

## Valuation Agreement

This Valuation Agreement is made at << >> on the \_\_\_\_\_ day of November 2013 (“Agreement”).

Between:

**ICRA Management Consulting Services Limited**, a company incorporated under The Companies Act, 1956 having its registered office at 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi-110 001 and corporate office at Logix Park, First Floor, Tower A4 & A5, Sector-16, Noida-201301 (Hereinafter referred to as the “**IMaCS**” which expression shall, unless it is repugnant to context or meaning thereof, be deemed to mean and include its successors-in-interest and assigns ) of the First Part;

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 (Securities), the Mutual Fund Industry, till recently, 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 agencies, one of which being IMaCS, to get security level pricing so as to have a consistency in pricing for fixed income securities across the Mutual Fund Industry.
- (e) IMaCS submits 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, including providing the necessary software which will enable the Client to access, view, use and/or process the information and reports to be provided by IMaCS. Accordingly, the Client appoints IMaCS to deliver the following offerings (“Services”) to the Client under this Agreement:
  - i. 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 upto 60 days.
  - ii. Scrip level Valuation for the fixed income securities with maturity of more than 60 days, the spread matrices for fixed income securities with maturity upto 60 days, and an IMaCS Bond Valuation Tool (IBT), which includes the aggregator, and enables accessing, viewing, and processing the information and Reports that will be provided by IMaCS.
- (f) This Agreement sets out the terms and conditions on which IMaCS will provide Services to the Client.

### THE PARTIES AGREE AS FOLLOWS

#### 1. Scope

- 1.1 The Client appoints IMaCS as a service provider in accordance with this Agreement and IMaCS accepts such appointment.
- 1.2 During the term of this Agreement, IMaCS 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. IMaCS will also provide the IBT (if applicable) on license to the Client subscribed to IMaCS

overall valuation package 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 IMaCS 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 IMaCS the Charges in accordance with clause 6.

## 2. Operational Details

- 2.1 To enable IMaCS to provide Services, Client will provide to IMaCS 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 IMaCS may from time to time request. These details will be provided in the format, mode and manner that IMaCS will specify from time to time. For Securities in respect of which Information is available in IMaCS Bond valuation Tool or CRISIL Bond Valuer, Client will extract the necessary details and provide them to IMaCS in an electronic spread sheet in MS EXCEL;
  - (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 IMaCS in writing on the same day that it adds the Security. Client will notify IMaCS in writing on a weekly basis the Securities it has removed from its portfolio within two working days of such removal.
  - (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. The Report for corporate bond, commercial paper, certificate of deposit and bills rediscounted and the output of the aggregator will be in the formats set out in [Annexure B](#). Reports for the other Securities i.e. T-Bill, Gilt and SDL will be in the same format in which IMaCS is currently providing to all AMCs.
- 2.3 IMaCS 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
- IMaCS 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 time for the Report shall be as stated in [Annexure E](#) for each Trading Day. For non-Trading Days, if applicable, IMaCS will seek to send the Report at 21:00 hours on the most proximate preceding working day feasible. Where IMaCS acting reasonably considers necessary, it may for specific days revise the Cut-off and target delivery time (for example, on days when the market experiences exceptional movement in yields). Client acknowledges that the target delivery time stated in [Annexure E](#) may take about 3-4 months from the date of this Agreement to stabilise.
  - (b) Where the Client adds a new Security to its portfolio and provides Information to IMaCS about the new Security which IMaCS receives:
    - (i) by 20:30 hours on the date of purchase, IMaCS 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, IMaCS 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, IMaCS 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, IMaCS will ordinarily intimate the Chairman – ValComm (or another designated member of the ValComm in case the Chairman is not accessible for some reason) about such Securities by 15:00 hours on the next working day from the day of receipt.
  - (d) Client shall provide to IMaCS via email Information about any corporate actions and changes to the terms and conditions of any of the Securities. Where IMaCS receives this Information:
    - (i) by 13:00 hours on a Trading Day, IMaCS 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 IMaCS 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, IMaCS will consider the Securities for Valuations on the next Trading Day.
- 2.5 Delivery and Other Details
- (a) IMaCS 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 IMaCS for such services from time to time (currently via email). Where IMaCS proposes

to make changes to this, IMaCS will take commercially reasonable steps to inform the Client giving as much advance notice as is reasonably practicable.

