

## Valuation Agreement

This is a Valuation Agreement between

**CRISIL Limited**, currently having its office at CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400 076, India (**CRISIL**)

AND

[FULL LEGAL ENTITY NAME OF THE AMC] a [company] incorporated under [the Companies Act, 1956] and currently having its office at [●] (**Client**).

Definitions are given in clause 14.

### RECITALS

- (a) The Client acts as an investment manager to the schemes of \_\_\_\_\_ Fund (Client Mutual Fund), a mutual fund set up and existing under the laws of India and registered with SEBI.
- (b) Given the illiquid nature of the fixed income securities, the Mutual Fund Industry, till recent past, had been following an industry-level practice of valuing fixed income securities based on a yield matrix provided by Association of Mutual Funds in India (**AMFI**) appointed agencies across different types of sectors, ratings and durations.
- (c) SEBI has vide notification dated February 21, 2012 promulgated SEBI (Mutual Fund) (Amendment) Regulations, 2012 whereby it, *inter alia* mandated that all mutual funds shall value its investments based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets and the asset management companies shall be responsible for the true and fair valuation and correct computation of net asset value before the statutory cut-off timings, irrespective of the disclosure of approved valuation policies and procedures and its dissemination.
- (d) The Valuation Committee of AMFI (ValComm) was engaged with CRISIL to get security level pricing so as to have a consistency in pricing for fixed income securities across the Mutual Fund Industry.
- (e) CRISIL approached the Client and submitted that it has the necessary expertise to source primary and secondary prices to arrive at valuations of the underlying Securities and to provide the scrip level Valuation for the fixed income securities with maturity of more than 60 days and provide the spread matrices for fixed income securities with maturity up to 60 days. CRISIL further submitted to provide the necessary software which will enable the Client to access, view, use and/or process the information and reports to be provided by CRISIL.
- (f) The Client desires to appoint CRISIL for availing of above services and procure license to the above referred software.
- (g) This Agreement sets out the terms and conditions on which CRISIL will provide Services to the Client.

### THE PARTIES AGREE AS FOLLOWS

#### 1. Scope

- 1.1 The Client appoints CRISIL as a service provider in accordance with this Agreement and CRISIL accepts such appointment.
- 1.2 During the term of this Agreement, CRISIL will source information relating to the relevant fixed income Securities (subject to availability of information from the relevant providers), compute the scrip level Valuation for the relevant Securities, compute the spread matrices for securities with maturity up to 60 days, prepare Reports and provide them to the Client for use in accordance with this Agreement. CRISIL will also provide the Software on license to the Client to enable the Client to access, view, use and/or process the Reports, in accordance with the terms set out in this Agreement.
- 1.3 CRISIL undertakes to perform and fulfil such functions, duties and obligations and to provide the Services in accordance with the provisions of and the scope set out in this Agreement and to exercise reasonable diligence, skill and care in the performance of its duties.
- 1.4 The Client will pay CRISIL the Charges in accordance with clause 6.

- 1.5 The provisions in this Agreement relating to Software shall apply only if Client has, as indicated in [Annexure A](#), subscribed to the Software licence paying the applicable licence Fees for the Software.

#### 2. Operational Details

- 2.1 To enable CRISIL to provide Services, Client will provide to CRISIL the following Information in a timely manner. Information includes, among other things:
  - (a) details of the Securities (including terms sheets or information memorandum in the case of bonds and pass through certificates (**PTCs**)) forming part of the portfolio of Client Mutual Funds and other relevant information that CRISIL may from time to time request. These details will be provided in the format, mode and manner that CRISIL will specify from time to time. For Securities in respect of which Information is available in CRISIL Bond Valuer, Client will extract the necessary details and provide them to CRISIL in an electronic spread sheet;
  - (b) corporate actions and changes (together with revised data) in respect of the Securities forming part of the portfolio of Client Mutual Funds. This includes, but is not limited to: (i) the cash flows and any revised cash

flows (in the case of PTCs), (ii) interest rates and revised interest rates in the case of floating rate bonds (i.e. spreads and revised benchmark yields); (iii) changes to any other terms and conditions that have an impact on Valuations – for example, (A) exercising of options such as put, call, early redemption by the Client or the issuer; (B) change in coupon rate; (C) change in redemption date; and (D) bond restructuring.

- (c) where Client Mutual Fund(s) add a Security to the Client Mutual Funds' portfolio, Client will notify CRISIL in writing on the same day that it adds the Security. Client will notify CRISIL in writing on a weekly basis the Securities it has removed from its portfolio.
- (d) Client will provide its internal rating for unrated Securities forming part of Client Mutual Funds' portfolio.

2.2 The Report will contain the ISIN, Security name, maturity or deemed maturity date of the Security, clean price (except in case of PTCs where gross price will be provided), yield and modified duration, ratings and rating changes. Initially the Report for corporate bond, commercial paper, certificate of deposit and bills rediscounted and the output of the CAS will be in the formats set out in [Annexure B](#). Reports for the other Securities will be in the format in which CRISIL generally provides.

2.3 CRISIL will track rating changes of the rating agencies that it may from time to time cover (currently, CRISIL, ICRA, CARE, India Ratings and Brickworks). The rating changes published up to 15:30 hours on the day of Valuation will be factored in the Valuation on the same day. Press release documents published by the rating agencies on their respective web sites will be used as the source for this.

#### 2.4 Cut-offs and Target Timelines

CRISIL will to the extent practicable adhere to the target timelines set out below in providing the Services:

- (a) The normal Cut-off and target delivery times for the Report shall be as stated in [Annexure E](#) for each Trading Day. For non-Trading Days, if applicable, CRISIL will seek to send the Report at 21:00 hours on the most proximate preceding working day feasible. Where CRISIL acting reasonably considers necessary, it may for specific days revise the Cut-off and target delivery times (for example, on exceptional market movement days). Client acknowledges that the target delivery times stated in [Annexure E](#) may take about 3-4 months to stabilise.
- (b) Where the Client adds a new Security to its portfolio and provides Information to CRISIL about the new Security which CRISIL receives:
  - (i) by 20:30 hours on the date of purchase, CRISIL will include the Security in its Report prepared on and from the next Trading Day following such intimation;
  - (ii) after 20:30 hours on the date of purchase, CRISIL will include the Security in its Report prepared on and from the 2<sup>nd</sup> Trading Day following such

intimation.

