

Mr Nadir Rahman  
Corporate Advisor  
Fauji Foundation  
Dadabhoy Center,  
Shahra-e-Faisal  
Karachi

12 December 2004

Dear Sir,

**Agreement to provide license to deploy the BackConnect Software to Fauji Foundation**

This is with reference to various conversations and meetings we have had with Mr. Nadir Rahman and Mr. Asad Shafqat of Fauji Foundation, with regards to provision of license to deploy BackConnect Software at Fauji Foundation's proposed new Group Company Head Office, Foundation Securities (Private) Limited ("FSL"), along with installation, training, documentation, application enhancements, and project management services to FSL.

Based upon these meetings, both parties have agreed to the following terms and conditions for the supply, installation, training, documentation, application enhancements, and project management services of the BackConnect application by Softech Systems (Pvt.) Ltd. ("Softech").

**1. Cost**

The BackConnect configuration requested by Fauji Foundation has the following modules:

- Equity Module (part of base software license)
- Custody Module (part of base software license)
- General Ledger (part of base software license)
- Authority Management and Audit Trail System (part of base software license)
- Trading Terminal with KSE straight-through processing (STP) capability

Given the above, the total cost for the supply, installation, training, documentation, application enhancements, and project management services of the BackConnect application, as specified in our Proposal dated 04 September 2004 (Annexure 1) is PKR [redacted] and broken down as follows:

- i. Base Product License (Application Components)
  - Equity Module
  - Custody Module
  - General Ledger

- Authority Management and Audit Trail System

Total Base Product License Cost: [REDACTED]  
Only)

ii. STP Trading System

- Real-Time Trading Terminal
- Risk Management System
- KSE Feed/Message Server
- KSE GW Server

Total STP trading System Cost: [REDACTED]  
Only)

iii. Payroll / HR

Total Payroll / HR System Cost: [REDACTED]  
[REDACTED]

iv. Implementation Services

- Implementation and Onsite Support during Setup Phase
- Technical and System Administration Training
- Application Training
- Documentation, including technical documentation and user manuals
- Test Support (Reconciliation on Live Data)
- Business Analysis Support (Validate with Client the business process implemented in the product)

Total Implementation Services Cost: [REDACTED]  
[REDACTED]

v. Data Porting (if required)

Separate effort estimate to be provided later

vi. Opening Balance Based Approach (if required)

Balances will be transferred Free of Cost

Total Cost (i + ii + iii + iv + v + vi):

[REDACTED]

Further to the above, out of pocket expenses, to include cost of air travelling, reasonable boarding/lodging and Rs. [REDACTED] day as out of pocket expenses for any out of city visits would b payable to Softech by FF / FSL, up to a cap of [REDACTED]

[REDACTED] These would be reimbursed by FF / FSL on receipt of copies of invoices.

## 2. Implementation

The design, development, implementation and installation activities for the BackConnect will follow in line with the project plan agreed with FSL.

*Handwritten signature*

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After the complete implementation of the software, FSL shall have one month to perform an acceptance test and either issue a Letter of Acceptance certifying that the BackConnect is operational or that certain BackConnect features is not working properly. In such a situation, Softech shall immediately identify a date by which the defect or problem can be corrected or advise the Client that there is not a defect or problem.

FSL, after the completion of initial implementation, may at any time during this Agreement request in writing any changes, additions or deletions to any feature. In such case Softech shall advise FSL in writing on the possibility to implement the requested modifications and also the price and delivery timeline of such a request.

### **3. Enhancements to BackConnect**

Softech may from time to time incorporate enhancements (in order to improve the functionality or add new features to the existing modules) into the BackConnect at its own discretion. Softech shall provide copies of such enhancements to FSL providing that the Client has signed the Annual Maintenance Contract.

FSL shall be provided free of cost installation of an enhancement provided the Client has signed the Annual Maintenance Contract.

