KASHIPUR 02 2024
Information Memorandum
Vardhman Trusteeship Private Limited

49,99,93,723 (forty nine crore ninety nine lakh ninety three thousand seven hundred and twenty three) Series A1 PTCs aggregating to INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three) having a rating of AA-(SO) by India Ratings and Research Private Limited and offering a yield as more particularly set out in Annexure 1 hereto, maturing on the dates identified under Annexure 1 hereto, price identified under Annexure 1 hereto, evidencing beneficial interest in loan receivables originated by Spandana Sphoorty Financial Limited and issued pursuant to the terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 as amended/supplemented/replaced from time to time.

Indicative Issue Schedule	
Issue Opening Date	February 15, 2024
Issue Closing Date	February 20, 2024
Deemed Date of Allotment	February 20, 2024
Issue Size (Series A1 PTCs)	INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three)

SELLER

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED
Registered Office: Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Rangareddi, Hyderabad, Telangana - 500081, India
Tel: 8686761111
Website: https://www.spandanasphoorty.com
Contact Person: Mr. Milind Naik
Email ID: Milind.naik@spandanasphoorty.com

SERVICER

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED
Registered Office: Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, Raidurg Panmaktha, Rangareddi, Hyderabad, Telangana - 500081, India
Tel: 8686761111
Website: https://www.spandanasphoorty.com
Contact Person: Mr. Milind Naik
Email ID: Milind.naik@spandanasphoorty.com

TRUSTEE

VARDHMAN TRUSTEESHIP PVT LTD

VARDHMAN TRUSTEESHIP PRIVATE LIMITED
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Website: https://vardhmantrustee.com
Contact Person: Ms. Jagruti Patil
Email ID: jagruti@vardhmantrustee.com

RATING AGENCY

India Ratings & Research
A Fitch Group Company

India Ratings and Research Private Limited
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PHOENIX LEGAL

Phoenix Legal
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Churchgate, Mumbai – 400 020

REGISTRAR & TRANSFER AGENT

NSDL
Technology, Trust & Reach

NSDL Database Management Limited
4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg,

Each Pass-Through Certificate (PTC) represents a proportionate undivided beneficial interest in the underlying pool of receivables arising from loans extended by Spandana Sphoorty Financial Limited, in the ordinary course of business. It does not represent an interest or obligation of Kashipur 02 2024 or Vardhman Trusteeship Private Limited nor are the underlying loan contracts insured or guaranteed by Spandana Sphoorty Financial Limited to the extent of credit enhancement provided by Spandana Sphoorty Financial Limited as described herein. Further all the concerned are hereby informed that the PTCs do not represent deposit liabilities of the Originator, the Servicer, the Trust or the Trustee and that they are not insured. The Trustee/ Originator/ Servicer/Trust does not guarantee the capital value of PTCs and the

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performance of PTCs issued, or collectability of receivables pool and the investments in the PTCs are subject to prepayment risk, interest rate risk, credit risk, possible delays in repayment and loss of income and principal invested.

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Disclaimer

All the expressions used in this disclaimer shall unless repugnant to the context or meaning thereof carry the same meanings herein are assigned to them in the paragraph under the heading "Definitions and Glossary of Terms"

This Information Memorandum of Private Placement ("**this Information Memorandum / this Offer Document/ this IM**") is neither a prospectus nor a statement in lieu of a prospectus. This document does not constitute an offer or an invitation for offer by or on behalf of Spandana Sphoorty Financial Limited ("**Seller / Originator / Assignor**") or Vardhman Trusteeship Private Limited ("**Trustee**") to subscribe to, or purchase senior pass through certificates ("**Series A1 PTCs**" / "**Senior Tranche PTCs / "Senior Tranche Certificates**"), to be issued by the Kashipur 02 2024 trust ("**Trust**" / "**Issuer**"/ "**Assignee**"). This Information Memorandum seeks to provide relevant details of the proposed securitisation of loan receivables arising from the loans provided by the Originator in the ordinary course of business through finance extended by the Originator to the borrowers for various business activities ("**Loans**" or "**Facilities**"). Apart from this Information Memorandum, no other document has been prepared in connection with the proposed securitisation of loan receivables and the Information Memorandum is not required to be registered under any Applicable Law. Accordingly, this Information Memorandum has neither been delivered for registration nor is it intended to be registered. Prospective investors must make their own assessment as to the suitability of investing in these Series A1 PTCs.

Information in this Information Memorandum has been compiled by the Trustee on the basis of information provided *inter alia* by the Seller. To the best of its knowledge and belief the information as contained in this Information Memorandum is in conformity with the facts as available on the date of this Information Memorandum.

Further, the Seller and the Issuer has not authorised any other person to provide any information or make any representations other than those contained in this document. Further, the information contained in this document may undergo changes with time.

Each copy of this Information Memorandum is serially numbered and the person to whom a copy of the Information Memorandum is sent, is alone entitled to apply for the Series A1 PTCs. Any application by a person to whom this Information Memorandum has not been sent by the Issuer shall be liable to be rejected without assigning any reason.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the prior written consent of the Issuer.

The rating is not a recommendation to purchase, hold or sell the Series A1 PTCs in as much as the ratings do not comment on the market price of the Series A1 PTCs or its suitability to a particular Investor. The ratings currently are provisional ratings and final ratings are contingent upon the receipt of final documents conforming to information already received by the Rating Agency. There is no assurance either that the rating will remain at the same level for any given period or that the rating will not be lowered or withdrawn entirely by the Rating Agency.

The Series A1 PTCs represent an undivided beneficial interest in the underlying loan assets and do not represent an obligation of the Trustee, or the Seller (other than to the extent of the credit enhancement provided, if any), or any affiliate of the Trustee.

This Information Memorandum is not intended to form the sole basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to Series A1 PTCs. This Information Memorandum has been prepared to give general information regarding the Seller and the Transaction, to parties proposing to invest in this issue of Series A1 PTCs and it does not purport to contain all the information that any

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such party may require. This Information Memorandum and the other Securitisation Documents reflect only the future cash flows arising from the Receivables. Cash flows received prior to the Transfer Date and which are not intended to be assigned by the Originator to the Trust, irrespective of whether the same constitute advance or upfront payments, or otherwise, are not reflected in the Information Memorandum and the other Securitisation Documents and are not being considered for arriving at the Purchase Consideration payable by the Trust for the Receivables. The Investor Payouts payable to the Investors shall be as per the payout schedule set out in **Annexure 2** hereto and in the applicable Securitisation Documents.

For preparing this Information Memorandum, the Trustee has relied upon the information supplied by the Seller. The Trustee neither has verified independently, nor assumes responsibility for the accuracy and completeness of this Information Memorandum, or any other information or documents supplied or approved by the Seller. The Trustee holds no responsibility for any mis-statement in or omission from the Trustee in publicly available information or any other information about the Trustee available in the market. The Seller and the Trustee do not undertake to update this Information Memorandum to reflect subsequent events and thus it should not be relied upon without first confirming its accuracy with the Seller.

Potential investors are required to make their own independent evaluation and judgment before making the purchase and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in the Series A1 PTCs. It is the responsibility of potential investors to obtain all consents, approvals or authorisations required by them to make an offer to subscribe for and purchase the Series A1 PTCs. Potential investors should not rely solely on this Information Memorandum or any other information given by the Seller nor would providing of such information by the Seller be construed as advice or recommendation by the Seller to subscribe to and purchase the Series A1 PTCs. The potential investors acknowledge that the Seller does not owe the Investors any duty of care in respect of this offer/invitation to subscribe for and purchase of the Series A1 PTCs. It is the responsibility of potential investors to also ensure that they will sell these Series A1 PTCs in strict accordance with this Information Memorandum and other Applicable Laws, so that the sale does not constitute an offer to the public. Potential investors should also consult their own tax advisors on the tax implications of the acquisitions, ownership, sale and redemption of the Series A1 PTCs and income arising thereon.