- (c) In preparing the Methodology for Valuation of a new Security, CRISIL will, where it considers necessary, discuss the Methodology with the ValComm before including those Securities for provision of Services under this Agreement. In such cases, CRISIL will ordinarily intimate the Chairman – ValComm about such Securities by 15:00 hours on the next working day from the day of receipt.
- (d) Client shall provide to CRISIL via email Information about any corporate actions and changes to the terms and conditions of any of the Securities. Where CRISIL receives this Information:
  - (i) by 13:00 hours on a Trading Day, CRISIL will consider them in the Valuations that it provides for that Trading Day;
  - (ii) after 13:00 hours but no later than 17:00 hours on a Trading Day, then CRISIL will consider them in the Valuations but provide an additional Report on the same day covering the changes to the Securities separately after the relevant target delivery time;
  - (iii) after 17:00 hours on a Trading Day, CRISIL will consider the Securities for Valuations on the next Trading Day.

#### 2.5 Delivery and Other Details

- (a) CRISIL will deliver the Reports to the Client for use consistent with this Agreement.
- (b) The delivery mode will be consistent with those normally applied by CRISIL for such services from time to time (currently via email). Where CRISIL proposes to make changes to this, CRISIL will take commercially reasonable steps to inform the Client giving as much advance notice as is reasonably practicable.
- (c) The Client acknowledges that CRISIL's delivery time may be impacted due to unforeseen factors that are beyond the control of CRISIL, including but not limited to, extended trading hours, high volatility, server breakdowns, etc. In the event of such an impact, CRISIL will use reasonable endeavours to notify the Client about the impact and thereafter as soon as reasonably practicable deliver the Report.
- (d) In lieu of delivering the Report to the Client (or Client authorised recipient), CRISIL may upload the Reports on the web site of AMFI. In such a case, CRISIL's uploading of the Reports will be considered fulfilment of CRISIL's delivery obligations under this Agreement. Regardless of the mode of delivery, Client's use of the Service (and the Software) shall be governed by this Agreement.

2.6 CRISIL retains the editorial control over the Reports. CRISIL may issue corrections to a Report. If Client becomes aware of any error in the Report the Client will promptly notify CRISIL to enable CRISIL to correct the error and replace a Report. Where CRISIL requests the Client to replace a Report, the Client will promptly use the replacement Report in place of the earlier Report and take

commercially reasonable steps to remove from its use all copies of the earlier Report.

## 2.7 Validation

- (a) CRISIL will use reasonable commercial efforts to validate the Information provided by the Client with any pre-existing information it has. However, CRISIL reserves the right to take the Client provided Information as is and proceed with the Valuation.
- (b) For the purpose of review of the data regarding terms and conditions that CRISIL uses for Valuation, CRISIL will share the relevant master data for the Securities for each Trading Day (only incremental Securities) as well as on a weekly basis (all relevant Securities) with the Client or a Client authorised recipient (as notified by Client in writing to CRISIL) and an approved entity in India providing similar valuation services to the Client mutually agreed to by CRISIL and AMFI (currently, ICRA Management Consulting Services Limited (*IMaCs*)). Client will reconcile (or procure reconciliation of) this with Client's record and where there are any discrepancies notify them to CRISIL as soon as reasonably practicable.
- (c) Where in the case of a Security, CRISIL has received internal ratings from Client as well as other CRISIL clients, CRISIL will use the most conservative internal rating that it has received.

## 2.8 Support

CRISIL will use commercially reasonable efforts to provide support with respect to the Services and Software in accordance with the target timelines for response and professional attempts to resolve issues notified by the Client to CRISIL as stated in [Annexure D](#).

- 2.9 CRISIL may from time to time make reasonable changes to the matters covered under this clause 2 (and these may be based on CRISIL's discussions with AMFI/ValComm. CRISIL will provide Client with reasonable prior notice of any such changes.

## 3. Grant of Licence

### 3.1 CRISIL Licence to Client

#### (a) Reports

CRISIL grants the Client the non-transferable, non-exclusive license to use the Reports during the term of this Agreement for its own internal business purposes. The Client may not share any Report with any third party (including that Client will not share the Reports with its Affiliates); however, Client may permit its authorised recipient to use the Services to the extent set out in clause 3.2 below.

#### (b) Software

During the term of this Agreement, CRISIL grants to the Client the non-transferable, non-exclusive licence to use the Software for its internal business use for no purpose other than to use it to the extent necessary for the Client to exercise its licence rights with respect to the Reports. Any such use shall be subject to the scope and terms and conditions of licence set out in this Agreement, including those in [Annexure C](#). Client

may not permit any third party (including its Affiliates) to use the Software; however, Client may permit its authorised recipient to use the Software to the extent set out in clause 3.2 below.

- (c) The Client may make such number of internal copies of any Report as are reasonably necessary to exercise its licences as granted by this Agreement. In making such copies, Client shall reproduce all Brands, notices and disclaimers or terms that may be incorporated as a part of the Report.

- 3.2 Client may authorise its fund accountant (who may be a third party) to receive the Services or use the Software on Client's behalf as its authorised recipient (and not otherwise independently). Client will not permit such authorised recipient to use the Services or Software for any purpose other than for providing services to Client in relation to this Agreement. Client will procure that: (a) any use by the authorised recipient of the Services and Software will be subject to the terms and conditions of use as are set out in this Agreement including, in the case of Software, those in [Annexure C](#); (b) the authorised recipient understands that CRISIL makes no warranties and accepts no liability towards the authorised recipient.

- 3.3 The Client will not use any Service, Software or CRISIL Brands except as expressly permitted by this Agreement. The Client will not permit a third party (including its authorised recipient) to redistribute, display or otherwise disseminate any Service, Software or CRISIL Brands except with the prior written consent of CRISIL in each case.