- (c) The Client acknowledges that IMaCS delivery time may be delayed due to unforeseen factors that are beyond the control of IMaCS, including but not limited to, extended trading hours, high volatility, server breakdowns, etc. In the event of such delay, IMaCS will use reasonable endeavours to notify the Client about the delay and thereafter as soon as reasonably practicable deliver the Report.
- (d) In lieu of delivering the Report to the Client (or Client authorised recipient), IMaCS may upload the Reports on the web site of AMFI. In such a case, IMaCS's uploading of the Reports will be considered fulfilment of IMaCS delivery obligations under this Agreement. Regardless of the mode of delivery, Client's use of the Services shall be governed by this Agreement.

2.6 IMaCS retains the editorial control over the Reports. IMaCS may issue corrections to a Report. If Client becomes aware of any error in the Report the Client will promptly notify IMaCS to enable IMaCS to correct the error and replace a Report. Where IMaCS requests the Client to replace a Report, the Client will promptly use the replacement Report in place of the original Report and take commercially reasonable steps to remove from its use all copies of the original Report.

#### 2.7 Validation

- (a) IMaCS will use reasonable commercial efforts to validate the Information provided by the Client with any pre-existing information it has. However, IMaCS 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 IMaCS uses for Valuation, IMaCS 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 IMaCS) and an approved entity in India providing similar valuation services to the Client mutually agreed to by IMaCS and AMFI (currently CRISIL Limited). Client will reconcile (or procure reconciliation of) this with Client's record and where there are any discrepancies notify them to IMaCS as soon as reasonably practicable.
- (c) Where in the case of a Security, IMaCS has received internal ratings from Client as well as other IMaCS clients, IMaCS will use the most conservative internal rating that it has received.

#### 2.8 Support

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

2.9 IMaCS may from time to time make reasonable changes to the matters covered under this clause 2 (and these may be

based on IMaCS discussions with AMFI/ValComm. IMaCS will provide Client with reasonable prior notice of any such changes.

### 3. Grant of Licence

#### 3.1 IMaCS Licence to Client

##### (a) Reports

IMaCS 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 (if applicable)

During the term of this Agreement, IMaCS 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 on Client's behalf as its authorised recipient (and not otherwise independently). Client will not permit such authorised recipient to use the Services 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 will be subject to the terms and conditions of use as are set out in this Agreement including, in the case of Software if applicable, those in [Annexure C](#); (b) the authorised recipient understands that IMaCS makes no warranties and accepts no liability towards the authorised recipient.

3.3 The Client will not use any Services or IMaCS 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 Services including software or IMaCS Brands except with the prior written consent of IMaCS in each case.

### 4. Parties' Responsibilities, Duties and Rights

4.1 Client acknowledges that the Services shall at all times be subject to the disclaimers and notices that IMaCS 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 IMaCS or any third Party supplier (if applicable).

#### 4.2 Client may not

- (a) use any part of the Services to create any new product or service whether individually or in combination with any other product or service without the prior written consent of IMaCS;
- (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, IMaCS 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

IMaCS 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

IMaCS hereby confirms that it will have developed within 6 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), IMaCS 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, IMaCS 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 IMaCS 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 IMaCS in accordance with this Agreement.

6.2 Unless otherwise agreed by IMaCS in writing, the Client shall pay the Charges semi annually in advance within 15

days of the Client's receipt of the relevant invoice from IMaCS (**Due Date**). The Client will pay Charges without any deductions, except as set out in clause 6.4(b). IMaCS 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, IMaCS 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 IMaCS 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 IMaCS all applicable taxes and statutory levies as may apply, such that after paying the applicable taxes and statutory levies, the Fees that IMaCS 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 IMaCS with a certificate or relevant document evidencing the Client having complied with applicable tax laws with respect to the TDS (**TDS Certificate**) and update the tax so deducted on the appropriate website of Income Tax Department so that IMaCS can avail the credit for the same. If the Client fails to provide the TDS Certificate and update the relevant website(s) of the Income Tax Department within the stipulated time frame given in Income Tax Act, 1961 affecting such tax deductions as stated above, the Client shall pay IMaCS 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 IMaCS for the purposes of this Agreement;
- (b) the Information shall be free from material errors, timely, and complete;
- (c) IMaCS may rely on the Information in providing the Services.