This Information Memorandum is a medium of sharing information to potential investors with an objective to provide an investment opportunity in the Series A1 PTCs outline the transaction structure. This IM may also contain information about parties to the transaction, which are of confidential nature and not publicly available. Any dissemination of this Information Memorandum to a party other than to whom it has been sent and use of the information contained in this Information Memorandum for purposes other than of a potential investor for this issue is strictly prohibited.

GENERAL RISK

Investment in structured products or structured obligations (SO) and such related securities involve a degree of risk and investors should not invest any funds in such instruments, unless they can afford to take the risks attached to such investments. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. Specific attention of investors is invited to statement of Risk Factors contained in Chapter 9 of this Offer Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Series A1 PTCs or investor's decision to purchase the Series A1 PTCs. Please be advised that the relevant Receivables will be assigned to the Issuer by the Originator on a no-recourse basis (save for the Credit Enhancement provided by the Originator) and any investor shall carefully assess the risks associated with such assignment before proceeding with a decision to make an investment in the Series A1 PTCs.

DISCLAIMER CLAUSE OF SEBI

As per the provisions of the Securitisation Listing Framework, a copy of this Offer Document may need to be filed with or submitted to SEBI for its review/approval. It is to be distinctly understood that this Offer Document should

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not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI nor does SEBI guarantee the adequacy and accuracy of this Offer Document. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Series A1 PTCs issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Offer Document.

Neither SEBI nor the stock exchanges are responsible for the correctness of any statements, opinions or other disclosures contained in this offer document. The registration granted by SEBI to the trustee should not be taken as an indication of the merits of the issuer, the originator or the securitised debt instruments.

The Series A1 PTCs have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE

As required, a copy of this Offer Document has been filed with the relevant stock exchange(s) in terms of the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, as amended/ supplemented/ replaced from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended/ supplemented/ replaced from time to time. It is to be distinctly understood that submission of this Offer Document to the relevant stock exchange(s) should not in any way be deemed or construed to mean that this Offer Document has been reviewed, cleared or approved by the relevant stock exchange(s), nor do/does the relevant stock exchange(s) in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document. The relevant stock exchange(s) do/does not warrant that the Series A1 PTCs will be listed or will continue to be listed on the relevant stock exchange(s) nor do/does the relevant stock exchange(s) take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

DISCLAIMER IN RESPECT OF JURISDICTION

Issue of the Series A1 PTCs have been/ will be made in India to investors as specified under clause "**Who Can Apply**" in this Offer Document, who have been/shall be specifically approached by the Issuer. This Offer Document is not to be construed or constituted as an offer to sell or an invitation to subscribe to Series A1 PTCs offered hereby to any person to whom it is not specifically addressed. This Offer Document does not constitute an offer to sell or an invitation to subscribe to the Series A1 PTCs herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. The Series A1 PTCs are governed by and shall be construed in accordance with the laws of India, and all disputes thereof shall be subject to the jurisdiction of the courts and tribunal set out in the Securitisation Documents.

DISCLAIMER IN RESPECT OF RATING AGENCY

Rating is an opinion on the credit quality and is not a recommendation to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its rating on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

ISSUE OF PTCS IN DEMATERIALISED FORM

The Series A1 PTCs will be issued in dematerialised form. The Issuer has made arrangements with National Securities Depositories Limited and Central Depository Services (India) Limited for the issue of the Series A1 PTCs in dematerialised form. The investors will have to hold the Series A1 PTCs in dematerialised form as per the

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provisions of the Depositories Act, 1996. The Issuer shall take necessary steps to credit the Series A1 PTCs allotted to the beneficiary account maintained by the investors with its depository participant. The Issuer will make the allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

DISCLAIMER IN RESPECT OF ARRANGER

It is advised that the Issuer has exercised self-due diligence to ensure complete compliance of prescribed disclosure norms etc. in this IM. The role of the Northern Arc Capital Limited (**"Sole Arranger"**) in the assignment is confined to marketing and placement of the PTCs on the basis of this IM as prepared by the Issuer. The Sole Arranger has neither scrutinized/vetted nor have they done any due-diligence for verification of the contents of this IM. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Sole Arranger or any of their officers as to the adequacy, completeness or reasonableness of the information contained herein or of any further information, statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto.

The Sole Arranger shall use this IM for the purpose of soliciting subscription from eligible investors for the PTCs to be issued by the Issuer on a private placement basis. It is to be distinctly understood that the aforesaid use of this IM by the Sole Arranger should not in any way be deemed or construed that the IM has been prepared, cleared, approved or vetted by the Sole Arranger; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this IM; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Sole Arranger. The Sole Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this IM.

Please note that:

(a) The Sole Arranger and/or their affiliates may, now and/or in the future, have other investment and commercial banking, trust and other relationships with the Issuer and with other persons (**"Other Persons"**);

(b) As a result of those other relationships, the Sole Arranger and/or their affiliates may get information about Other Persons, the Issuer and/or the Issue or that may be relevant to any of them. Despite this, the Sole Arranger and/or their affiliates will not be required to disclose such information, or the fact that it is in possession of such information, to any recipient of this IM;

(c) The Sole Arranger and/or their affiliates may, now and in the future, have fiduciary or other relationships under which it, or they, may exercise voting power over securities of various persons. Those securities may, from time to time, include PTCs of the Issuer; and

(d) Each of the Sole Arranger and/or their affiliates may exercise such voting powers, and otherwise perform its functions in connection with such fiduciary or other relationships, without regard to its relationship to the Issuer and/or the PTCs.

ADDITIONAL ASSUMPTIONS

Each subscriber, by subscribing to the Series A1 PTCs, and any subsequent purchaser, by purchasing the Series A1 PTCs, shall be deemed to have agreed that and accordingly the Issuer and the Trustee shall be entitled to presume that each of the Investors:

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(a) has reviewed the terms and conditions applicable to the Series A1 PTCs as contained in the Offer Document and has understood the same, and, on an independent assessment thereof, found the same acceptable for the investment made and has also reviewed the risk disclosures contained herein and has understood the risks, and determined that the investment in the Series A1 PTCs are a suitable investment and that the Investors can bear the economic risk of that investment;

(b) has received all the material information provided by the Originator to the Issuer in connection with, and for investment in the Series A1 PTCs;

(c) has understood that information contained in this Offer Document is not to be constructed as business or investment advice; and

(d) has legal ability to invest in the Series A1 PTCs and the investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the Investors or its assets.

Attention of the persons interested in subscribing to the Certificates is specifically drawn to the section titled Special Considerations and Risk Factors.

For Vardhman Trusteeship Private Limited
(as the Trustee for Kashipur 02 2024)

Authorised Signatory

Date: February 15, 2024

Vardhman Trusteeship Pvt. Ltd.

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Vardhman Trusteeship Pvt. Ltd.

List of Contact Persons

With regard to this Information Memorandum, the following people at the Trustee and the Seller can be contacted:

Originator/ Seller/ Servicer: Spandana Sphoorty Financial Limited				
Location	**Contact Person**	**Tel. No.**	**E-mail**	**Fax No.**
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Trustee: Vardhman Trusteeship Private Limited				
Location	**Contact Person**	**Tel. No.**	**E-mail**	**Fax No.**
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CHAPTER 1: DEFINITIONS AND GLOSSARY OF TERMS

Capitalised terms used in this Offer Document and not otherwise defined shall have the meanings given to them in the Securitisation Documents. For the purposes of this Offer Document, except as otherwise expressly provided or as the context or meaning thereof otherwise requires, the following expressions shall have the meanings assigned to them respectively hereinafter:

(1) "**Allottee**" means any PTC Applicant who has allotted any PTCs.

(2) "**Applicant**" or "**Subscriber**" means an applicant who has made an Application for subscribing to the Certificate.

(3) "**Application**" means the submission of a duly filled up and signed Application Form by a prospective investor to the Trustee.

(4) "**Application Form**" means the form annexed hereto and marked as Annexure 3.

(5) "**Application Money**" means the amounts paid by any potential investor to the Trust for the purposes of subscribing to the Series A1 PTCs.