## 4. Parties' Responsibilities, Duties and Rights

- 4.1 Client acknowledges that the Services and Software shall at all times be subject to the disclaimers and notices that CRISIL may from time to time provide to Client (and such notice may form part of the Valuation and/or Report, Software (including any related documentation)). Client shall not remove, alter or obliterate any such disclaimers and notices whether those of CRISIL or any third party supplier (if applicable).

### 4.2 Client may not

- (a) use any part of the Services or Software to create any new product or service whether individually or in combination with any other product or service without the prior written consent of CRISIL;
- (b) directly or indirectly permit any third party or users to do what it is not permitted to do under this Agreement.

- 4.3 Each party shall comply with all applicable laws and maintain necessary infrastructure, consents and licences necessary for the performance of its own obligations under this Agreement.

### 4.4 Maintenance of Records

As required under SEBI (Mutual Funds) Regulations, 1996 and various guidelines/circulars/rules notified there under covering the AMC and Mutual Fund, CRISIL shall maintain all the source and working documents and records relating to the Services it provides under this Agreement.

### 4.5 Security and Control Process

CRISIL hereby warrants that it possesses reasonable security practices, control processes and checks in respect of the Services it has agreed to provide under this Agreement which are executed or handled at its premises or such other prescribed premises on a regular basis.

#### 4.6 Business Continuity Plans

CRISIL hereby confirms that it will have developed within 4 months of the date of this Agreement and established a reasonable framework for documenting, maintaining and testing business continuity and recovery procedures (**BCP**) and the same are tested periodically. Thereafter, no more frequently than once a year (unless otherwise agreed mutually in writing on a case by case basis), CRISIL agrees to test the business continuity and recovery plan jointly with AMFI. In the event of an outage within such 4 month period or till the time a robust BCP is implemented, CRISIL will use commercially reasonable efforts to continue to restore provision of Services as soon as reasonably practicable and, where feasible, provide Services through alternate means.

### 5. Role of AMFI

Client authorises AMFI acting through the ValComm to represent the Client and take on behalf of the Client all decisions with respect to policies and methodologies for Valuation of Securities covered by this Agreement and delivery of Reports. Client also authorises AMFI to act on behalf of the Client in engaging with CRISIL to deal with matters pertaining to day to day operational aspects relating to the Services as may arise under the Agreement.

### 6. Charges

6.1 The Client will pay Charges to CRISIL in accordance with this Agreement.

6.2 Unless otherwise agreed by CRISIL in writing, the Client shall pay the Charges annually in advance within 15 days of the Client's receipt of the relevant invoice from CRISIL (**Due Date**). The Client will pay Charges without any deductions, except as set out in clause 6.4(b). CRISIL may apply a service charge calculated at the rate of 1.5% per month for each day following the Due Date that the Charges remain unpaid.

6.3 The initial Fees will be as stated in [Annexure A](#). This will apply until 31 March 2015. Thereafter, for each year of this Agreement, CRISIL may revise the Fees in accordance with its arrangements from time to time with AMFI setting out the applicable Fees for the Reports and these may from time to time be revised by CRISIL as it may agree with AMFI/ValComm. The agreed Fees will apply to Client's use of the Services in accordance with this Agreement for the operations of Client Mutual Fund(s).

#### 6.4 Taxes and Statutory Levies

(a) In addition to Fees, the Client shall pay CRISIL all applicable taxes and statutory levies as may apply, such that after paying the applicable taxes and statutory levies, the Fees that CRISIL receives, is not less than the applicable Fees.

(b) The Client may deduct income tax at source from the payments it makes under this Agreement at the least

rate required for the Client to comply with applicable tax laws (**TDS**). In the case of each TDS, the Client shall within the timeline specified under law (or if no timeline is specified under law, within 3 months from the date the Client deducts TDS) provide CRISIL with a certificate or relevant document evidencing the Client having complied with applicable tax laws with respect to the TDS (**TDS Certificate**). If the Client fails to provide the TDS Certificate as stated above, the Client shall pay CRISIL such amount as would after TDS be equivalent to the amount covered under TDS Certificate(s) not provided by the Client. The Client agrees that such amount shall be recoverable as a debt from the Client.

### 7. Representations and Warranty

7.1 Each party warrants that it is a legal entity validly existing under the relevant laws and regulations governing it and that it has the right to enter into and perform the obligations in the Agreement.

7.2 Client warrants that:

- (a) it has the lawful right to provide the Information to CRISIL for the purposes of this Agreement;
- (b) the Information shall be free from material errors, timely, and complete;
- (c) CRISIL may rely on the Information in providing the Services.

7.3 CRISIL warrants and represents that:

- (a) it has the necessary expertise infrastructure and competencies to provide the Services and it is not restricted by any law or regulations to provide the Services;
- (b) it will use commercially reasonable efforts to provide Services in accordance with the timelines as set out in this Agreement;
- (c) it shall maintain in full force and effect all applicable licenses, permits, registrations and permissions required under law to operate as a vendor for the purpose of rendering the Services under this Agreement and for matters incidental thereto.

7.4 CRISIL warrants that it will provide the services with reasonable care and skill and will take commercially reasonable steps and measures to prevent loss of data and Information provided by Client due to technical failures of the systems. EXCEPT FOR THE FOREGOING, THERE ARE NO OTHER WARRANTIES OR REPRESENTATIONS OF WHATEVER NATURE, WHETHER EXPRESS OR IMPLIED INCLUDING, WITHOUT LIMITATION, WARRANTIES OF FITNESS OF PURPOSE, OR THAT THE SERVICES WILL BE PROVIDED OR THE SOFTWARE WILL FUNCTION WITHOUT INTERRUPTION.

### 8. Intellectual Property Rights

8.1 Client acknowledges that:

- (a) as between the parties, CRISIL exclusively owns all intellectual property rights in: (i) the Methodology, the Report (including all Valuations and the data collected and/or compiled by CRISIL); (ii) CRISIL

Brands; and

- (b) any goodwill generated by the Client's permitted use of the Report and CRISIL Brands inure exclusively to CRISIL.

8.2 CRISIL acknowledges that:

- (a) as between the parties, the Client exclusively owns all intellectual property rights in the Client Brands; and
- (b) any goodwill generated by CRISIL's permitted use of the Client Brands inure exclusively to the Client.

