniqueness of the Technology and innovative content in the proposal
- a) In house
- b) Outside

**2.2 Marketing Details: Market, demand-supply, marketing strategy, market survey etc.**

**2.3 Financial Details**

**2.3.1 Cost of the project:**

(Rs. in lakhs)

<b>Heads of expenditure</b>	<b>Expenditure Incurred till the date of application</b>	<b>Expenditure to be incurred</b>	<b>Total</b>
<b>Land</b>			
<b>Site Development</b>			
<b>Building / Civil Works</b>			
<b>(i) Factory</b>			
<b>(ii) Administration</b>			
<b>(iii) Others</b>			

<b>Plant &amp; Machinery</b> (i)     Imported (ii)    Indigenous <b>Miscellaneous Fixed Assets</b>  <b>Technical Know-how Fees</b>  <b>Cost of filling patent(s)</b>  <b>Preliminary &amp;</b> <b>Pre-operative Expenses</b>  <b>Marketing &amp; Travel Expenses</b>  <b>Others (specify)</b>  <b>Contingency</b>  <b>Margin Money for working capital</b>			
<b>Total</b>			

Note: Justification on each of the above heads of expenditure to be presented separately by the applicant.

**2.3.2 Means of finance:**

(Assistance from TDB can be sought either for loan or for equity and not for both)

(Rs. in lakhs)

	<b>Status on date</b>	<b>Additional Amount Proposed</b>	<b>Total</b>
<b>Equity</b>  <b>Promoters</b>  <b>Others (specify)</b>			
<b>Loan</b>  <b>Financial Institution</b>  <b>Bank</b>			

<b>Others (specify)</b>			
<b>Assistance from TDB</b>			
<b>Loan or Equity (specify)</b>			
<b>Total</b>			

**2.4 List of raw materials (sources, availability and expected cost)**

**2.5 List of Plant & Machinery (alongwith cost, and its basis)**

a) Existing: (List of Major Plant and Machinery)

(Rs in lakh)

<b>Instrument</b>	<b>Procurement source</b>	<b>Quantity</b>	<b>Amount</b>
	Imported/ Indigenous		

b) New: to be procured for the Project

(Rs. in lakh)

<b>Instrument</b>	<b>Procurement source</b>	<b>Quantity</b>	<b>Amount</b>
	Imported/ Indigenous		

**2.6 Project location: Advantage, Benefits, infrastructure available etc.**

**2.7 Details of land alongwith copy of relevant land documents**

**2.8 Duration of the Project and activity wise Implementation schedule indicating milestones (Annex Bar Chart of Activities)**

**2.9 (a) Submit a Business Plan indicating Production & Sales for five years:**

**(b) Profitability Projections: Give the Basis & Assumptions for various heads of income & expenditure.**

**(c) Projected Balance Sheet**

**(d) Cash flow projections for the proposed products/ service (indicate for five years after commencement of commercial production)**

**2.10 Financial indicators for the project:**

- (a) Debt: Equity
  - (b) IRR
  - (c) DSCR
  - (d) Pay back period
  - (e) Break even & Cash Break even
- 2.11 Risk Factors envisaged in the project and Mitigation plan
- 2.12 (a) Has the applicant applied for financial assistance for the same /similar project from any other institution/ agency? :  
(b) If so, details and status thereof:
- 2.13 (a) Is the applicant – expecting any subsidy or any other concession from any Government – departments of other agency? :  
(b) If so, details thereof:
- 2.14 Indicate the type of collateral you wish to provide in favour of TDB.
  - (a) Bank guarantee
  - (b) Corporate guarantee from other sister / group company
  - (c) Own corporate guarantee
  - (d) Personal guarantee of the promoters/ Directors
  - (e) Pledge of shares by promoters / Directors
  - (f) Hypothecation of assets
  - (g) Mortgage of property
  - (h) Any other form of security (specify)
- 2.15 Furnish complete details of loans outstanding against the applicant for
  - (a) The proposed project:
  - (b) Other project (s) including re- scheduling and defaults, if any