7.3 IMaCS 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 IMaCS 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 (if applicable) WILL FUNCTION WITHOUT INTERRUPTION.

## 8. Intellectual Property Rights

8.1 Client acknowledges that:

- (a) as between the Parties, IMaCS exclusively owns all intellectual property rights in: (i) the Methodology, the Report (including all Valuations and the data collected and/or compiled by IMaCS); (ii) IMaCS Brands; and
- (b) any goodwill generated by the Client's permitted use of the Report and IMaCS Brands inure exclusively to IMaCS.

8.2 IMaCS 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 IMaCS permitted use of the Client Brands inure exclusively to the Client.

8.3 Use of IMaCS Name

- (a) Client may use IMaCS name in its disclosures it makes to unit holders of Client Mutual Fund, its regulators and distributors, to identify IMaCS 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 and emails. 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 IMaCS Brand conjoint with its own Brands or in a manner as it may create new Brand(s). IMaCS 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 IMaCS mentioning Client as a IMaCS client and using Client Brands in relation to such mention in IMaCS 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 to be in force 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 1st April 2015, and thereafter anniversaries of that date. However for the Software part - IBT, either Party may terminate this Agreement without assigning any reason by giving the other Party a prior written notice of 1 month and hence the lock in period till 01 April 2015 does not apply to IBT.
- 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 IMaCS 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 IMaCS 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 IMaCS 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 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

IMaCS 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 IMaCS to provide or disclose such confidential information as available with IMaCS, IMaCS will take commercially reasonable steps to give Client prior intimation where permitted by the Authority, before disclosing it to the relevant Authority. IMaCS 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 IMaCS becomes generally known or available; (ii) is known to or developed by IMaCS independent of Client's disclosure; (iii) is provided to IMaCS by a third Party without restriction on disclosure.

## 12. Audit

- 12.1 IMaCS will permit AMFI acting collectively on behalf of Client and other similar clients to conduct at its own cost an audit of IMaCS record, processes and methods used to provide Services under this Agreement.
- 12.2 AMFI shall give IMaCS a prior written notice of at least 1 month before conducting the audit. AMFI shall take reasonable steps to minimise disruption to IMaCS 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 IMaCS confidentiality obligations. AMFI shall comply with reasonable security, confidentiality and health and safety requirements of IMaCS 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 IMaCS 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 IMaCS record, processes and methods used to provide Services under this Agreement and IMaCS 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 IMaCS which will not be unreasonably withheld. IMaCS may subcontract any part of its obligations under the Agreement to any third Party, provided that IMaCS continues to be responsible for the subcontractors' performance of those obligations. Where IMaCS proposes to outsource a substantial portion of its obligations under this Agreement, IMaCS will notify Client reasonably in advance. IMaCS 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 it is 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. IMaCS 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 IMaCS. IMaCS, 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.
- IMaCS 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 IMaCS conduct of

its business. IMaCS shall use commercially reasonable efforts to procure compliance of these obligations under this clause from its respective Affiliates and agencies that may be used for the fulfilment of obligations under this agreement. Upon IMaCS becoming aware of any breach of this provision, IMaCS shall promptly report to the Client.

13.7 As at the date of this Agreement, IMaCS 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, IMaCS 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, IMaCS will discuss with AMFI and take suitable steps in consultation with AMFI (and Client agrees to be bound by such decision that IMaCS 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, India 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** mean Fees and other amounts payable by the Client under this Agreement and any amendment thereto.
- (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 IMAcS 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 IMAcS from time to time under

AGREED:

Authorised Signature		
Name		
Title		
Date of Signature		

this Agreement.

- (i) **Methodology** means the methodology created and developed by IMAcS for calculating the relevant Valuation and spread matrices, subject to revisions by IMAcS 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 IMAcS may decide to exclude), pass-thru certificates (PTC) government securities, treasury bills, bills rediscounted, state development loans, in each case having a residual maturity of more than 60 days.

**Services** means: (i) the calculation of the Valuations and spread-matrices for securities with maturity up to 60 days using the Methodology; (ii) preparation and publishing of Reports to the Client; (iii) performance of related services expressly set out in this Agreement; (iv) any Software that IMAcS 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 IMAcS has licensed the Client to use under this Agreement is IMAcS Bond valuation Tool (IBT) which includes the aggregator functionality.