8.3 Use of CRISIL Name

- (a) Client may use CRISIL name in its disclosures it makes to unit holders of Client Mutual Fund, its regulators and distributors, to identify CRISIL as a provider of Valuations provided that in the key documents or information that it shares with investors such as offer documents, scheme information document, marketing communications, etc., Client will display and/or reproduce with reasonable prominence the latest disclaimer provided to the Client. As at the date of this Agreement, the following is the disclaimer:

"By using the valuation contained in this document, the user acknowledges and accepts that the valuations are provided severally (and not jointly) by the service providers and are subject to the following disclaimers and exclusion of liability which operate severally to the benefit of the relevant service provider and AMFI. The valuation uses the methodology discussed by the service providers with the Association of Mutual Funds of India (AMFI) and reflects the service providers' assessment as to the value of the relevant securities as at the date of the valuation. This is an indicative value of the relevant securities on the valuation date and can be different from the actual realizable value of the securities. The valuation is based on the information provided or arranged by or on behalf of the asset management company concerned (AMC) or obtained by the service providers from sources they consider reliable. Neither AMFI nor the service providers guarantee the completeness or accuracy of the information on which the valuation is based. The user of the valuations takes the full responsibility for any decisions made on the basis of the valuations. Neither AMFI nor the service providers accept any liability (and each of them expressly excludes all liability) for any such decision or use."

- (b) Only where it is not practicable to display and/or reproduce the foregoing disclaimer in full, Client acting reasonably and with the intent of displaying and/or reproducing the disclaimer in full, Client may use the latest abridged version of the disclaimer provided to the Client. The abridged version of the disclaimer as at the date of this Agreement is given below:

"By using the valuation contained in this document, the user acknowledges and accepts that the valuations are provided severally (and not jointly) by the service providers and that valuations are subject to the disclaimers and exclusion of liability provided on the relevant service providers' web sites. The user must

visit the relevant service providers' web sites and understand the disclaimers and conditions to which the use of these valuations is subject."

- 8.4 Client may not use any CRISIL Brand conjoint with its own Brands or in a manner as it may create new Brand(s). CRISIL may not use any the Client Brand conjoint with its own Brands or in a manner as it may create new Brand(s).

- 8.5 Before a party engages in any marketing and publicity that uses the other party's Brands, the party will obtain the prior written consent of the other party to the form and nature of use of the other party's Brands; except that Client consents to CRISIL mentioning Client as a CRISIL client and using Client Brands in relation to such mention in CRISIL's marketing pitches or individual client presentations other than by way of general advertisements in print or audio-visual media.

- 8.6 This clause 8 shall survive the expiry or termination of this Agreement.

**9. Term and Termination**

- 9.1 This Agreement will come into force upon both parties executing it and will continue for an initial period up to 31 March 2015 and thereafter for successive 1 year periods, unless terminated earlier in accordance with this clause 9.

- 9.2 Without impairing its other rights and remedies, a party may terminate this Agreement with immediate effect by written notice to the other if the other party: (i) is in material breach of the Agreement and either that breach is incapable of remedy or the other party in breach has failed to remedy the breach within 1 month after receiving written notice requiring it so to remedy; or (ii) becomes bankrupt, insolvent and/or is unable to pay its debts as they fall due, enters liquidation, is wound up, compounds with its creditors or has an administrator, receiver or other such person appointed over all or any part of its assets or otherwise takes or suffers any similar action in any jurisdiction, or threatens or resolves to do any of the above in consequence of debt (otherwise than, where relevant, for the purpose of solvent amalgamation or reconstruction where the emerging company assumes the obligations of the party).

- 9.3 A party may upon a written notice to the other party terminate this Agreement with immediate effect if the other party undergoes a change of control pursuant to which a direct competitor of the party acquires control of the other party. "Control" shall have the same meaning as given under the definition of "Affiliate".

- 9.4 A party may terminate this Agreement without assigning any reason by giving the other party a prior written notice of 3 months, provided that any such termination will take effect no earlier than initially 1 April 2015 and thereafter anniversaries of that date.

- 9.5 Either party may terminate this Agreement if due a force majeure cause either party is unable to continue performing its obligations under this Agreement.

- 9.6 Upon the expiry or termination of this Agreement the Client's rights granted under this Agreement to use the Services will cease.

9.7 Termination of this Agreement will not affect any right accrued up to the date of expiry, termination, or cancellation.

## 10. Indemnity & Liability

- 10.1 CRISIL agrees to indemnify the Client, its directors and its employees and to defend and hold them harmless, against all losses, damages, costs, liabilities and expenses due to a third party claim or legal action arising directly and solely as a result of CRISIL's breach in the performance of its duties, representations, warranties, covenants or other obligations under this Agreement or failure to comply with any applicable laws, provided that the foregoing obligation shall at all times be subject to clause 10.3.
- 10.2 Under no circumstances will a party be liable for indirect or consequential losses, exemplary or special damages, or loss of profits, loss of business or economic loss even if advised of the possibility of such losses or damages. The foregoing shall apply regardless of whether such liability is based in contract, tort, (including but not limited to negligence) and strict liability or any other theory of legal liability.
- 10.3 Without limiting clause 10.2 under no circumstances will a party's aggregate liability exceed the Fees paid by the Client to CRISIL in the latest 12-month period preceding the date of the claim except in the case of: (a) a party's breach of the other party's intellectual property rights; (b) Client's use of any part of the Services or Software otherwise than as permitted by this Agreement or in breach of law or regulations; (c) the Client's obligation to pay applicable Charges.
- 10.4 A party shall not be liable to the other for failure or delay in its performance of its obligations under this Agreement (other than in the case of the Client, its obligation to pay Fees as are due), to the extent such delay or failure is caused by a force majeure cause.
- 10.5 This provision shall survive the expiry or termination of this Agreement.

