

Date: 14th November, 2013

To,

Mr. Sandesh Kirkire
Chairman – Valuation Committee
Association Of Mutual Funds Of India (AMFI),
One IndiaBulls Centre, Tower 2, Wing B,
701, 7th Floor, 841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai - 400013

Dear Sandesh,

Sub: Proposal for providing CRISIL's valuations services to the mutual fund industry

It has been our great pleasure to service Mutual Funds for Valuations of fixed income securities and we believe they have benefited from the same, just as many of our other clients. We greatly value our business association with AMFI and we look forward to working with you on many more services to enhance our relationship further.

Currently, we provide the following valuation services to mutual funds:

- 1) Daily matrices for valuing corporate bonds and money market instruments
- 2) Daily prices for outstanding government securities, Treasury bills and STRIPS (Separate Trading of Registered Interest and Principal Securities)
- 3) Daily prices for state development loans, held by mutual funds
- 4) CRISIL Bond Valuer tool with CRISIL Aggregator: for calculation of prices for corporate bonds and money market instruments, based on matrices provided by CRISIL and ICRA.

As per our current agreement, the fees payable by the mutual funds for the calendar year 2013 is:

Assets Under Management of Debt Schemes as of December 31 every year	Fees payable for the year 2013 (In INR)
Between 1-1000 crores	4,78,500
Between 1001 to 5000 crores	7,53,500
Between 5001 to 20000 crores	9,62,500
Above 20000 crores	11,00,000

We have been in discussion with AMFI for enhancing the scope of our valuation services by providing security level prices for corporate bonds and money market instruments. On AMFI's request, we are pleased to submit our proposal for our valuations services.

Proposed Deliverables:

1. Daily end of day clean prices for:

- a. Corporate bonds and money market instruments that have a residual maturity greater than 60 days, held by mutual funds;
- b. Outstanding government securities, Treasury bills and STRIPS (Separate Trading of Registered Interest and Principal Securities); and,
- c. State development loans, held by mutual funds.

2. **Daily matrices** for valuing corporate bonds and money market instruments with a residual maturity upto 60 days. The **CRISIL Bond Valuer with CRISIL Aggregator** will also be installed with mutual funds or custodians, as per the mutual fund's request, to facilitate valuation of these bonds and money market instruments.

In addition to the above, we will also provide the ratings of the securities for which we will be providing the security level pricing.

Following our discussions on the previous proposal submitted by us, we propose the following fee structure for providing our services:

(Annual fee in Rs.)

Assets Under Management of Debt Schemes	Existing fee for current services	Proposed annual fee		
		Total Proposed Fee (C) C = A + B	CRISIL Bond Valuer with CRISIL Aggregator (A)	Security Level Prices and CRISIL Daily Matrices (B)
Between 1-1000 crores	478,500	560,000	75,000	485,000
Between 1001 to 5000 crores	753,500	1,353,000	100,000	1,253,000
Between 5001 to 20000 crores	962,500	1,726,000	100,000	1,626,000
Between 20001 to 50000 crores	1,100,000	1,975,000	100,000	1,875,000
Above 50000 crores	1,100,000	2,134,000	100,000	2,034,000

All applicable taxes will be payable as applicable.

The above mentioned fee is applicable for the period November 01, 2013 to March 31, 2015. Average AUM of the preceding calendar quarter would be considered for computation of fees.

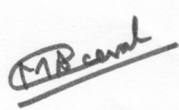
We would like to highlight that after we start providing the security level pricing for corporate bonds and money market instruments with residual maturity greater than 60 days, all of our existing services except for Daily matrices for valuing corporate bonds and money market instruments (greater than 60 days), will continue.

The Service level agreement will be finalized once the deliverables are agreed upon and will be signed separately with individual mutual funds.

We hope and believe our effort to cater to your valuation requirements has enhanced the value proposition for the mutual fund industry.

We shall be glad to provide any further information/clarifications on this matter. We look forward to your formal consent and continue servicing the needs of the Mutual Fund industry in the years to come.

With best regards,



Mukesh Agarwal
President

Cc: Mr. V Ramesh, Deputy Chief Executive, AMFI