Softech may, from time to time, issue major enhancements (defined as design and development of new modules, different from the existing modules, with extensive new business features or extensive changes to the functionality of the existing modules) to the BackConnect and in such event, Softech shall apprise FSL of such major modification and the price and terms and conditions to acquire and maintain the right to use such major modifications.

FSL is not allowed to make modifications to any part of the BackConnect, and if any such modifications cause any error or malfunction in the application software, Softech will not be responsible for the same.

### **4. Training**

Softech shall provide the Client training on the usage of the BackConnect. The Client shall nominate one person to the project who shall be responsible to assist Softech in the development, installation and implementation of the BackConnect at Client site.

Staff technical training: Client will assign at least one full-time person to be trained to manage the day-to-day technical operations on the system, such as DB backups, application maintenance at user end etc.

Staff operational training: Client will assign operational staff that will be trained on the system usage and its features.

### **5. Ownership Rights**

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Softech acknowledges that FSL has paid in full as per the Agreement to acquire a license to deploy the BackConnect and Softech has granted FSL a non-exclusive and non-transferable license to use the BackConnect and related material for its own use only.

Softech shall deliver to FSL one copy of the Product and User documentation manual. FSL is allowed to maintain one additional copy for back-up purposes only, at any other suitable location other than its own premises.

Softech may from time to time incorporate enhancements (in order to improve the functionality or add new features to the existing modules) into the BackConnect at its own discretion. Softech shall provide copies of such enhancements to FSL providing that the Client has signed the Annual Maintenance Contract.

FSL shall be provided free of cost installation of an enhancement provided the Client has signed the Annual Maintenance Contract.

Softech may, from time to time, issue major enhancements (defined as design and development of new modules, different from the existing modules, with extensive new business features or extensive changes to the functionality of the existing modules) to the BackConnect and in such event, Softech shall apprise FSL of such major modification and the price and terms and conditions to acquire and maintain the right to use such major modifications.

#### **6. Warranty**

The warranty period is 6 months from date of delivery and installation, and covers free phone/fax/email support, and bug fixes. However, FSL would bear cost of air traveling, reasonable boarding/lodging and \_\_\_\_\_ day as out of pocket expenses for any out of city visits, payable to Softech on raising invoice.

#### **7. Contact Persons**

Key contact for provision of all of the above services by Softech shall be Dr. Salman Iqbal.

#### **8. Payment**


Payment schedule is as follows:

- 50% advance upon signing of the contract
- 30% on delivery
- 20% one month after delivery

#### **9. Price Validity**

All prices offered for the entire proposal is valid for one month from the date of submission of the proposal as per Annexure 1.

#### **10. Taxation**

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All taxes are included in the above price. Softech understands that Fauji Foundation would deduct the required Withholding Tax at the time of payment and would accordingly forward the tax challaan to Softech.

#### **11. Annual Maintenance & Payment Terms for Annual Maintenance**

Softech does continuous product research and stays alert to any change to capital market business rules that impact brokerage business and hence performs product enhancement on continuous basis. Thus, Softech will provide the following services to FSL as part of Annual Maintenance, which will commence after the Warranty period and would include free updated released by Softech:

- Technical assistance to diagnose issues/problems faced during regular operations on live system.
- Testing new releases and promoting to live system.
- Updated documentation with each release.
- Upgrades, including bug fixes, and new features at Softech discretion, free of cost.

Softech understands that the Annual Maintenance Agreement would be executed between Softech and FSL, once the 6 month Warranty period ends. The Maintenance Agreement does not include enhancements or new functionality that may be requested by FSL in the future; for which a separate proposal will be submitted. FSL will be informed of any major upgrades (new modules or extensive enhancements to the software) carried out by Softech, along with new features and their cost, as and when made available.

The yearly cost for the annual maintenance would be [REDACTED] and would be payable by FSL as 100% advance within two weeks of start of the maintenance period, i.e. after six months from the date of delivery and installation of the BackConnect application.