**PART-III**  
**INFORMATION ABOUT ONGOING ACTIVITIES**  
**CHECK - LIST OF ENCLOSURES**

<b>Annexure</b>	<b>Contents</b>	<b>Checklist</b>	<b>Page No</b>
1.	Constitution of the organisation / Article and Memorandum of Association		
2.	Certificate of Registration or Certificate of Incorporation		
3.	Certificate of commencement of business		
4.	Name and addresses of the Board of Directors/ Management Committee along with their telephone numbers		
5.	Promoters background (including association with other companies and contribution in those companies)		
6.	DSIR Recognition Letter for in – house R&D unit.		
7.	Techno-economic feasibility study report		
8.	Agreement for transfer of technology (if sourced from outside)		
9.	Chart indication the project duration and implementation schedule with milestones		
10.	Annual Reports with audited statement of accounts of the applicant for the last three years		
11.	Annual Reports with audited statement of accounts of the parent company (in case applicant is subsidrey) for the last three years		
12.	Copies of Tax Return of the applicant for the last three years		
13.	Details of loans outstanding against the applicant including re-scheduled loans and defaults		
14.	Architectural Drawings and Plant Design to be provided later		

(Signature of Authorized Representative of the Applicant with Name and Designation)

## DECLARATION

(To be signed by the applicant  
or  
its authorised agent)

The particulars given are true and correct. Nothing material has been suppressed. It is certified that I / We have read the guidelines, terms and conditions governing the scheme and undertake to abide by them on behalf of my / our organisation / institution. The financial assistance, if provided, shall be put to the declared use.

**APPLICANT/ AUTHORISED SIGNATORY**  
*with seal*

**Date:**

**Place:**

(Strike out whichever is not applicable)

## Instructions for filling the application form

Please fill up the form furnishing correct details sought for based on verifiable true state of affairs without causing suppression of any material information, which if resorted to, shall entail refusal of the financial assistance under the Technology Development Board Act, 1995.

- Serial No. 1.1      Indicate briefly the correct title of the project. e. g. Development and commercialization of .....
- Serial No. 1.6      Names, Addresses and a very brief resume of the members to be provided
- Serial No. 1.7      Names of share holders, number of shares held and % holding in each case be provided
- Serial No. 1.10     Give list of on going R&D projects and quantum of financial assistance, if sought from any agency
- Serial No.1.11     If the applicant has applied for assistance from TDB earlier, please furnish brief details of the project, name of the applicant, address. TDB's reference (file) number and the status
- Serial No.1.13     a) Give name of the lender, assistance sought, repayment made, outstanding amount, repayment plan and collaterals offered  
b) Give mane of the project, name of the lender, assistance sought, repayment made, out standing amount, repayment plan & collaterals offered for each case (attach sanction letter in each case)
- Serial No.1.14     Specify the quantum of working capital and credit limit sought.
- Serial No.2.1.4     Copy of technology tie-up agreement be given here and its salient features should be attached
- Serial No.2.1.9     Specify testing facilities including name of the list & available equipments, would be made available for the project. The mechanism to be followed for quality assurance & certification be given under this
- Serial No.2.7      Copy of sale deed to be attached
- Serial No.2.10     Enclose the details of calculation for financial indicators
- Serial No.2.12     If the applicant has applied for financial assistance for the same project to any other institution/agency give details and the present status of the application. Even if the application has been rejected, furnish details.

## **Acknowledgement**

**Note: The format will be filled in by the applicant and submitted (one copy) so that Technology Development Board could acknowledge the same immediately.**

**From**

**The Secretary  
Technology Development Board  
Wing-A, Ground Floor,  
Shaheed Jeet Singh Marg  
New Delhi-110016.**

**To**

**(Write the full postal address including PIN code of the applicant)**

**Sir,**

**Subject: (Indicate the title of the project as given in Serial No. 1 of the application)**

**This is to acknowledge receipt of your letter No. .... Dated..... along with 10 copies of the applications on the above mentioned project. Please quote the reference number given below in all your future correspondence with Technology Development Board on the above – mentioned project:**

**Reference Number: (will be given by TDB)**

**Yours faithfully**

**(Secretary/Authorised officer)**