(6) "**Accounts**" means, collectively, the Collection and Payment Account and the Cash Collateral, or any one or more of them, as the context may require.

(7) "**Accounts Agreement**" means the accounts agreement dated on or about the date of the Trust Deed by and among the Seller/Facility Provider, the Servicer and the Trustee setting out the terms and conditions for opening, operating and maintaining the Collection and Payment Account with the Collection Bank and the Cash Collateral with the Approved Bank.

(8) "**Applicable Law**" means any statute, law, regulation, ordinance, rule, judgment, order, decree, ruling, bye-law, approval of any Competent Authority, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Competent Authority having jurisdiction over the matter in question, whether in effect as of the date of any of the Securitisation Documents or at any time thereafter.

(9) "**Approved Bank**" means a scheduled commercial bank, which is acceptable to the Rating Agency and with which the Cash Collateral and other accounts as may be required in terms of the Securitisation Documents are maintained, as more particularly set out in the Accounts Agreement.

(10) "**Assigned Assets**" has the meaning given to it in the Assignment Agreement.

(11) "**Assignment Agreement**" means the assignment agreement dated on or about the date of the Trust Deed between the Seller and the Trustee, setting out the detailed terms and conditions of the assignment of the Assigned Assets to the Trust by the Seller.

(12) "**Auditor**" means the chartered accountants who will be appointed by the Investors and/or the Trustee to facilitate any audit of the Receivables constituting the Pool to verify, *inter alia*, whether these exist, whether these meet with the eligibility criteria mentioned in Section 6.1 and whether these are supported by adequate and appropriate documentation.

(13) "**Beneficiaries**" means the beneficiaries of the Trust that will be the PTC Holders from time to time, the Residual Beneficiary and such other persons who have any right over the Trust Property at any time in terms of the Trust Deed.

(14) "**Business Day**" means a day that is not a Saturday or a Sunday or a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881, and on which banks are open in the normal course of business in Mumbai, India.

(15) "**Cash Collateral**" means all or any fixed deposit account(s) established by the Seller (in its capacity as the Facility Provider) with the Approved Bank, aggregating to INR 3,80,43,001 (Indian Rupees Three Crore Eighty Lakh Forty Three Thousand and One) as stipulated by the Rating Agency, including any reimbursements and replenishments thereto (but excluding all interest accruing thereupon) available to meet any shortfall in payments which were due and payable and were scheduled to be made under the Waterfall Mechanism on any Payout Date.

(16) "**Change of Control**" means any change, from that subsisting as on the Effective Date, in:

(a) the right to appoint or remove the majority of directors on the board of directors of the Servicer or such other person who may be charged with or entitled to exercise management and control over the Servicer;

(b) the power to (directly or indirectly) direct or cause the direction of the management and the policies of the Servicer, whether through ownership of shares or by agreement or otherwise; or

(c) the shareholding (whether direct or indirect) of the promoters (as defined in Companies Act, 2013) in the Servicer.

(17) "**Clean Up Call Option**" has the meaning given to it in Section 2.3 below.

(18) "**Clean Up Purchase Consideration**" means the price to be paid by the Seller to repurchase Facilities in the event that the Seller exercises the Clean Up Call Option under the Assignment Agreement.

(19) "**Collection and Payment Account**" or "**Collection and Payout Account**" or "**CPA**" means an account to be opened and maintained by the Trustee with the Collection Bank, in accordance with the terms of the Accounts Agreement and the Trust Deed.

(20) "**Collection Bank**" means a scheduled commercial bank, which is acceptable to the Rating Agency and with whom the Collection and Payment Account and other accounts as may be required in terms of the Securitisation Documents are maintained, as more particularly set out in the Accounts Agreement.

(21) "**Collection Period**" means each period between collections start date and the corresponding collections end date as set out in Annexure 2.

(22) "**Commencement Date**" means January 1, 2024, being the date following the Pool Cut Off Date.

(23) "**Competent Authority**" means the Government of India or the government of any state in India or any ministry, department, board, authority, instrumentality, agency, corporation (to the extent acting in a legislative, judicial or administrative capacity) or commission under the direct or indirect control of such government or any political subdivision of any of them or owned or controlled by the government or any of their subdivisions, or any court, tribunal, judicial or regulatory body within India or any other court, administrative agency or arbitrator, and "**Competent Authorities**" shall be construed accordingly.

(24) "**Credit Enhancement**" means the Cash Collateral. For the avoidance of doubt, it is clarified that the subordinated facilities principal/over-collateralisation and the Excess Interest Spread are part of the Receivables and form a part of the internal credit enhancement (as defined in the Securitisation Directions).

(25) "**Default**" means any amount(s) due, but not received, from any Obligor in respect of the Receivables

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constituting the Pool.

(26) "**Discretionary Audit**" means an audit conducted by the Trustee (or any person authorised by the Trustee) to (a) monitor the Servicer's processes relating to collections and data integrity, (b) monitor the governance, management, systems and internal operations of the Servicer, and (c) audit, at the instructions of the Trustee, the reports submitted by the Servicer to the Trustee.

(27) "**Effective Date**" means the date on which the Assigned Assets are purchased by the Trust in consideration of the payment of the Purchase Consideration in accordance with the terms of the Assignment Agreement and the other Securitisation Documents, which shall be no later than February 20, 2024.

(28) "**Excess Interest Spread**" or "**EIS**" means, for the purposes of the transactions contemplated under the Securitisation Documents, the excess spread arising due to the difference between the interest amounts on the Facilities comprising the Pool and the Interest payable to the PTC Holders.

(29) "**Facilities**" or "**Loans**" means the financial assistances by way of loans provided by the Seller to the Obligors under the Facility Agreements, and "**Facility**" or "**Loan**" shall be construed accordingly.

(30) "**Facility Agreements**" or "**Loan Agreements**" means all agreements in respect of the Facilities comprising the Pool, entered into between the Seller and the Obligors setting out the terms and conditions on which the Seller has agreed to provide the Facilities to the Obligors, and "**Facility Agreement**" or "**Loan Agreement**" shall be construed accordingly.

(31) "**Facility Provider**" means Spandana Sphoorty Financial Limited, a company incorporated under the Companies Act, 1956 and registered with the Reserve Bank of India as a non-banking financial company - microfinance institution, having its registered office at Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, RaidurgPanmaktha, Rangareddi, Hyderabad, Telangana - 110092, India.

(32) "**Information Memorandum**" or "**Offer Document**" or "**IM**" means this information memorandum, issued by the Trustee supplying information of the transactions contemplated for issuance of PTCs.

(33) "**Initial Contribution**" means the initial corpus of the Trust, being INR 1,000 (Indian Rupees One Thousand).

(34) "**Interest**" means the Series A1 Interest.

(35) "**Interest Rate**" means the Series A1 Interest Rate.

(36) "**Investor Payouts**" means the Series A1 Investor Payouts.

(37) "**Investors**" or "**PTC Holders**" means the individuals, banking companies, financial institutions, mutual funds, insurance companies, companies and bodies corporate, primary dealers or any other person, who will subscribe to or be the holders of the PTCs from time to time in accordance with Applicable Law.

(38) "**Majority Consent**" means the decision taken by the Investors holding Majority Interest, which decision will be binding on the Trustee.

(39) "**Majority Interest**" means the Investors collectively constituting 51% (fifty one percent) of the aggregate of the outstanding amount of the PTCs.

(40) "**Maturity Date**" means the Series A1 Final Maturity Date.

(41) "**Monitoring Reports**" means the detailed reports, *inter alia*, on the realisation of the Receivables to be submitted by Servicer to the Trustee in accordance with the Servicing Agreement, and "**Monitoring Report**" shall be construed accordingly.

(42) "**MRR**" means the minimum retention requirements prescribed in the Securitisation Directions to be maintained by the Seller in accordance therewith.