#### **12. General Terms and Conditions**

- The above price is for base software only. Separate proposal will be submitted for any customization requirements.
- FSL acceptance-testing period for the system is 1 month from date of delivery.
- Terminal Restrictions: Unlimited number of back-office terminals allowed.
- Branch Restrictions: Any number of Client branches allowed be connected
- Any runtime tools (such as operating system, database, other required tools etc.) will be the responsibility of FSL, and is not part of the cost of the application.

#### **13. Confidentiality**

- Softech and FSL shall use all reasonable efforts to protect the interest of each other in the shared Information and keep it confidential, using a standard of care no less than what the Softech and FSL would be reasonably expected to employ for its own similar confidential information.
- Softech and FSL shall not, directly or indirectly, disclose, allow access to, transmit or transfer any of the confidential Information.



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- Non Compete: Both parties agree that it will not, either directly or indirectly or through a third party, solicit any programmers/consultants introduced or exposed to it, by each other, for a period of 2 years after submission or completion of a contract (whichever is longer).

#### 14. Governing law and jurisdiction


This contract is made under and shall be governed by Pakistan law and all disputes arising from or under this agreement shall be subject to the exclusive jurisdiction of the Pakistan courts.

#### 15. Statement of entire agreement and provision for modifications to Agreement

This letter Agreement, together with its annexure, forms the entire agreement and understanding between us with respect to the subject matter hereof. This letter supersedes all previous arrangements and understandings between the parties with respect to the subject of this letter, which shall cease to have any further force or effect. Any variation of the terms of this letter shall be made in writing and will not be effective unless signed by a person designated by **Softech**, and by a duly authorized representative of **Fauji Foundation**, and subsequently, **FSL**, the company presently under incorporation, which will make use of this application.

We shall be grateful if you kindly acknowledge receipt of this letter and the Annexure by signing a copy in the space provided and returning it to us. We would be pleased to discuss the contents of this letter Agreement and provide you with any further information / clarification, should you so desire.

Yours faithfully,

  
Dr Salman Iqbal  
Chief Executive Officer

#### Enclosure:

- Annexure 1: BackConnect Proposal submitted to Fauji Foundation dated 04 September 2004
- Annexure 2: Broker BackConnect Back Office System -Description
- Annexure 3: HR and Payroll System – Description
- Annexure 4: FSL Technology Plan

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The arrangement and terms set out above are as agreed.

Signature Nadir Rahman

Name Nadir Rahman

Designation Corporate Advisor

Date 23/12/2004

Director/Authorized signatory for and on behalf of Fauji Foundation

Dear Sir,

Agreement to supply, install, configure, test, train, and support the BackConnect Software to Fauji Foundation

This is with reference to various discussions and meetings we have had with Mr. Nadir Rahman and Mr. Ahsan Shafiq of Fauji Foundation, with regards to provision of license to deploy BackConnect Software at Fauji Foundation's proposed new project company (Fauji QIL) to manage Fauji QIL's financial records ("FSL"), along with installation, training, documentation, quality assurance, and project management services to FSL.

Based upon these meetings, both parties have agreed to the following terms and conditions for the supply, installation, training, documentation, application enhancement, and project management services of the BackConnect application by Softtek Systems (Pvt.) Ltd ("Softtek").

#### 1. Cost

The BackConnect configuration requested by Fauji Foundation has the following modules:

- Equity Module (part of base software license)
- Cash Module (part of base software license)
- General Ledger (part of base software license)
- Finance Management and Audit Trail System (part of base software license)
- Training Manual with KNI weight-through processing (SIP) capability

Based on the above, the total cost of the supply, installation, training, documentation, application enhancement, and project management services of the BackConnect application, as specified in our Proposal dated 04 September, 2004 (enclosure 1) is PKR 1,900,000/- (One Million Nine Hundred Thousand Only); and broken down as follows:

#### 2. Base Product License (Application Components)

- Equity Module

- Cash Module

- General Ledger

Softtek Systems (Pvt.) Ltd. 12/12/2004. Subject: BackConnect Software License and Support Services to Fauji Foundation.

Fauji Foundation (Pvt.) Ltd. 12/12/2004.