## 11. Confidentiality

CRISIL shall not during the term of this Agreement or for a period of 3 years thereafter, either directly or indirectly, for any reason whatsoever, divulge, disclose or make public any confidential information of the Client which may come to its knowledge during or as a result of its appointment and whether concerning the business, property, contracts, methods, transactions, dealings, affairs or members of mutual funds or otherwise, save as necessary for the performance of its duties hereunder or as required by a government, judicial, regulatory or other authority (each an **Authority**). Where an Authority has required CRISIL to provide or disclose such confidential information as available with CRISIL, CRISIL will take commercially reasonable steps to give Client prior intimation where permitted by the Authority, before disclosing it to the relevant Authority. CRISIL shall exercise extra caution in accordance with its security practices to keep confidential information pertaining solely to the Client consistent with the terms of this Agreement.

Further, the foregoing obligations shall not apply to information which: (i) is now generally known or available or which,

subsequently through no fault of CRISIL becomes generally known or available; (ii) is known to or developed by CRISIL independent of Client's disclosure; (iii) is provided to CRISIL by a third party without restriction on disclosure.

## 12. Audit

- 12.1 CRISIL will permit AMFI acting collectively on behalf of Client and other similar clients to conduct at its own cost an audit of CRISIL's record, processes and methods used to provide Services under this Agreement.
- 12.2 AMFI shall give CRISIL a prior written notice of at least 1 month before conducting the audit. AMFI shall take reasonable steps to minimise disruption to CRISIL activities in the conduct of the audit. Client consents to AMFI making copies of relevant records in the course of an audit and to that extent waives CRISIL's confidentiality obligations. AMFI shall comply with reasonable security, confidentiality and health and safety requirements of CRISIL in the conduct of the audit.
- 12.3 Any such audit shall be conducted no more than once a calendar year and the gap between two consecutive audits shall not be less than 6 months. However, AMFI may in exceptional cases where it, acting reasonably, considers necessary re-audit within 6 months of an audit. In such a case, AMFI will give CRISIL in writing in advance reasonable cause for such re-audit. The provisions of clauses 12.1 and 12.2 shall apply to such re-audit.
- 12.4 Notwithstanding the foregoing, each party acknowledges that Securities and Exchange Board of India (**SEBI**) may at any time in exercise of its authority as a regulator conduct either by itself or through its nominees an audit of CRISIL's record, processes and methods used to provide Services under this Agreement and CRISIL shall reasonably cooperate with SEBI.

## 13. General

- 13.1 Failure or delay by a party in exercising any right or power hereunder will not constitute a waiver of such right or power whether in that instance or any subsequent instance.
- 13.2 Client may assign, transfer or novate this Agreement to its Affiliates subject to the prior written consent of CRISIL which will not be unreasonably withheld. CRISIL may subcontract any part of its obligations under the Agreement to any third party, provided that CRISIL continues to be responsible for the subcontractors' performance of those obligations. Where CRISIL proposes to outsource a substantial portion of its obligations under this Agreement, CRISIL will notify Client reasonably in advance. CRISIL may assign, transfer or novate this Agreement to its Affiliates or successors to any part of its business upon a written notice to the Client. Any assignment, transfer, novation, subcontracting or delegation in breach of this clause 13.2 shall be null and void.
- 13.3 The Agreement contains the entire agreement of the parties as to its subject matter and supersedes any and all written or oral prior agreements and understandings in relation thereto. Each party acknowledges that in entering into this Agreement they have not relied on any

representations made by the other party that are not expressed in this Agreement.

- 13.4 Except as otherwise provided in this Agreement, any amendment to this Agreement shall only be effective if in writing and executed by a duly authorized representative of each party.
- 13.5 This Agreement is on a principal to principal basis and does not create any employer-employee relationship. CRISIL shall provide Services as an independent person and nothing contained herein shall be deemed to create an association, partnership, joint venture or relationship of principal and agent or master and servant, or employer and employee between the Client and CRISIL. CRISIL, its employees or its agents have no authority to bind the Client in any manner by any action/representation whatsoever.
- 13.6 If any non-fundamental provision of this Agreement is determined to be illegal or unenforceable by any court of competent jurisdiction it shall be deemed to have been deleted without affecting the remaining provisions.
- CRISIL currently has and shall continue to have in place corporate policies or code of business ethics which prevent its employees or anyone authorised to act on its behalf to directly or indirectly pay any bribe or other improper inducement to any existing or potential customer or supplier in connection with CRISIL's conduct of its business. CRISIL shall use commercially reasonable efforts to procure compliance of these obligations under this clause from its respective Affiliates and agencies who may be used for the fulfilment of obligations under this agreement. Upon CRISIL becoming aware of any breach of this provision, CRISIL shall promptly report to the Client.
- 13.7 As at the date of this Agreement, CRISIL is not aware of any conflict of interest which may impair its ability to perform its obligations under this Agreement in an objective manner. If in the future, such a conflict of interest arises, CRISIL will take commercially reasonable steps to avoid such conflict of interest suitably (by way of example, by having Chinese Walls or such other measures) and if the adverse impact of the conflict of interest cannot be avoided at all, CRISIL will discuss with AMFI and take suitable steps in consultation with AMFI (and Client agrees to be bound by such decision that CRISIL and AMFI may mutually take, including where such decision may result in a modification of this Agreement).

#### 14. Governing Law, Jurisdiction and Dispute Resolution

- 14.1 This Agreement is governed in all respects by the laws of India. The parties submit to the exclusive jurisdiction of the courts of law in Mumbai and their appeal courts.
- 14.2 Dispute Resolution
- (a) In the event of a dispute between the parties concerning this Agreement, the party claiming the existence of a dispute will notify the other party in writing giving reasonable details of the dispute and its expected resolution. The parties will then make good faith attempts to resolve the dispute amicably through their respective senior officials.
- (b) Only if for any reason within 2 months (or such other

extended time as the parties may agree in writing) of a party notifying the other party in writing the existence of a dispute and the need to resolve it in accordance with clause 14.2(a) the dispute remains unresolved, the dispute shall be conclusively resolved by arbitration and in such a case, the provisions of clause 14.2(c) shall apply.