(43) "**Obligors**" or "**Borrowers**" means, collectively, all the persons who have availed the Facilities comprising the Pool from the Seller under the terms of the Facility Agreements entered into between such persons and the Seller and who are liable to make payments of amounts due to the Seller as stipulated thereunder, and all persons that have provided any guarantee(s) and/or contractual comfort and/or security (if any) in respect of the Facilities, and "**Obligor**" or "**Borrower**" shall be construed accordingly.

(44) "**Overdue Series A1 Interest**" means the amount of the Series A1 Interest that is due and payable and scheduled to be paid on any Payout Date to the Series A1 Investors but not so paid.

(45) "**Overdues**" means the amounts constituting the Receivables received or yet to be received by the Servicer after the dates on which they were scheduled to have been paid by Obligors, due to delay or Default on the part of such Obligors.

(46) "**Pass Through Certificate(s)**" or "**PTC(s)**" or "**Certificate(s)**" or "**SN(s)**" or "**Securitisation Note(s)**" or "**SDI(s)**" or "**Securitised Debt Instrument(s)**" means the Series A1 PTCs.

(47) "**Payin Dates**" means, collectively, the payin dates set out in Annexure 2 on or prior to which the Servicer is required to deposit the collections for the relevant Collection Period in the Collection and Payment Account, and "**Payin Date**" shall be construed accordingly.

(48) "**Payout Dates**" means, collectively, the payout dates set out in Annexure 2 on which Investor Payouts are due or expected to be paid (as the case may be) to the PTC Holders, and "**Payout Date**" shall be construed accordingly.

(49) "**Pool**" means the securitised Receivables, being the Facilities which are identified in the Assignment Agreement and are based on the eligibility criteria mentioned in Section 6.1. The expected cash flows of the Facilities (prepared on the basis of the Effective Date being February 20, 2024 and assuming no Prepayments and/or Defaults) have been set out in Annexure 2.

(50) "**Pool Cut Off Date**" means December 31, 2023.

(51) "**Priority Sector Master Direction**" means the RBI's master direction no. FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated September 4, 2020 on "*Priority Sector Lending (PSL) – Targets and Classification*" (updated as on July 27, 2023) (as may be amended, modified, or restated from time to time).

(52) "**Prepayment**" means:

(a) the early payment by any Obligor(s) of any principal instalments outstanding on any Facility Agreement(s) and balance interest thereon, where applicable (as per the provisions of such Facility Agreement(s));

(b) the early payment by any Obligor(s) of any amounts, including balance interest (if any) for the remaining period of any Facility(ies), where applicable (as per the provisions of such Facility Agreement(s)), and principal instalments outstanding under such Facility Agreement(s) pursuant to the termination of any Facility Agreement(s), whether voluntary or pursuant to any

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order(s) of any court or tribunal; or

(c) the early payment of any amounts, including balance interest (if any) in respect of any Facility, pursuant to the foreclosure of any such Facility, whether voluntary or pursuant to any order(s) of any court or tribunal.

(53) **"Prepayment Proceeds"** means the amounts paid by any Obligor(s) on any Prepayment, including pursuant to any legal proceedings for the recovery of any amounts from any Obligor(s) under the relevant Underlying Document.

(54) **"Principal"** means the Series A1 Principal.

(55) **"Prospective Investor"** means a person eligible to be an Investor and to whom a PTC Holder wishes to transfer any PTC held by it.

(56) **"PTC Register"** means the register of PTC Holders maintained in accordance with the Trust Deed.

(57) **"Purchase Consideration"** means the amount payable by the Trustee, from the subscription amounts paid by the Investors, to the Seller in consideration of the Seller assigning the Receivables to the Trustee to be held by the Trustee for the benefit of the Investors.

(58) **"Rating Agency"** means India Ratings and Research Private Limited, which has been appointed for the purpose of rating the PTCs.

(59) **"RBI"** means the Reserve Bank of India.

(60) **"Receivables"** means the aggregate of all amounts payable by the Obligors to the Seller from the Commencement Date, including all principal amounts, interest (both accrued and unpaid interest as at the Commencement Date and all future interest), additional interest, overdue charges, liquidated damages, penalties/premium received on prepayment and/or foreclosure, penal charges, Prepayment Proceeds, all amounts due and payable in respect of the Facilities including on account of delayed payments, any penal charges, any costs, charges, expenses, fees collected by the Seller and any other amounts stipulated in the Facility Agreements and/or the Underlying Documents.

(61) **"Record Date"** means the date for determination of the registered Investors with the Registrar and Transfer Agent, being the day that occurs on the 1st (first) day of every month.

(62) **"Registrar and Transfer Agent"** means a person who has agreed to act as the registrar and transfer agent for the PTCs or such other person who may be appointed as the registrar and transfer agent in its place by the Trustee.

(63) **"Regular Collections"** means, in respect of any Collection Period, all amounts collected in such Collection Period, in respect of Facility Agreements relating to the Receivables (including premium on Prepayment, if any) and any withdrawals from the Cash Collateral but excluding Prepayment Proceeds received in such Collection Period.

(64) **"Residual Beneficiary"** means the Seller.

(65) **"SEBI"** means the Securities and Exchange Board of India.

(66) **"Securitisation Directions"** means the Master Direction bearing reference number DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 issued by the RBI on "*Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021*", read together with, to the extent applicable, the Master Direction bearing reference number DOR.STR.REC.51/21.04.048/2021-22 dated September

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24, 2021 issued by the RBI on "*Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021*", each as amended, modified, supplemented or restated from time to time.

(67) "**Securitisation Documents**" means the Trust Deed, the Assignment Agreement, the Servicing Agreement, the Accounts Agreement, the power of attorney and includes all other instruments, deeds and documents executed or entered into by or between or among the Trustee, the Seller and the Servicer from time to time, for the purpose of securitising the Receivables.

(68) "**Securitisation Listing Framework**" means the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 read together with the circular issued by SEBI bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on "*Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper*", each as amended, restated, supplemented or modified from time to time.

(69) "**Security Interest**" means any mortgage, pledge, lien, charge, assignment, hypothecation, encumbrance or security interest or any other agreement or arrangement having a similar effect.

(70) "**Seller**" or "**Originator**" or "**Spandana Sphoorty Financial Limited**" means Spandana Sphoorty Financial Limited, a company incorporated under the Companies Act, 1956 and registered with the Reserve Bank of India as a non-banking financial company - microfinance institution, having its registered office at Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, Raidurg Panmaktha, Rangareddi, Hyderabad, Telangana - 110092, India.

(71) "**Senior Costs**" means the costs incurred by the Trustee, which are to be paid/reimbursed in the following order of priority:

(a) all statutory and regulatory dues. However, if such statutory or regulatory dues relate to the Receivables on or prior to the Pool Cut Off Date and are due and unpaid by the Seller, the Trustee will call upon the Seller to reimburse such amounts;

(b) any fees or expenses incurred or payable by the Trustee in relation to the obligations and duties contained in the Securitisation Documents, including any payments made to any service providers (including Servicing Fee) as may be required under the terms of the Securitisation Documents. This will include the costs relating to any legal advice, legal proceedings, the cost of advocates, solicitors and counsel, any expenses incurred by the Trustee or any funds payable to the Rating Agency, the Auditor, the Collection Bank and/or the Approved Bank whether such expenses are payable by the Seller but have not been paid by the Seller or otherwise; and

(c) all other expenses or costs enumerated in Clause 4.6 of the Trust Deed and not forming part of (a) or (b) above.

(72) "**Series A1 Final Maturity Date**" means September 17, 2025.

(73) "**Series A1 Interest**" means the interest payable to the Series A1 Investors at the Series A1 Interest Rate, calculated as the product of the outstanding Series A1 Principal, the Series A1 Interest Rate and the actual number of days between 2 (two) consecutive Payout Dates divided by 365 (three hundred and sixty five) days, and due and payable on the Payout Dates as set out in Annexure 2.

(74) "**Series A1 Interest Rate**" means 10.05% (ten decimal zero five percent) per annum payable monthly.

