

IP Valuation Brief Template (India)

Internal working template for estimating IP asset value for fundraising, M&A, and licensing

HOW TO USE THIS TEMPLATE

1. Use this template when preparing for fundraising, M&A, licensing negotiations, or IP-backed financing.
2. Complete the financial sections with the support of a qualified Chartered Accountant.
3. All three standard valuation approaches should be considered — use the most appropriate for your IP type.
4. This brief is an internal working document — have it reviewed by an IP valuation expert before use in formal transactions.
5. Attach supporting evidence for all claims in the financial sections.

SECTION 1 — IP ASSET IDENTIFICATION

Company Name and CIN	[Company name and CIN]
IP Asset Name / Title	[Name or descriptive title of the IP asset or portfolio being valued]
IP Asset Category	[Patent / Trademark / Copyright / Trade Secret / Software / Brand / Domain / Portfolio — specify]
Specific Rights Being Valued	[Ownership of patent IN/XXXX/YYYY / Trademark Registration No. XXXXXXX / Copyrights in [software name] / Trade secrets in [specific area]]
Date of This Brief	[DD Month YYYY]
Prepared by	[Name, designation, and credentials of person preparing the brief]
Purpose of This Valuation	[Fundraising (Series X) / M&A; due diligence / IP licensing / IP-backed financing / Balance sheet reporting / DPIIT filing / Litigation / Other]
Intended Users of This Brief	[Internal management / Investor / Acquirer / Lender / Auditor — specify]

SECTION 2 — IP ASSET DESCRIPTION AND LEGAL STATUS

Detailed Description of the IP	[Describe what the IP covers — what technology, brand, creative work, or process it protects]
Date of Creation / Filing	[DD Month YYYY]
Date of Grant / Registration (if applicable)	[DD Month YYYY — or 'Pending']
Registration Numbers	[Patent: IN/XXXX/YYYY TM: XXXXXXX Copyright: [number] — or 'Unregistered']
Geographic Coverage	[India only / India + [countries] / Global PCT filing]
Remaining Statutory Life	[X years remaining — calculated from grant/registration date]
Legal Ownership	[Company name — sole owner / co-owned with [party] in [percentage]]
Encumbrances or Licences	[No encumbrances / Licensed to [party] under [agreement dated DD/MM/YYYY] on [exclusive / non-exclusive] basis]
Validity Challenges or Disputes	[None known / Describe any opposition, invalidation, or litigation]

SECTION 3 — COMMERCIAL CONTEXT AND COMPETITIVE SIGNIFICANCE

Products or services enabled by this IP	[List the specific products, features, or services that rely on or are protected by this IP]
Revenue attributable to this IP (last 12 months)	[Rs. X / Unable to isolate — basis: [describe how attributed]]
Market size (addressable market)	[Rs. X crores / USD X million — source: [cite source]]
Competitive advantage provided	[Describe specifically how this IP gives the Company an advantage over competitors]
Key competitors and their IP position	[Describe competitors' IP — who else has patents in this space, comparable trademarks, etc.]
Barriers to entry this IP creates	[Describe how this IP prevents competitors from copying the Company's approach]
Risk of IP becoming obsolete or being designed around	[Low / Medium / High — explain]
Comparable IP transactions (if any known)	[Reference any known licences or sales of comparable IP in the market]

SECTION 4 — THREE STANDARD VALUATION APPROACHES

4.1 Cost Approach. The Cost Approach values IP based on the cost of creating or replacing it. It is most appropriate for early-stage IP where commercial revenues are not yet established.

R&D; expenditure to create this IP	[Rs. X — salaries, tools, contractor costs, testing, prototyping]
Patent filing and prosecution costs (if applicable)	[Rs. X — filing fees, attorney fees, translation costs]
Trademark registration costs (if applicable)	[Rs. X]
Estimated cost to recreate this IP from scratch today	[Rs. X — replacement cost basis]
Obsolescence adjustment	[X% reduction for partial obsolescence — basis: [explain]]
Cost Approach Indicated Value	[Rs. X — sum of above less obsolescence adjustment]

4.2 Market Approach. The Market Approach values IP by reference to comparable transactions in the market. It requires evidence of comparable IP licences or sales.

Comparable transaction 1	[Description, value, and source — e.g. licence of similar patent for Rs. X per year]
Comparable transaction 2	[Description, value, and source]
Comparability adjustments required	[Describe differences between comparables and the IP being valued]
Market Approach Indicated Value	[Rs. X — after adjustments / 'Insufficient market data for this approach']

4.3 Income Approach. The Income Approach values IP based on the future economic benefits it is expected to generate, discounted to present value. It is most appropriate for commercialised IP.