- (c) Resolution of the dispute by independent arbitration:
- (i) The arbitration shall be conducted in accordance with the Arbitration and Conciliation Act, 1996 (of India). The arbitration shall be conducted by a sole, independent arbitrator mutually agreed upon by the parties, provided that if the parties are unable to agree on the identity of the sole, independent arbitrator within 1 month of a party calling for arbitration in writing, then either party may request a competent court of law in Mumbai, India to appoint the sole, independent arbitrator. The arbitrator appointed by the parties or the court, as relevant, shall be considered the "Arbitral Tribunal".
- (ii) The arbitration award of the Arbitral Tribunal must be a reasoned award and shall be conclusive and binding on the parties.
- (iii) The arbitration shall be conducted in the English language. The seat of the arbitration shall be Mumbai.
- (iv) The costs of conducting the arbitration (i.e. costs such as fees of the Arbitral Tribunal, costs of arranging the venue and facilities for the arbitration, travel and commuting costs of Arbitral Tribunal and for the avoidance of doubt not the costs of a party's legal fees or other own costs (together, "Arbitration Costs")) shall be borne in equal proportion by the parties (and each party shall promptly pay its portion of the Arbitration Costs until conclusion of the arbitration process).
- (d) Nothing in this clause 14.2 limits either party's right to seek interlocutory, injunctive or equitable relief at any time for which purpose the parties submit to the courts of law referred to in clause 14.1 above.

#### 15. Definitions and Interpretation

##### 15.1 Definitions

Unless opposed to the context, the following terms have the meanings given to them when used in this Agreement.

- (a) **Affiliate** with respect to a party, means an entity which, from time to time, directly or indirectly controls, is controlled by, or is under common control with the party, or that is a successor to the party or its business and assets. An entity will be deemed to control another entity if it has the power to direct or cause the direction of the management or policies of such entity
- (b) **Agreement** means this Valuation Agreement together with any schedules and annexure to it and any valid amendment executed by the parties.

- (c) **Charges** means Fees and other amounts payable by the Client under this Agreement.
- (d) **Client Mutual Fund** means a mutual fund in respect of which Client is the asset management company.
- (e) **Cut-off** means as time on a Trading Day up to which the trades, polls and other relevant market data will be used for Valuation and preparation of the Report.
- (f) **Brands** means brands, logos, trade names, trademarks, brand features or other identifiers.
- (g) **Fees** means the fees that the Client shall pay CRISIL under this Agreement. Fees at the start of this Agreement are set out in [Annexure A](#).
- (h) **Information** means the information that Client is required to provide to CRISIL from time to time under this Agreement.
- (i) **Methodology** means the methodology created and developed by CRISIL for calculating the relevant Valuation and spread matrices, subject to revisions by CRISIL from time to time. As at the date of the Agreement the Methodology is as set out in [Annexure E](#).
- (j) **Report** means a report containing the Valuations calculated using the Methodology in accordance with this Agreement. As the context requires, "Report" will also mean the matrices for valuation of fixed income securities with "up to 60 days" maturity.
- (k) **SEBI** means the Securities and Exchange Board of India.
- (l) **Security** means commercial paper, certificate of deposit, bond or debenture (other than market-linked debentures and other securities that CRISIL may decide to exclude), pass-thru certificates (PTC) government securities, treasury bills, bills rediscounted, state development loans, and STRIPS – in each case having a residual maturity of more than 60 days.
- (m) **Services** means: (a) the calculation of the Valuations and spread-matrices for securities with maturity up to 60 days using the Methodology; (b) preparation and publishing of Reports to the Client; and (c) performance of related services expressly set out in this Agreement.
- (n) **Software** means any software in its standard form that CRISIL may provide under this Agreement on licence to the Client to enable the Client to access, view, use and/or process the Reports or use it for related purposes. Currently, the Software for which CRISIL has licensed the Client to use under this Agreement are: (a) CRISIL Bond Valuer Software (**CBV**) and CRISIL Aggregator Software (**CAS**).
- (o) **STRIPS** means Separate Trading of Registered Interest and Principal of Securities.
- (p) **Term** means the term of this Agreement.
- (q) **Trading Day** means a day open for debt market trading in India.
- (r) **Valuation** means valuation of the relevant Securities under this Agreement using the Methodology.

15.2 Interpretation

Unless opposed to the context:

- (a) Reference to one gender includes the reference to other genders.
- (b) Grammatical variations of a defined term will have corollary meaning.

AGREED:

|                      |  |  |
|----------------------|--|--|
| Authorised Signature |  |  |
| Name                 |  |  |
| Title                |  |  |
| Date of Signature    |  |  |

## FEES

## Annual Fees for Services and Software Licences

| Assets Under Management of Debt Schemes | Fees (Annual amounts in INR) |  |  |
|---|------------------------------|--|--|
|   |                              |  |  |
|   |                              |  |  |

## Notes:

- (i) Fees set out above shall apply only until 31 March 2015. Thereafter, Fees may revise in accordance with clause 6.3 of the Agreement.
- (ii) Fees for Software licences set out above are special fees that are applicable only where client has primarily subscribed to the Services (i.e. Reports, as is the case here) and the Software licences are provided as add-on to the Service (and not as stand-alone Software licences).

## Client subscribes to Software licences as add-on to the Services under this Agreement:

- Yes
- No

**ANNEXURE B****FORMATS REFERRED TO IN CLAUSE 2.2****FORMAT OF THE REPORT**

| <b>Sr. No</b> | <b>Field Name</b>                   | <b>Description</b>  |
|---------------|-------------------------------------|---|
| 1             | ISIN                                | This field contains the ISIN number where available. In case where the ISIN number is not available a temporary identification code is created for the Security and replaced once ISIN number is received.  |
| 2             | Security Name                       | This field contains the name of the Security.   |
| 3             | Instrument Type                     | Type of security – for example, bond, commercial paper or certificate of deposit.   |
| 4             | Final maturity/Deemed maturity date | The final maturity date of the Security is mentioned. In case the Security has a put and call option on the same day, that day will be mentioned as the deemed maturity date.   |
| 5             | Bond Price or CPCD Price            | Clean price of the Security will be provided here, except in case of PTCs where gross price will be provided. All prices will be on a base of Rs.100 (except for PTCs and bonds with part redemptions where price will be based on the revised/reduced face value) prices will be rounded-off up to 4 decimal places. |
| 6             | Yield                               | Yield of the Security will be provided rounded-off up to 4 decimal places.  |
| 7             | Modified Duration                   | Modified duration of the Security (not applicable to commercial paper and certificate of deposit and bills rediscounted)  |
| 8             | Ratings                             | Single conservative rating will be provided. For commercial paper or certificate of deposit short term rating and for bonds long term rating will be provided.  |
| 9             | Rating changes                      | Any rating change will be indicated as 'upgrade', 'downgrade' or 'withdrawn' on days where there are changes, else this field will remain blank.  |