(75) "**Series A1 Investor Payouts**" means the amounts to be paid to the Series A1 Investors as per the Waterfall Mechanism, in the manner and on the relevant Payout Dates set out in Annexure 2, wherein:

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(a) the Series A1 Interest is payable to the Series A1 Investors on each Payout Date until the Payout Date on which the Series A1 Principal is paid in full;

(b) the Series A1 Principal is only expected to be paid on each Payout Date and is due and payable on the Series A1 Final Maturity Date;

(c) any shortfalls in the payment of the expected Series A1 Principal will be carried forward as payment in arrears and will be paid out on a future Payout Date as and when there are sufficient Total Collections to meet the shortfall, in accordance with the Waterfall Mechanism;

(d) any Prepayment Proceeds shall be utilised for accelerated redemption of the Series A1 Principal; and

(e) all Investor Payouts shall follow the priority of payments as set out in the Waterfall Mechanism.

(76) "**Series A1 Principal**" means the principal amounts aggregating to INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three) expected to be paid to the Series A1 Investors on each Payout Date, and due to be paid to the Series A1 Investors on the Series A1 Final Maturity Date.

(77) "**Series A1 PTC Holder(s)**" or "**Series A1 Investor(s)**" or "**Senior Tranche Investor(s)**" means the Investor(s) holding the Series A1 PTCs from time to time.

(78) "**Series A1 PTCs**" or "**Senior Tranche PTCs**" means the certificates issued by the Trustee to any Investor(s) evidencing the undivided beneficial interest of such Investor(s) and entitling such Investor(s) to receive the Series A1 Investor Payouts in the manner specified herein.

(79) "**Servicer**" means Spandana Sphoorty Financial Limited, a company incorporated under the Companies Act, 1956 and registered with the Reserve Bank of India as a non-banking financial company - microfinance institution, having its registered office at Galaxy, Wing B, 16th Floor, Plot No.1, Sy No 83/1, Hyderabad Knowledge City,TSIIC, Raidurg Panmaktha, Rangareddi, Hyderabad, Telangana - 110092, India, or any other person appointed as the servicer in accordance with the Servicing Agreement.

(80) "**Servicer Event(s) of Default**" means, in respect of the Servicer, the occurrence of any of the following events:

(a) inability to pay its debts within the meaning of Applicable Law, or the filing of a petition/application for insolvency/bankruptcy or any event analogous to the above;

(b) any resolution being passed, resolving or to consider resolving that the Servicer be wound up voluntarily;

(c) an order for winding up or insolvency of the Servicer is made by any competent court or tribunal, including under the (Indian) Insolvency and Bankruptcy Code, 2016 and any rules and regulations made thereunder;

(d) a moratorium or an interim moratorium is declared in respect of the Servicer under the (Indian) Insolvency and Bankruptcy Code, 2016 and any rules and regulations made thereunder;

(e) a receiver, liquidator, administrator or insolvency professional has been appointed or allowed to be appointed for all or substantial part of the undertaking of the Servicer including under the (Indian) Insolvency and Bankruptcy Code, 2016 and any rules and regulations made thereunder;

(f) an order for suspension of business or winding up, liquidation, administration or resolution of

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the Servicer is made by any Competent Authority;

(g) any default or negligence on the part of the Servicer as a result of which the Trustee is prevented from or is unable to enforce any proceedings for recovery of any Receivables;

(h) any breach of the Servicing Agreement or any other Securitisation Documents by the Servicer or any other failure on the part of the Servicer to observe or perform in any respect any covenant or obligation or undertaking under the Transaction Documents that (i) has a material adverse effect on the ability of the Servicer to continue to perform its obligations under the Transaction Documents, or (ii) is likely to be prejudicial to the Receivables in any way, including in respect of either the collection of the Receivables or enforcement proceedings in respect of the Receivables;

(i) any failure of the Servicer to collect amounts constituting the Receivables and remit/deposit them into the Collection and Payment Account on or prior to each Payin Date;

(j) any Underlying Document becoming unenforceable due to the failure of the Servicer to obtain any Authorisation required by or from any Competent Authority; or

(k) the failure of 2 (two) successive Discretionary Audits testing the ability of the Servicer to meet the standards with respect to collection standards, management, governance, internal systems and processes, and data integrity as may be required by the Trustee.

(81) **"Servicing Agreement"** means the servicing agreement dated on or about the date of the Trust Deed by and among the Servicer, the Seller and the Trustee, whereby, *inter alia*, the Servicer is appointed to manage the collection of the Receivables as per the Underlying Documents.

(82) **"Servicing Fee"** means the servicing fee of INR 10,000 (Indian Rupees Ten Thousand), plus applicable goods and services tax, to be paid to the Servicer in accordance with the Servicing Agreement and the Trust Deed.

(83) **"Settlement Date"** means the date of execution of the Trust Deed.

(84) **"Total Collections"** means, in respect of any Collection Period, the aggregate of the Regular Collections and the Prepayment Proceeds received in such Collection Period.

(85) **"Transaction Documents"** means the Securitisation Documents and the Underlying Documents, or one or more of them, as the context may require.

(86) **"Trust"** or **"Issuer"** or **"SPV"** or **"SPDE"** means the **Kashipur 02 2024** trust, a private trust settled in India in accordance with the Indian Trusts Act, 1882 by the Settlor/Sponsor under the terms of the Trust Deed.

(87) **"Trust Deed"** means the amended and restated declaration of trust dated on or about the date of this IM entered into by Vardhman Trusteeship Limited (in its capacity as the settlor of the Trust) and the Trustee, declaring that the Trustee will hold the Trust Property in trust and for the benefit of the Beneficiaries, as amended and/or restated from time to time.

(88) **"Trust Property"** means the Initial Contribution, all other contributions received by the Trustee including contributions received from the Investors towards subscription amounts for the PTCs, the Assigned Assets and all amounts deposited with the Trust on realisation of the Assigned Assets from time to time in accordance with the Securitisation Documents, the Underlying Documents and the Cash Collateral.

(89) **"Underlying Documents"** means, collectively, all documents, instruments, records pertaining to the Facilities, including without limitation, all Facility Agreements, demand promissory notes and other

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negotiable instruments, guarantees and all other underlying indemnities and correspondence and records relating to the Receivables, as amended and/or restated from time to time.

(90) **"Waterfall Mechanism"** means the fund flow priorities as more particularly detailed in Section 2.3 below.

CHAPTER 2: EXECUTIVE SUMMARY

This Information Memorandum seeks to provide relevant details of securitisation of certain loan assets together with all other present and future rights and benefits arising there from. The Assigned Assets (as defined hereinafter) comprise of *inter alia* loan receivables arising from the loan facilities extended by the Originator, in the ordinary course of business extended by the Seller to the Obligors for various business activities.

All the expressions used in this document shall unless repugnant to the context or meaning thereof carry the same meanings herein as are assigned to them in the paragraph under the heading "Definitions and Glossary of Terms".

2.1 INTRODUCTION TO SECURITISATION

Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) to the investors evidencing the beneficial ownership of the investors in the receivables. The financial instruments are rated by an independent credit rating agency. Additional credit support is provided in order that the instrument may receive the desired level of rating. Typically the servicing of the receivables is continued by the seller. Cash flows as and when they are received are passed on to the investors. Features of securitisation transactions include:

(a) Absolute and valid sale of assets to an SPV (with defined purposes and activities) in trust for the investors;

(b) Reliance by the investors on the performance of the assets for repayment - rather than the credit of their originator (the seller) or the issuer (the SPV);

(c) Consequent to the above, "bankruptcy remoteness" of the SPV from the originator;

(d) Support for timely payments, *inter-alia*, in the form of suitable credit enhancements;

(e) Securitised debt paper usually achieves a high investment grade credit rating.

2.2 BRIEF DESCRIPTION OF THE TRANSACTION

(a) Kashipur 02 2024 ("**Trust**") is proposed to be set up as a special purpose trust, settled by Vardhman Trusteeship Private Limited under a Trust Deed for acquiring:

   (i) the Receivables together with all rights, title and interests therein;

   (ii) all its rights, title and interests under the Facility Agreements and other Underlying Documents and all documents and data pertaining to the Receivables; and

   (iii) the right, title and interest in the Cash Collateral, free and clear of any lien or encumbrance, save and except the rights that are personal in nature ((i) to (iii) are collectively referred to as the "**Assigned Assets**"), as property of the Trust in trust for and for the benefit of the certain investors, who subscribe to the pass through certificates issued by the Trust.