- (m) **Term** means the term of this Agreement.
- (n) **Trading Day** means a day open for debt market trading in India.
- (o) **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.

**ANNEXURE A****FEES**

The Fees for providing the Services for the first year of the Term is mentioned below in the table. The Client shall pay the Fees in accordance with clause 6.2 of the Agreement. For the remaining Term, the Fees may revise in accordance with clause 6.3 of the Agreement.

<b>Assets Under Management of Debt Schemes as of 30 June every year</b>	<b>Annual fee for Security Level Valuation and Spread Matrices</b>	<b>Fee for the period October 2013 to March 2015 for Security Level Valuation and Spread Matrices</b>

<b>Assets Under Management of Debt Schemes as of 30 June every year</b>	<b>Annual fee for IBT (inclusive of aggregator)</b>	<b>Fee for the period October 2013 to March 2015 for IBT (inclusive of aggregator)</b>

**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 AGGREGATOR

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 <b>IMaCS</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	IMaCS yield of the Security will be provided rounded-off up to 4 decimal places.
9	ICRA's Modified Duration	IMaCS 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 IMaCS 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 IMaCS.
13	Rating Changes_CRISIL	Rating changes effected by CRISIL.
14	Rating Changes_ICRA	Rating changes effected by IMaCS.

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

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

- (i) Client is granted licence to install the Software on no more than on single server located in India, 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 IMaCS in each case (and Client acknowledges any such additional access may be at additional licence fee and terms).
- (ii) 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.
- (iii) 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 IMaCS in writing promptly upon becoming aware of any breach or unauthorised use of the security features.
- (iv) 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 IMaCS in each case. Without limiting the foregoing, Client shall not (even if subsequently permitted by IMaCS 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 IMaCS;
  - e. remove, alter or obliterate any Brands, notices and disclaimers or terms that may be incorporated as a part of the Software.
- (v) IMaCS may periodically provide Client with updates, upgrades and/or replacements to the Software. Client shall promptly implement them upon receipt.
- (vi) IMaCS 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 IMaCS in the conduct of such audit. IMaCS will comply with Client's reasonable confidentiality or security requirements in the conduct of the audit. If an inspection reveals that Client has underpaid IMaCS by reason of Client having exceeded its use of the Software licence, IMaCS 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.
- (vii) Client understands that currently, for tenors up to 60 days, IMaCS provides spread matrices for valuation purposes which are provided as an input to feed into the IBT. However, IMaCS may subsequently provide security level prices for tenors up to 60 days. In such a case, IMaCS may terminate Client's licence to the IBT and if Client wishes to use the IBT following such termination Client may separately obtain licence(s) to the IBT by paying the applicable licence fees.
- (viii) IMaCS may suspend or terminate Client's licence to use the Software in the event Client has breached the Software licence terms.
- (ix) 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 IMaCS for its ordinary commercial use.

## Support

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

#### 1. Reports and Valuation

- 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 IMaCS (currently fig@imacs.in) 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 IMaCS receiving Client's email notification in 90% of the cases.
L2	Important (queries related to older days valuations and data)	Within 8 working hours from IMaCS receiving Client's email notification in 90% of the cases.
L3	Any other query	Within 24 working hours from IMaCS receiving Client's email notification in 90% of the cases.

#### 2. Escalation Matrix for Support

Sr. No	Name of the Person	Designation	Contact Details
1.	Karan Shah	Executive Research Officer	<a href="mailto:karan.shah@imacs.in">karan.shah@imacs.in</a> 022 30470078
2.	Ankit Kala	Senior Analyst	<a href="mailto:ankit.kala@imacs.in">ankit.kala@imacs.in</a> 022 30470065
3	Vivek Singhi	Senior Analyst	<a href="mailto:vivek.singhi@imacs.in">vivek.singhi@imacs.in</a> 022 30470051
4	V. Sriram	Chief Operating Officer	<a href="mailto:sriram.v@imacs.in">sriram.v@imacs.in</a> 044 45964326

IMaCS 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, IMaCS 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 IMaCS, and IMaCS 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 Time****1. Securities**

<b>Securities</b>	<b>Cut off Time (Hours)</b>	<b>Target Delivery Time (Hours)</b>
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

**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	, 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	Yearly buckets
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	IMaCS Bond valuation Tool (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 IMaCS Bond valuation Tool