### FORMAT OF THE OUTPUT OF CAS

| Sr. No | Field Name                                  | Description   |
|--------|---|---|
| 1      | ISIN Number                                 | This field contains the ISIN number where available. In case where the ISIN number is not available a temporary identification code is created for the Security and replaced once ISIN number is received.  |
| 2      | Security Name                               | This field contains the name of the Security.   |
| 3      | Maturity Date                               | The final maturity date of the Security. In case the Security has a put and call option on the same day, such date would be mentioned as the deemed maturity date.  |
| 4      | CRISIL's Bond Price/CRISIL's CPCD Price     | CRISIL's clean price of the Security will be provided here, except in case of PTCs where gross price will be provided. All prices will be on a base of Rs.100 (except for PTCs and bonds with part redemptions where price will be based on the revised/reduced face value) Prices will be rounded-off up to 4 decimal places.                          |
| 5      | CRISIL's Bond Yield/CRISIL's CPCD Yield     | CRISIL's yield of the security will be provided rounded-off up to 4 decimal places.   |
| 6      | CRISIL's Modified Duration                  | CRISIL's modified duration of the Security (not applicable to commercial paper and certificate of deposit and bills rediscounted).  |
| 7      | ICRA's Bond Price/ICRA's CPCD Price         | Clean price of the Security from ICRA Limited ( <b>ICRA</b> ) will be provided here, except in case of PTCs where gross price will be provided. All prices will be on a base of Rs.100 (except for PTCs and bonds with part redemptions where price will be based on the revised/reduced face value) prices will be rounded-off up to 4 decimal places. |
| 8      | ICRA's Bond Yield/ICRA's CPCD Yield         | ICRA's yield of the Security will be provided rounded-off up to 4 decimal places.   |
| 9      | ICRA's Modified Duration                    | ICRA's modified duration of the Security (not applicable to commercial paper and certificate of deposit and bills rediscounted).  |
| 10     | Aggregated Bond Price/Aggregated CPCD Price | Average of CRISIL and ICRA prices rounded up to 4 decimal places.   |
| 11     | Rating_CRISIL                               | Conservative long term and short term rating used by CRISIL.  |
| 12     | Rating_ICRA                                 | Conservative long term and short term rating used by ICRA.  |
| 13     | Rating Changes_CRISIL                       | Rating changes effected by CRISIL.  |
| 14     | Rating Changes_ICRA                         | Rating changes effected by ICRA.  |

**ANNEXURE C****Software Licence Terms and Conditions**

The following Software Licence Terms and Conditions (applies to each Software item, unless otherwise expressly stated by CRISIL):

- (iii) Client is granted licence to install the Software on no more than 5 personal computers located in India (not servers), provided that at all times the location and the equipment on which the Software is installed shall be under Client's effective control. Client may have no more than 5 concurrent authorised users using the Software. Client may not provide remote or any thin client or other similar access to the Software, except with the prior written consent of CRISIL in each case (and Client acknowledges any such additional access may be at additional licence fee and terms).
- (iv) Client is responsible to procure and provide at its own cost the infrastructure, equipment, communications connectivity, information technology items and other requirements necessary for the functioning of the Software.
- (v) Client will take commercially reasonable efforts to prevent unauthorised access and/or use of the Software. Client will keep confidential any user IDs, passwords or other security features with respect to the Software confidential and will not share it in a manner inconsistent with the scope of its permitted use of the Software. Client will notify CRISIL in writing promptly upon becoming aware of any breach or unauthorised use of the security features.
- (vi) Client shall not:
  - a. reverse engineer, decompile, dis-assemble or otherwise gain or attempt to gain access to the source code of the Software (except to the extent such foregoing restriction is expressly prohibited by applicable law);
  - b. make unauthorised copies of or distribute copies of the Software to any third party except with the prior written consent of CRISIL in each case. Without limiting the foregoing, Client shall not (even if subsequently permitted by CRISIL in writing) export any part of the Software in contravention of any export control regulations that may apply;
  - c. distribute, sub-licence, transfer, permit redistribution of or provide any access to the Software to anyone other than its authorised users as permitted by this Agreement;
  - d. not combine the Software or embed it with any other third party software without the prior written consent of CRISIL;
  - e. remove, alter or obliterate any Brands, notices and disclaimers or terms that may be incorporated as a part of the Software.
- (vii) CRISIL may periodically provide Client with updates, upgrades and/or replacements to the Software. Client shall promptly implement them upon receipt.
- (viii) CRISIL may from time to time inspect Client's use of the Software to verify Client's compliance with the Software usage terms. Client shall reasonably cooperate with CRISIL in the conduct of such audit. CRISIL will comply with Client's reasonable confidentiality or security requirements in the conduct of the audit. If an inspection reveals that Client has underpaid CRISIL by reason of Client having exceeded its use of the Software licence, CRISIL shall in addition to its rights under law be entitled to payment of fees for the underpayment and interest calculated at the same rate as set out in clause 6.2.
- (ix) Client understands that currently, for tenors up to 60 days, CRISIL provides spread matrices for valuation purposes which are provided as an input to feed into the CBV. However, CRISIL may subsequently provide security level prices for tenors up to 60 days. In such a case, CRISIL may terminate Client's licence to the CBV and if Client wishes to use the CBV following such termination Client may separately obtain licence(s) to the CBV by paying the applicable licence fees.
- (x) CRISIL may suspend or terminate Client's licence to use the Software in the event Client has breached the Software licence terms.
- (xi) Client may make up to 2 copies of the Software for no purpose other than backup and restoration of its primary installation of the Software during the term of this Agreement. In making such copies, Client shall reproduce all Brands, notices and disclaimers or terms that may be incorporated as a part of the Software. Without limiting the foregoing, Client shall not use a backup copy in a manner as to avoid the need for obtaining licences from CRISIL for its ordinary commercial use.