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(b) The objectives and permitted activities of the SPV are as laid out in Section 7 below.

(c) **Objects of the Offer**: The issue proceeds received from the Investors for subscribing to the PTCs, will be used by the Trust to pay to the Seller consideration for the Assigned Assets.

(d) The Issuer will issue Pass Through Certificates (PTCs) to the Investors in lieu of the Investors subscribing to the PTCs. The Series A1 PTCs shall be listed in terms of the Securitisation Listing Framework.

(e) The Series A1 Investors shall be entitled to obtain the Series A1 Interest together with the principal amount of the Series A1 PTCs. The Series A1 PTCs would be issued in dematerialised form and shall be listed on BSE Limited as securitised debt instruments under the Securitisation Listing Framework, within the time period prescribed under the Securitisation Listing Framework.

(f) The Originator will provide or cause to be provided certain credit enhancement in relation to the Assigned Assets which will be in line with the recommendations set out by the Rating Agency for achieving the rating for the Series A1 PTCs.

(g) To meet the MRR stipulated by the RBI, in relation to the Assigned Assets being sold, the Originator is providing Cash Collateral which amounts to 7% (seven percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. In addition to the above, subordinated facilities principal/over-collateralisation comprising 8% (eight percent) of the principal outstanding under the Pool as of the Pool Cut Off Date is also available to the Trust.

(h) Spandana Sphoorty Financial Limited will be appointed as the servicer in relation to the Assigned Assets and in that capacity the Servicer shall be entitled to enforce the Receivables for and on behalf of the Trust.

(i) Claims or rights of the Investors of a particular series or tranche to receive payment of the Receivables shall rank *pari passu* inter-se and there shall be no difference in the rights, title and interest between the Investors vis-à-vis that particular series or tranche, irrespective of the date on which the Application Money shall have been paid by them.

(j) Each PTC of a particular series or tranche, will evidence the Investor's respective *pro-rata* share and undivided beneficial interest in the Assigned Assets on a *pari-passu* basis.

(k) The Series A1 PTCs have been assigned a provisional rating of AA- (SO) by the Rating Agency. The rating rationale of the Rating Agency is annexed to this Information Memorandum and marked as **Annexure 4**. However, this is an indicative rating and is contingent upon the receipt of final documents conforming to information already received.

(l) The Seller will have the Clean Up Call Option.

2.3 PRINCIPAL TERMS OF THE SECURITISATION TRANSACTION

Nature of Instrument	Securitised Debt Instruments being Pass Through Certificate evidencing beneficial interest in the Receivables as more particularly set out under **Annexure 2** hereto.
Issuer	Kashipur 02 2024
Originator / Seller	Spandana Sphoorty Financial Limited
Trustee	Vardhman Trusteeship Private Limited
Credit Enhancement Provider	Spandana Sphoorty Financial Limited
Collection Bank	SBM Bank (India) Limited acting through its branch located at Ground Floor, Atlanta Building, 209, Nariman Point, Mumbai - 400021, Maharashtra, India

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Servicer	Spandana Sphoorty Financial Limited
Rating Agency	India Ratings and Research Private Limited
Legal Counsel	Phoenix Legal
Obligors	means, collectively, all the persons who have availed the Facilities comprising the Pool from the Seller under the terms of the Facility Agreements entered into between such persons and the Seller and who are liable to make payments of amounts due to the Seller as stipulated thereunder, and all persons that have provided any guarantee(s) and/or contractual comfort and/or security (if any) in respect of the Facilities.
Receivables	means the aggregate of all amounts payable by the Obligors to the Seller from the Commencement Date, including all principal amounts, interest (both accrued and unpaid interest as at the Commencement Date and all future interest), additional interest, overdue charges, liquidated damages, penalties/premium received on prepayment and/or foreclosure, penal charges, Prepayment Proceeds, all amounts due and payable in respect of the Facilities including on account of delayed payments, any penal charges, any costs, charges, expenses, fees collected by the Seller and any other amounts stipulated in the Facility Agreements and/or the Underlying Documents. The details of the Receivables are more particularly provided in **Annexure 6** herein.
Structure	Par
Aggregate Pool Principal	INR 54,34,71,439 (Indian Rupees Fifty Four Crore Thirty Four Lakh Seventy One Thousand Four Hundred and Thirty Nine) as on the Pool Cut Off Date
Aggregate Pool Cashflows	INR 65,45,91,279 (Indian Rupees Sixty Five Crore Forty Five Lakh Ninety One Thousand Two Hundred and Seventy Nine) as on the Pool Cut Off Date.
Aggregate Excess Interest Spread	INR 7,78,56,335 (Indian Rupees Seven Crore Seventy Eight Lakh Fifty Six Thousand Three Hundred and Thirty Five) as on the Pool Cut Off Date.
Series A1 PTC Subscription Amount	INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three)
Pool Cut-off Date	December 31, 2023
Transfer Date/Commencement Date	January 1, 2024
PTCs	Series A1 PTCs
Purchase Consideration	INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three)
Rating of Series A1 PTCs	AA- (SO) by India Ratings and Research Private Limited for Series A1 PTCs
Servicer Fees	INR 10,000 (Indian Rupees Ten Thousand), plus applicable goods and services tax, to be paid to the Servicer in accordance with the Servicing Agreement and the Trust Deed
Series A1 Interest Rate	10.05% (ten decimal zero five percent) per annum payable monthly
Face Value of Series A1 PTCs	INR 1 (Indian Rupee One)
Series A1 Investor Payouts	means the amounts to be paid to the Series A1 Investors as per the Waterfall Mechanism, in the manner and on the relevant Payout Dates set out in Annexure II, wherein: (a) the Series A1 Interest is payable to the Series A1 Investors on each Payout Date until the Payout Date on which the Series A1 Principal is paid in full;

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	(b) the Series A1 Principal is only expected to be paid on each Payout Date and is due and payable on the Series A1 Final Maturity Date; (c) any shortfalls in the payment of the expected Series A1 Principal will be carried forward as payment in arrears and will be paid out on a future Payout Date as and when there are sufficient Total Collections to meet the shortfall, in accordance with the Waterfall Mechanism; (d) any Prepayment Proceeds shall be utilised for accelerated redemption of the Series A1 Principal; and (e) all Investor Payouts shall follow the priority of payments as set out in the Waterfall Mechanism.
Yield/Interest Type	Fixed
Default Interest Rate	means the aggregate of the prevailing Series A1 Interest Rate and 2% (two percent) per annum.
Aggregate Cashflows	As set out in **Annexure 2.**
Form of Credit Enhancement	The Credit Enhancement would comprise of cash Collateral (external credit enhancement). In addition, the Excess Interest Spread and subordinated facilities principal/over-collateral (internal credit enhancement) is also available to the Trust.
Utilisation of Credit Enhancement	(a) The Cash Collateral shall amount to 7% (seven percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. The Seller/Facility Provider will transfer the Cash Collateral, in the form and manner provided under the Assignment Agreement and the other Securitisation Documents, or in such other form and manner as may be acceptable to the Rating Agency and the Trustee. In addition to the Cash Collateral, internal credit enhancement by way of the EIS and the subordinated facilities principal/over-collateral in respect of the Facilities shall also be available to the Trust, and shall be utilized in accordance with the Waterfall Mechanism as part of the Total Collections on the Payout Dates. The Cash Collateral shall be drawn upon only to make payments towards Investor Payouts due to any shortfall/insufficiency of the Total Collections arising out of Defaults and/or Prepayments, in accordance with the Securitisation Directions. In this regard, it is confirmed that: (i) the Cash Collateral is fully provided at the initiation of the securitisation transaction contemplated under the Trust Deed and the other Transaction Documents; and (ii) the Trust Deed and the Assignment Agreement do not contain any provisions that would require the amount of the Cash Collateral provided to be increased during the life of the securitisation transaction contemplated under the Trust Deed and the other Transaction Documents. (b) When Cash Collateral is required to be utilised, the Trustee will: (i) call upon the Approved Bank in writing, not later than 4:00 p.m. on such day which is 1 (one) Business Day prior to the relevant Payout Date or the Maturity Date (as the case may be), to remit

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such amounts available under the Cash Collateral as are required to meet the shortfall into the Collection and Payment Account; and

(ii) on receiving the above written instructions, the Approved Bank will forthwith make the credit of the amount instructed by the Trustee into the Collection and Payment Account.

