



# OCTAGONA

A BONFIGLIOLI CONSULTING COMPANY



# ADVISORY

## NON-DISCLOSURE AGREEMENT

## **NON-DISCLOSURE AGREEMENT**

### **I. INTRODUCTION**

A Non-Disclosure Agreement (“**NDA**”), also known as a Confidentiality Agreement, is a legally binding contract that protects sensitive and confidential information from being disclosed to unauthorized third parties. NDAs are widely used in business, employment, technology, consulting, manufacturing and commercial transactions.

This advisory provides a clear and practical understanding of what an NDA is, why it is important, when it should be used and the key clauses that must be included.

### **II. WHAT IS AN NDA?**

An NDA is a legal contract between two or more parties under which certain information shared for a specific purpose must remain confidential. The party receiving the information is legally bound not to disclose, misuse or exploit it beyond the agreed purpose.

NDAs can be:

- Unilateral – where only one party discloses confidential information
- Mutual/Bilateral – where all involved parties exchange confidential information

### **III. PURPOSE AND USE OF AN NDA**

The primary purpose of an NDA is to protect confidential information from being misused or disclosed. Common cases where an NDA comes into use:

1. Business negotiations and discussions;
2. Technical know-how, trade secrets or intellectual property;
3. Employment and consultancy engagements;
4. Vendor, supplier and distributor relationships;
5. Joint ventures, mergers and acquisitions;
6. Software development, research and innovation projects.

### **IV. IMPORTANCE OF AN NDA**

An NDA is critical for the following reasons:

1. Protection of Confidential Information: Prevents unauthorized disclosure;
2. Safeguards Trade Secrets and Intellectual Property: Protects business know-how and innovation;
3. Maintains Competitive Advantage: Prevents competitors from gaining access to relevant information;
4. Builds Trust Between Parties: Encourages transparent discussions between the parties;
5. Legal Enforceability: Provides legal remedy in case of breach;
6. Defines Clear Obligations: Avoids misunderstandings regarding secrecy.

## **V. CONSEQUENCES OF NOT EXECUTING AN NDA**

Once confidential information is disclosed without protection, it is extremely difficult to reverse the damage. Therefore, not executing an NDA can result in serious legal and commercial risks, including:

1. Loss of proprietary information.
2. Business strategy being leaked to competitors.
3. Financial loss and reputational damage.
4. Difficulty in proving misuse of confidential data.
5. Weak legal standing in case of dispute.
6. Loss of future business opportunities.

## **VI. KEY COMPLIANCE**

1. Always execute the NDA before sharing any confidential information.
2. Ensure the NDA is mutual in case both parties exchange data.
3. Clearly define confidentiality, purpose, and term.
4. Periodically review and update NDAs.
5. Maintain proper documentation and records.

## **VII. CONCLUSION**

Octagona India provides end-to-end services for the drafting, reviewing, vetting, and structuring of NDAs to ensure your confidential information is legally protected and your commercial interests remain secure. We assist in clearly defining the scope of confidential information, obligations of all parties, permitted disclosures, duration, jurisdiction, and remedies in strict alignment with applicable Indian laws and global best practices.

Our expertise ensures that your NDA is clear, enforceable, and tailored to your specific business requirements, whether for employees, consultants, vendors, investors, or business partners. We focus on eliminating legal gaps, minimizing ambiguities and strengthening enforceability in case of breach.

Our services help you remain fully compliant with contractual and confidentiality laws, while safeguarding your business against financial loss, data misuse, and reputational risk.

### **Disclaimer Note:**

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