## Support

### Support referred to in clause 2.8 of the Agreement

#### 1. Services

- 1.1 Support consists of responses to queries relating to Reports and Valuation. Support will be provided via email remotely.
- 1.2 To seek support, Client must log its support request via email on the then current support email provided by CRISIL (currently [fixedincome@crisil.com](mailto:fixedincome@crisil.com)) AND by raising a ticket on the CRISIL support portal (currently at URL <http://support.crisil.com:8080>) giving reasonable details of the query.
- 1.3 Three levels of support will be available – as more particularly set out in the table below (working hours set out below refer to 10:00 hours to 21:00 hours on each Trading Day):

| Severity Level | Support for  | Target Response Time  |
|----------------|--|---|
| L1             | Very critical (queries with respect to same days prices, security details, files not received, | Within 1 working hour from CRISIL receiving Client's email notification or registering a ticket on CRISIL's support portal in 90% of the cases.   |
| L2             | Important (queries related to older days valuations and data)                                  | Within 8 working hours from CRISIL receiving Client's email notification or registering a ticket on CRISIL's support portal in 90% of the cases.  |
| L3             | Any other query  | Within 24 working hours from CRISIL receiving Client's email notification or registering a ticket on CRISIL's support portal in 90% of the cases. |

#### 2. Escalation Matrix for Support

| Sr. No | Name of the Person  | Designation  | Contact Details                                |
|--------|---------------------|--|--|
| 1.     | Sourabh Nigam       | Manager- Funds and Fixed Income Research             | 022 33428060<br>sourabh.nigam@crisil.com       |
| 2.     | Vijay Krishnamurthy | Associate Director - Funds and Fixed Income Research | 022 33428056<br>vijay.krishnamurthy@crisil.com |
| 3.     | Jiju Vidyadharan    | Director- Funds and Fixed Income Research            | 022 33428091<br>jiju.vidyadharan@crisil.com    |

CRISIL may from time to time revise escalation contact details stated above by a reasonable prior written notification to the Client or by a general communication to clients.

#### 3. Software

On request, CRISIL will make available reasonable electronic, remote support (via email) with respect to the Software (except that support in cases where due to an error (i.e. non-conformity of the Software with applicable documentation or specification due to

reasons not attributable to client) in the Software it is completely non-functional or a substantial part of the Software is rendered non-functional such that multiple users are concurrently affected, the target response time will be as set out under L1 of item 1.3 above. Support will be available during normal business hours of CRISIL and CRISIL will use commercially reasonable efforts to respond to queries relating to the Software within a commercially reasonable time via email.

### Cut off and Target Delivery Times

#### 1. Securities

| Securities              | Cut off Time<br>(Hours) | Target Delivery Time<br>(Hours) |
|-------------------------|-------------------------|---------------------------------|
| Corporate bond          | 16:00                   | 18:30                           |
| Commercial paper        | 16:00                   | 18:30                           |
| Certificate of deposit  | 16:00                   | 18:30                           |
| Bills rediscounted      | 16:00                   | 18:30                           |
| Government security     | 17:00                   | 18:30                           |
| State development loans | 17:00                   | 18:45                           |
| Treasury bill           | 17:00                   | 18:45                           |
| STRIPS                  | 17:00                   | 19:15                           |

#### 2. Corporate bonds and money market spread matrices for valuing fixed income securities with maturity up to 60 days

2.1 Cut off Time - 16:00 Hours

2.2 Target Delivery Time - 17:00 Hours

### Methodology

(as at the date of this Agreement)

| Heads   | Criteria   |
|---|--|
| Priority order for considering data for valuations                            | Trades>Polls>Primary>Carry forward of Spread   |
| Data Sources: Priority order - Reporting platforms                            | FTRAC > NSE > BSE  |
| Data Sources : Priority order - Primary, Secondary, polled data               | Secondary > Market Polls > Primary   |
| Priority order : In case same ISIN trade is not available in secondary market | Same issuer, similar maturity > Similar issuer with similar maturity > previous day spread   |
| Trade Size : Bonds  | Minimum 5 Crore and more, 1 trade  |
| Trade Size : CPCD   | Minimum 25 Crore and more, 1 trade   |
| Settlement convention   | T+1  |
| Last traded / Weighted average yield is used                                  | Last traded Yield  |
| Identification of outlier : Liquid paper                                      | 10bps over and above the matrix movement   |
| Identification of outlier : illiquid paper                                    | Semi Liquid: 15 bps over and above the matrix movement, Illiquid: 30 bps over and above the matrix movement  |
| Process followed for illiquid outlier trade - inclusion in valuation          | The trade for illiquid outlier trade is included in the valuation after confirming with market participants whether or not the trade is good. If confirmed the trade is good, it is included in the valuation. If not the security is kept under yield watch. In case there is trade for the security at similar levels on the next day or previous day's trade is confirmed, the trade is considered for valuations |
| Classification of similar securities / Clustering based on maturity           |  |
| Up to 3 months  | fortnight buckets  |
| 3 months - 1 year   | Monthly buckets  |
| 1 year - 5 year   | 3 months bucket  |
| 5 year and above  | Yearly buckets   |
| In case of no trade on valuation day  | Spread constant, reviewed at least fortnightly   |
| In case of no trade post issuance (highly illiquid securities)                | Issuance spread used, if no trades available post issuance, polling is done to bring the levels in line with the market  |
| Bond valuer used  | CRISIL Bond valuer (subject to the terms of the Agreement)   |
| Valuation of Sat-Sun and other holidays                                       | Constant yield, settlement date will change  |
| Maintenance of historical valuation record, quality controls etc.             | Yes process in place   |
| Detailed methodology to arrive at the price from the relevant yield           | Standard methodology as per CRISIL Bond Valuer.  |