In the event such day is not a Business Day, then the Trustee will call upon the Approved Bank in writing, not later than 4:00 p.m. on such day which is 2 (two) Business Days prior to the relevant Payout Date or the Maturity Date, to remit such amounts available under the Cash Collateral as are required to meet the shortfall into the Collection and Payment Account.

(c) On the Payin Date immediately preceding a Payout Date or the Maturity Date, if there is a shortfall in the Total Collections in meeting the Series A1 Interest due (including any Overdue Series A1 Interest) to be paid to the Series A1 Investors on the Payout Date in accordance with the Waterfall Mechanism, then the Trustee will follow the procedure set out in paragraph (b) above, wherein the amounts/proceeds of the utilisation of the Cash Collateral pursuant to paragraph (b) above shall be used to make payments to the Series A1 Investors.

(d) On the Payin Date immediately preceding the Series A1 Final Maturity Date, if there is a shortfall in the amount required for the payment of the Series A1 Principal to the Series A1 Investors, then the Trustee will follow the procedure set out in paragraph (b) above.

(e) The Cash Collateral provided by the Seller/Facility Provider will be drawn down to the extent of any losses (whether due to Prepayment and/or Default) in the Pool. The Cash Collateral will be replenished on each Payout Date from amounts lying in the Collection and Payment Account in the manner set out in Waterfall Mechanism. However, replenishments to the Cash Collateral will be made only to the extent that the Cash Collateral was drawn upon to meet prior shortfalls.

(f) Any interest that may accrue on the Cash Collateral shall be to the credit of the Seller/Facility Provider and shall be remitted by the Approved Bank into such account of the Seller/Facility Provider as may be designated by it and in the manner set out in the Accounts Agreement.

(g) All or part of the Cash Collateral may, at any time, be reset in accordance with the Securitisation Directions and with the consent of all the PTC Holders. Any reset of the Cash Collateral can take place only after at least 50% (fifty percent) of the aggregate principal amounts of the PTCs have been amortised and the credit enhancement thresholds are met, and thereafter, at such steps/thresholds and with such minimum period between resets of credit enhancements as are prescribed in the Securitisation Directions.

(h) Any unused Cash Collateral provided by the Seller/Facility Provider in relation to the Receivables together with applicable interest thereon may

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	be remitted to the Seller/Facility Provider in accordance with the Securitisation Directions and the Securitisation Documents, subject to all amounts payable to the Investors under the Trust Deed having been paid. All costs and expenses for such transfer shall be borne by the Seller/Facility Provider.
Liquidity Support	Not applicable.
Collection & Payout Account / CPA	The Collection & Payout Account / CPA refers to the current account maintained with the Collection Bank and operated solely by the Trustee. The Servicer shall deposit all collections from the Receivables in the CPA and the amounts available in the CPA shall be utilized by the Trustee for making the payments due in terms of the Waterfall Mechanism.
Payment Waterfall / Waterfall Mechanism	(I) The Waterfall Mechanism is based on the following principles: (a) Until the Series A1 Principal is redeemed in full, the Series A1 Interest shall be due and payable on each Payout Date. (b) The Series A1 Principal shall be expected to be paid on each Payout Date, and shall be due and payable on the Series A1 Final Maturity Date. (c) All collections in the Pool will be used to pay the Series A1 Investor Payouts in accordance with the priority of payments set out in the Waterfall Mechanism. (II) On each Payout Date, the proceeds realised and deposited in the Collection and Payment Account by the Servicer, along with any amounts withdrawn by the Trustee from the Cash Collateral, will be utilised in the following order of priority. (a) Until such time the Series A1 PTCs have not been fully redeemed, the Total Collections, all amounts remaining in the Collection and Payment Account from any previous Collection Period (if any), the Clean Up Purchase Consideration (if such amounts have been received), and any amounts recovered pursuant to any legal proceedings, shall be utilised by the Trustee in the following order of priority: (i) payment of Senior Costs. PROVIDED THAT the Servicing Fee shall only be appropriated from the EIS component of the Total Collections, and if, in any Collection Period the EIS component of the Total Collections is insufficient to make a complete payment of the Servicing Fee, then the deficit portion of the Servicing Fee shall be paid out in the next occurring Collection Period(s); (ii) payment of the Overdue Series A1 Interest; (iii) payment of the Series A1 Interest due;

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	(iv) payment of expected Series A1 Principal (including any unpaid expected amounts in respect of the Series A1 Principal pertaining to earlier Collection Periods); (v) any Prepayment Proceeds will be utilised for pre-payment of Series A1 Principal; (vi) reimbursement of the Cash Collateral (to the extent drawn on any Payout Date and not reimbursed already); and (vii) for payment to the Residual Beneficiary. (b) On complete redemption of the Series A1 PTCs, the Total Collections, all amounts remaining in the Collection and Payment Account from any previous Collection Period (if any), the Clean Up Purchase Consideration (if such amounts have been received), and any amounts recovered pursuant to any legal proceedings, shall be utilised by the Trustee in the following order of priority: (i) payment of Senior Costs; (ii) reimbursement of the Cash Collateral (to the extent drawn on any Payout Date and not reimbursed already); and (iii) payment to the Residual Beneficiary. (c) Any amounts recovered pursuant to any legal proceedings and the Clean Up Purchase Consideration (if such amounts have been received) shall be utilised by the Trustee in the following order of priority: (i) application towards payments in accordance with paragraph (a) above; and (ii) application towards payments in accordance with paragraph (b) above.
Prepayments	means: (a) the early payment by any Obligor(s) of any principal instalments outstanding on any Facility Agreement(s) and balance interest thereon, where applicable (as per the provisions of such Facility Agreement(s)); (b) the early payment by any Obligor(s) of any amounts, including balance interest (if any) for the remaining period of any Facility(ies), where applicable (as per the provisions of such Facility Agreement(s)), and principal instalments outstanding under such Facility Agreement(s) pursuant to the termination of any Facility Agreement(s), whether voluntary or pursuant to any order(s) of any court or tribunal; or (c) the early payment of any amounts, including balance interest (if any) in

