

IP-Backed Financing Checklist (India)

Readiness checklist for using IP assets as collateral for loans and credit facilities

HOW TO USE THIS TEMPLATE	
1.	Use when approaching lenders, banks, or NBFCs for IP-backed loans or credit facilities.
2.	SIDBI, SBI, and several NBFCs offer IP-backed lending — this checklist prepares you.
3.	Clean, registered, unencumbered IP with documented commercial value is essential.
4.	Engage an IP valuation expert and a lending lawyer before approaching any lender.
5.	This checklist also applies to using IP as collateral in venture debt arrangements.

COMPANY DETAILS

Company Name and CIN	[Name and CIN]
Type of IP-Backed Financing Being Sought	[Term loan / Working capital / Revolving credit / Venture debt / IP monetisation / IP sale and leaseback / Other]
Lender / Institution Being Approached	[Bank / NBFC / SIDBI / Private lender — name]
Amount of Financing Sought	[Rs. X crores / lakhs]
Proposed IP to be Used as Collateral	[Describe IP assets to be pledged — patents, trademarks, software copyrights, etc.]
Date of Preparation	[DD Month YYYY]
Checklist Prepared by	[Name and designation]

MODULE 1 — IP OWNERSHIP AND TITLE VERIFICATION

Check Item	Status
Company owns IP outright (no co-inventors, co-authors, or co-owners with unsatisfied claims)	■ Confirmed / ■ Pending / ■ Issue — describe
All founder and employee IP assignment agreements executed and on file	■ Confirmed / ■ Gaps — describe
IP not subject to any existing pledge, mortgage, or security interest	■ Confirmed / ■ Encumbrance exists — describe
IP not subject to any exclusive licence that restricts the Company's ability to pledge it	■ Confirmed / ■ Restriction exists — describe
IP ownership chain is clean — no gaps between creation and current ownership	■ Confirmed / ■ Gap identified — describe
All assignments and transfers formally recorded at IP registry	■ Confirmed / ■ Pending recordal
No ongoing IP disputes, opposition proceedings, or invalidity challenges	■ Confirmed / ■ Proceedings exist — describe

MODULE 2 — IP REGISTRATION AND LEGAL STANDING

Check Item	Status
Patents — all granted patents have been renewed and are in force	■ Confirmed / ■ Renewal pending / ■ Lapsed — describe
Patents — all pending applications are being prosecuted actively	■ Confirmed / ■ Abandoned / ■ Issue — describe
Trademarks — all marks are registered and renewal fees paid	■ Confirmed / ■ Renewal due — date: [DD/MM/YYYY]
Domain names — all key domains registered and renewal current	■ Confirmed / ■ Expiry risk — describe
Copyright — key software and content registered (where applicable)	■ Confirmed / ■ Not registered — assess risk
All IP registered in the Company's current legal name	■ Confirmed / ■ In old name — update required
IP registration documents and certificates on file and available for inspection	■ Confirmed / ■ Documents missing — describe

MODULE 3 — IP VALUATION READINESS

IP Valuation Brief prepared and current	[Yes / No — Date of valuation: DD/MM/YYYY]
Independent qualified IP valuation report obtained	[Yes — from [Valuer name] dated [date] / No — required before lender engagement]
Valuation methodology used	[Cost / Market / Income / Weighted combination]
Concluded value of IP proposed as collateral	[Rs. X crores — as at [date]]
LTV (Loan to Value) ratio sought	[X% of IP valuation]
Has lender indicated acceptable LTV for IP collateral?	[Yes — [X%] / Not yet discussed]
Revenue currently generated by the IP being offered as collateral	[Rs. X per year]
Revenue growth rate	[X% YoY — based on [period]]

MODULE 4 — DOCUMENTS REQUIRED BY LENDERS

Document	Status	Notes
Certificate of Incorporation and MOA/AOA	■ Available / ■ Pending	[Notes]
Board resolution authorising IP pledge	■ Passed / ■ To be passed	[Notes]
IP registration certificates (all assets)	■ Available / ■ Gaps	[Notes]
IP assignment deeds (founder, employee, contractor)	■ Available / ■ Gaps	[Notes]

Independent IP valuation report	■ Available / ■ To be commissioned	[Notes]
Audited financial statements (last 3 years)	■ Available / ■ Pending	[Notes]
IP revenue attribution analysis	■ Available / ■ To be prepared	[Notes]
OSBOM — Open Source Bill of Materials (for software)	■ Available / ■ To be prepared	[Notes]
Litigation clearance certificate from IP advocate	■ Available / ■ To be obtained	[Notes]
Insurance on IP assets (if any)	■ In place / ■ Not arranged	[Notes]

MODULE 5 — READINESS ASSESSMENT

Overall IP-backed financing readiness	[Ready to proceed / Needs [X] items resolved first / Major issues to address]
Key issues to resolve before approaching lender	[List specific actions required]
Estimated time to resolve issues	[X weeks]
Recommended lender type for this IP profile	[Scheduled bank / NBFC / SIDBI SMILE / Private debt fund / IP monetisation firm]
Target loan disbursement date	[DD Month YYYY]

IMPORTANT NOTE

IP-backed financing is still an emerging product in India. SIDBI's IP-based financing schemes and RBI guidelines for intangible asset collateral are evolving. Engage both an IP valuation expert AND a lending lawyer experienced in IP collateralisation before approaching any lender. Template only — not legal or financial advice.

