

Conflict Assessment Audit

INTELLIGENCE PROTOCOL REPORT

Audit Identity: **INTERNSHIP AGREEMENT_signed.pdf**
Jurisdiction: **India**

Audit Date: **Jan 14, 2026**
Report ID: **CA-R5ZSWDRVC**

1. RISK INTELLIGENCE OVERVIEW



The Internship Agreement attempts to classify the engagement as non-employment but risks reclassification due to substantial work contributions without pay, alongside overly broad non-compete and perpetual confidentiality clauses.

- Potential misclassification as employment under labour codes.
- Unenforceable non-compete restrictions post-internship.
- Perpetual NDA exceeds reasonable duration limits.
- Missing DPDP Act 2023 compliance provisions.
- IP assignment without fair consideration questioned.

2. THREAT PROFILE & ADHERENCE

VULNERABILITIES

Clause 2.1: Engagement classification.
Clause 8: Non-solicitation & non-competition.
Clause 6: Perpetual confidentiality obligation.
Clause 11: Data protection inadequacies.
Clause 4: No compensation structure.

LEGAL ADHERENCE

Misclassification risk under Code on Wages 2019.
Non-compete void per Section 27 Indian Contract Act.
Perpetual confidentiality may be unreasonable.
No DPDP Act consent mechanisms specified.
Liquidated damages clause potentially penal.

3. CLAUSE-WISE STATUTORY AUDIT

Clause 2.1 & 2.6

HIGH RISK

CONTRADICTIONS:

- ! Classifies as non-employment despite project-based deliverables resembling employment.
- ! Denies statutory benefits while extracting value.

REASONING & STATUTE: CODE ON WAGES, 2019; INDUSTRIAL RELATIONS CODE, 2020

"Substantial control over tasks and deliverables may lead courts to reclassify as employment, mandating minimum wages and benefits."

Clause 8.2

HIGH RISK

CONTRADICTIONS:

- ! 6-month non-compete post-internship in specific field.
- ! Restricts employment in legal AI sector.

REASONING & STATUTE: INDIAN CONTRACT ACT, 1872 (SECTION 27)

"Restraint on trade post-termination void unless protects legitimate interests with reasonable limits; 6 months overly broad."

Clause 6.2.A

MEDIUM RISK

CONTRADICTIONS:

- ! Perpetual confidentiality obligation.
- ! No time limit post-termination.

REASONING & STATUTE: INDIAN CONTRACT ACT, 1872

"Perpetual restrictions unreasonable and may be unenforceable; typical NDAs limit to 1-5 years."

Clause 6.5

MEDIUM RISK

CONTRADICTIONS:

- ! Liquidated damages of 150,000 per breach.
- ! No genuine pre-estimate demonstrated.

REASONING & STATUTE: INDIAN CONTRACT ACT, 1872 (SECTION 74)

"Penalty clauses void; must prove actual loss, risking unenforceability."

Clause 11

HIGH RISK

CONTRADICTIONS:

- ! References generic data rights without DPDP specifics.
- ! No explicit consent or data minimization.

REASONING & STATUTE: DIGITAL PERSONAL DATA PROTECTION ACT, 2023

"Fails to incorporate notice-consent requirements and data fiduciary obligations under DPDP Act."

4. CRITICAL STATUTORY OMISSIONS

Grievance Redressal Mechanism

STATUTORY REQUIREMENT: CODE ON SOCIAL SECURITY, 2020; POSH ACT, 2013

No internal complaints committee or sexual harassment policy reference required for workplaces.

RECOMMENDED PROTOCOL DRAFT:

"Intern shall report grievances to designated officer within 7 days; resolution within 30 days."

Data Protection Consent

STATUTORY REQUIREMENT: DIGITAL PERSONAL DATA PROTECTION ACT, 2023

Explicit consent for processing personal data mandatory; rights under Section 11-12 absent.

RECOMMENDED PROTOCOL DRAFT:

"Intern consents to data processing for internship purposes; may withdraw via written notice."

Force Majeure Details

STATUTORY REQUIREMENT: INDIAN CONTRACT ACT, 1872

Clause 16.8 generic; specify notice timelines and mitigation duties.

RECOMMENDED PROTOCOL DRAFT:

"Notice within 48 hours; efforts to mitigate within 7 days."

Anti-Bribery Compliance

STATUTORY REQUIREMENT: PREVENTION OF CORRUPTION ACT, 1988

Tech firm handling client data requires explicit anti-corruption undertaking.

RECOMMENDED PROTOCOL DRAFT:

"Intern shall not offer bribes; report violations immediately."

Background Verification

STATUTORY REQUIREMENT: CODE ON WAGES, 2019

Pre-engagement verification protects against fraud; absent for IP-heavy role.

RECOMMENDED PROTOCOL DRAFT:

"Company may conduct background checks; Intern consents."

5. STRATEGIC ACTION PROTOCOL

Priority: HIGH ESCALATION

1. Revise engagement classification with true learning focus to avoid employment reclassification.
2. Narrow non-compete to 3 months or specific clients; add reasonableness justification.
3. Limit NDA to 2-3 years post-termination; remove perpetual clause.
4. Incorporate DPDP Act-compliant data consent and rights provisions.
5. Validate liquidated damages with loss calculation; consider injunctions only.
6. Add POSH policy reference and grievance mechanism.
7. Obtain legal opinion on IP assignment validity for unpaid interns.

STRATEGIC REASONING:

"High misclassification and non-compete risks expose company to labour disputes, penalties, and unenforceable clauses; immediate revisions needed for compliance."