Annual royalty rate assumed (% of revenue)	[X% — basis: industry standard rates / comparable licences]
Revenue base attributable to this IP	[Rs. X per year — current / projected]
Annual royalty income indicated	[Rs. X per year]

Remaining economic useful life	[X years]
Discount rate applied	[X% — WACC / risk-adjusted rate — basis: [explain]]
NPV of royalty stream	[Rs. X]
Income Approach Indicated Value	[Rs. X]

SECTION 5 — VALUATION CONCLUSION

Cost Approach Value	[Rs. X / Not applied — reason]
Market Approach Value	[Rs. X / Not applied — reason]
Income Approach Value	[Rs. X / Not applied — reason]
Weighting of approaches	[Cost: X% / Market: X% / Income: X% — rationale: [explain]]
CONCLUDED FAIR MARKET VALUE	[Rs. X — as at [DD Month YYYY]]
Confidence level	[High / Medium / Low — basis: [explain available data]]
Key assumptions underlying this valuation	[List key assumptions — e.g. 'assumes no invalidation challenge', 'assumes continued commercial use', 'based on management projections']
Key risks that could affect this valuation	[List risks — invalidity, design-arounds, market disruption, licence termination, etc.]

SECTION 6 — RECOMMENDATIONS

IP protection enhancements recommended	[E.g. file continuation applications / register in additional countries / register copyright / document trade secrets]
Commercialisation opportunities identified	[E.g. licensing to third parties / cross-licensing with competitor / use in new product line]
Actions required before using this valuation in formal transaction	[E.g. obtain independent qualified valuer's report / update financial projections / resolve pending challenge]

AUTHORISATION

IMPORTANT DISCLAIMER: This IP Valuation Brief is an internal working document prepared for management purposes. It does not constitute a formal IP valuation report. For use in formal investment, lending, or acquisition transactions, an independent valuation from a qualified IP valuation expert is strongly recommended. IP valuation is subject to significant judgement and uncertainty, and the values stated herein should be treated as indicative only.

PREPARED BY	REVIEWED BY (IP MANAGER / CFO)
[Name and Designation]	[Name and Designation]
Signature: _____	Signature: _____
Date: _____	Date: _____

VALUATION METHODOLOGY DETAIL AND INDIAN MARKET CONTEXT

7.1 Royalty Rate Benchmarks for Indian Markets. In India, there is limited publicly available data on patent royalty rates compared to the US or Europe. The following royalty rate ranges are commonly referenced as starting points in Indian IP licensing negotiations, though actual rates depend heavily on the specific technology, market position, and commercial context: Software and SaaS: 5–15% of revenues; Mobile applications: 3–8% of revenues; Pharmaceutical patents: 3–8% of net sales (higher for breakthrough drugs); Agricultural technology: 1–5% of sales; Electronics and hardware: 2–5% of product revenues; Branded consumer goods (trademark): 2–8% of retail price. These ranges are indicative only — engage a qualified IP valuation specialist for formal valuations.

7.2 Balance Sheet Treatment Under Ind AS 38. Under Indian Accounting Standard 38 (Ind AS 38 — Intangible Assets), internally generated intangible assets (including patents developed in-house) are recognised on the balance sheet only if: (a) the technical feasibility of completing the asset is established; (b) the Company intends to complete and use or sell the asset; (c) the Company has adequate resources to complete development; and (d) the development costs can be reliably measured. Acquired IP (purchased patents, trademarks, and goodwill) is recognised at cost under Ind AS. The DPIIT's 'startups' notification allows certain recognition flexibilities for recognised startups.

7.3 DPIIT Recognition and IP Support. Startups recognised under DPIIT's startup recognition programme can access: (a) the Patent Facilitation Programme — 80% rebate on patent filing fees and fast-track examination; (b) the Trademark Facilitation Programme — 50% rebate on trademark fees; (c) National Intellectual Property Awards; and (d) IP awareness programmes. These benefits can materially reduce the Cost Approach value of IP (lower actual costs incurred) while the strategic value remains unchanged. For balance sheet and IP valuation purposes, the value of the IP is not reduced by government subsidies — the IP's commercial value is independent of how much was spent creating it.

7.4 Pre-Valuation Checklist. Before finalising any IP valuation, verify: all IP is legally owned by the Company (no gaps in assignment chain); all registered IP is in force (no lapsed renewals); no undisclosed licences restrict commercialisation; no pending invalidity challenges that could reduce value; open-source compliance is clean (no copyleft contamination in software IP); financial projections used in income approach have been reviewed by the CFO or a Chartered Accountant; and the valuation date is clearly stated and recent.