LENDER REQUIREMENTS AND MARKET CONTEXT

6.1 Key Lenders Active in IP-Backed Financing in India. The following institutions have programmes or precedents for IP-backed lending in India: SIDBI (Small Industries Development Bank of India) — has explored IP-backed lending under its innovation financing programmes; Axis Bank, HDFC Bank, and ICICI Bank — have considered IP as supplementary collateral alongside tangible assets in certain cases; Tata Capital and other NBFCs — have offered innovation financing with IP as partial collateral; Technology Development Board (TDB) — provides technology loans where IP forms part of the security package. The market is still maturing and most lenders require IP collateral to be supplemented by personal guarantees or tangible asset security.

6.2 WIPO's IP Financing Framework. The World Intellectual Property Organization (WIPO) has developed frameworks for IP-backed financing that are being considered by Indian financial regulators. RBI's guidelines on intangible asset lending and SEBI's framework for IP-backed securities are evolving. Monitor RBI circulars and SEBI notifications for updates. The DPIIT has also been actively promoting IP as a bankable asset through its various startup and MSME financing initiatives.

6.3 IP Insurance as Credit Enhancement. IP insurance — including IP infringement defence insurance, IP enforcement insurance, and IP valuation assurance insurance — can significantly improve the lender's appetite for IP-backed financing by reducing their risk exposure. International IP insurance providers (AON, Marsh, Tokio Marine) and some Indian insurers offer IP-related covers. An IP insurance policy that covers the lender as a co-insured can be a powerful credit enhancement tool. Include IP insurance documentation in the lender's document package.

6.4 Perfecting Security Interest in IP. Under Indian law, creating a valid security interest (charge) over IP requires: (a) for patents — filing Form 16 (notification of licence) with the Patent Office under Section 68 of the Patents Act 1970, or creating a charge over the patent as an intangible asset under the Companies Act 2013 using Form CHG-1; (b) for trademarks — recording the assignment or charge with the Trademark Registry under Rule 75 of the Trade Marks Rules 2017; (c) for copyright — assignment or charge under Section 30 of the Copyright Act 1957 must be in writing and signed by the assignor. Lenders should insist on formal recordal at the relevant IP registry before disbursement.

MODULE 6 — PREPARING THE INFORMATION MEMORANDUM

6.1 Information Memorandum Structure. When approaching a lender for IP-backed financing, prepare a concise Information Memorandum (IM) that covers the following sections in this order: (a) Executive Summary — the financing sought, purpose, proposed collateral, and repayment plan in one page; (b) Company Overview — history, business model, team, and financial highlights; (c) IP Asset Description — detailed description of the IP being offered as collateral, including registration status, geographic coverage, remaining life, and commercial importance; (d) IP Valuation — summary of the IP Valuation Brief with the concluded value and methodology; (e) Commercial Revenues from IP — historical and projected revenue attributable to the IP; (f) IP Risk Assessment — key risks (invalidity, design-around, expiry) and how they are mitigated; (g) Security Structure — how the security interest will be created and perfected; and (h) Repayment Plan — projected cash flows and proposed repayment schedule.

6.2 Third-Party Expert Reports to Commission. Before submitting the IM to a lender, commission the following expert reports: (a) Independent IP Valuation Report from a registered IP valuer or a reputed professional firm — this is the most important document for the lender; (b) Legal Title Opinion from an IP advocate confirming clean ownership and absence of encumbrances; (c) IP Health Check / Portfolio Audit from an IP firm confirming validity and maintenance status of all registered rights; and (d) Freedom to Operate (FTO) Opinion if the IP includes patents, confirming no third-party patents block the Company's use of its own technology. These reports add credibility and significantly improve the lender's confidence.

6.3 Ongoing Reporting Obligations Post-Disbursement. Once IP-backed financing is in place, the Company will typically be required to: (a) notify the lender immediately of any threat to the IP — opposition, invalidity challenge, or infringement claim; (b) maintain all IP registrations in force — the lender may require proof of renewal filings; (c) not sell, assign, or sub-licence the charged IP without the lender's consent; (d) provide annual IP valuations or updates as required by the lender; and (e) maintain IP insurance if required under the loan covenant. Non-compliance with these ongoing obligations can trigger covenant defaults.