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	respect of any Facility, pursuant to the foreclosure of any of such Facility, whether voluntary or pursuant to any order(s) of any court or tribunal.
Prepayment Proceeds	means the amounts paid by any Obligor(s) on any Prepayment, including pursuant to any legal proceedings for the recovery of any amounts from any Obligor(s) under the relevant Underlying Document.
Clean-up Call Option	(a) Subject to Applicable Law, at any time after the residual value i.e., value of outstanding principal of the Facilities comprising the Pool, falls below the thresholds prescribed under the Securitisation Directions, the Seller will have the option to buy fully performing Facilities, exercisable by the Seller in its sole discretion ("**Clean Up Call Option**"), in accordance with the Securitisation Directions. This option may be exercised only if, at the time of exercise of the Clean Up Call Option by the Seller, the amount available under the Cash Collateral is greater than the principal balance of non-performing Facilities belonging to the Pool. (b) Upon exercise of the Clean Up Call Option by the Seller, the price payable by the Seller will be an amount arrived at on the basis of the net present value of the outstanding amounts of such fully performing Facilities as of the date of exercising the Clean Up Call Option. The Clean Up Call Option shall be exercised in accordance with the Securitisation Directions. (c) It is clarified that pursuant to the Clean Up Call Option, the Seller only has an option (and not an obligation) to re-purchase the Receivables that are performing and that the Clean Up Call Option is to be exercised in accordance with the Securitisation Directions. The Clean Up Call Option is exercisable at its sole discretion at the thresholds prescribed under the Securitisation Directions, only if, at the time of exercise of the Clean Up Call Option, the amount available under the Cash Collateral is greater than the principal balance of non-performing Facilities belonging to the Pool. Therefore, the Clean Up Call Option is not structured to avoid allocating losses to credit enhancements or positions held by the Investors or structured to provide any credit enhancements.
Any class or tranche not being offered to public	The PTCs are privately placed and are not offered to the public.
Interest Payment Date	On the Payout Date as set out in **Annexure 2** hereto.
Principal Payment Date	On the Payout Date as set out in **Annexure 2** hereto.
Optional Redemption	Not Applicable
Possibility of extension or shortening of period of PTC	Upon the delay in payments by the Obligors, the tenor of the PTCs may be increased. Please also refer to the sub-section named "*Risk of prepayment in respect of the PTCs*" below.
Risk of prepayment in respect of the PTCs	Upon any prepayment by any Obligor and/or any foreclosure, the Prepayment Proceeds collected shall be paid to the Investors on the immediately succeeding Payout Date in accordance with the provisions of the Securitisation Documents. Therefore, the PTC may be prepaid on account of the any Prepayment and/or foreclosure of the Facilities.
First Payout Date	As set out in **Annexure 1.**

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Last Payout Date/Maturity Date	As set out in **Annexure 1.**

2.4 PRINCIPAL TERMS OF THE SERIES A1 PTCS

Issue Opening Date	February 15, 2024
Issue Closing Date	February 20, 2024
Deemed Date of Allotment	February 20 2024
First Payout Date	February 28, 2024
Last Payout Date in relation to Series A1 PTCs	Expected Maturity date of Series A1 PTCs shall be June 17, 2025 Legal Final Maturity date of Series A1 PTCs shall be September 17, 2025
Legal Final Maturity in relation to Series A1 PTCs (in months)	September 17, 2025
No. of Series A1 PTCs	49,99,93,723
Price Per Series A1 PTC	INR 1 (Indian Rupee One)
Minimum Subscription / Minimum Ticket Size for Series A1 PTC	INR 1,00,00,000 (Indian Rupees One Crore) (i.e., Series A1 Investor (or transferee of a Series A1 Investor) has to acquire at least 1,00,00,000 (one crore) number of PTCs and multiples of 1 (one) PTC thereafter

2.5 RATING

The Rating Agency has given a provisional rating of AA- (SO) for Series A1 PTCs. However, this is an indicative rating and is contingent upon the receipt of final documents conforming to information already received in relation to the Certificates. The ratings are not a recommendation to subscribe to or purchase, hold or sell or redeem the Series A1 PTCs in as much as the ratings do not comment on its suitability to a particular Investor. There is no assurance either that the rating will remain at the same level for any given period of time or that the credit rating will not be lowered or withdrawn entirely by the Rating Agency. The Rating Agency will also issue the final rating after the compliance with the terms of the provisional rating.

2.6 APPLICATION FOR CERTIFICATES

The subscription period will open on February 15, 2024 and close on a date not later than February 20, 2024. The investors have to submit applications (by submitting the duly filled up and signed form annexed hereto and marked as **Annexure 3**) and make payment of the subscription amounts by a cheque/ demand draft payable high value in Mumbai, India by RTGS such that the credit is received no later than 4.00 p.m. on or prior to the day of closure of issue. The Deemed Date of Allotment for the Certificates shall be February 20, 2024 (**"Deemed Date of Allotment"**).

CHAPTER 3: THE TRANSACTION STRUCTURE

3.1 TRANSACTION STRUCTURE

(a) Spandana Sphoorty Financial Limited is the Originator/Seller/Servicer of the Assigned Assets.

(b) The Originator shall assign and sell the Receivables to a Special Purpose Vehicle (SPV), which is a Trust, namely "Kashipur 02 2024" settled by Vardhman Trusteeship Private Limited under the Trust Deed for acquiring the Assigned Assets as property of the Trust in trust for and for the benefit of the Investors.

(c) The Trust will purchase the Assigned Assets from the Originator, by using the amounts received from the Investors as advances for issuing the PTCs, and upon acquisition of the Assigned Assets issue the Series A1 PTCs to the Series A1 Investors.

(d) To meet the MRR stipulated by the RBI, in relation to the Assigned Assets being sold, the Seller shall provide the Cash Collateral of INR 3,80,43,001 (Indian Rupees Three Crore Eighty Lakh Forty Three Thousand and One) which constitutes 7% (seven percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. In addition to the above, subordinated facilities principal/over-collateralisation of INR 4,34,77,715 (Indian Rupees Four Crore Thirty Four Lakh Seventy Seven Thousand Seven Hundred and Fifteen) to the extent of 8% (eight percent) of the principal outstanding under the Pool as of the Pool Cut Off Date is also available to the Trust.

(e) The Seller shall maintain the MRR as a percentage of the unamortised principal on an ongoing basis.

(f) The PTCs issued by the Trust shall represent the undivided beneficial interest of the holder thereof in the Assigned Assets.

(g) The Series A1 PTCs have been given a provisional rating of AA -(SO) by the Rating Agency. The provisional rating shall be confirmed by the Rating Agency after the compliance with all the terms for the issue of the provisional rating.

(h) Vardhman Trusteeship Private Limited acting as the Trustee shall monitor the overall transaction on behalf of the beneficiaries of the Trust (being the investors in the PTCs) and shall be responsible for performing various actions to protect their interests.

(i) The Trustee will open and operate the Collection and Payout Account (**CPA**). The Cash Collateral which has been made available in the form of fixed deposits, will be lien marked in favour of the Trustee.

(j) The Cash Collateral shall be available to the Trust for the benefit of the Investors at all times until the Series A1 PTCs are completely redeemed.

(k) The Seller shall be responsible for bearing all initial costs in relation to the securitisation transaction, including but not limited to the fees of the Trustee, the Rating Agency, the Collection Bank, the stamp duty payable on the Transaction Documents, the fees of the legal counsel and the fees of any auditors appointed for inspecting the pool of Loans.

(l) The Credit Enhancement for the PTCs will comprise of the Cash Collateral, which Cash Collateral shall be provided by the Originator in such manner and to such extent as is required to ensure that the provisional rating of the Series A1 PTCs is confirmed by the Rating Agency.

(m) The Seller will be appointed as the Servicer in relation to the Assigned Assets. The Servicer shall collect the Receivables from the Obligors, and deposit all the collections realised therefrom into the CPA as per the terms of the Transaction Documents. The Servicer shall prepare the Monitoring Reports in relation to the collections and the outstanding dues, and make the same available to the Trustee at least 2 (two) days prior to each Payout Date.

(n) The Servicer shall not be entitled to any fees for the performance of various functions and activities as the Servicer other than as specifically set out in the Securitisation Documents and shall act as the Servicer in accordance with the provisions thereof.

(o) The Investor Payouts for the PTCs has been detailed in **Annexure 2.**

(p) The Seller will have the Clean Up Call Option.

(q) After all the Investor Payouts are made to the Investors, the balance amounts lying in the CPA as well as the outstanding Receivables and all right title and interest in relation thereto shall belong to the Residual Beneficiary in accordance with the Waterfall Mechanism.

3.2 RECEIVABLES

Receivables means the aggregate of all amounts payable by the Obligors to the Seller from the Commencement Date, including all principal amounts, interest (both accrued and unpaid interest as at the Commencement Date and all future interest), additional interest, overdue charges, liquidated damages, penalties/premium received on prepayment and/or foreclosure, penal charges, Prepayment Proceeds, all amounts due and payable in respect of the Facilities including on account of delayed payments, any penal charges, any costs, charges, expenses, fees collected by the Seller and any other amounts stipulated in the Facility Agreements and/or the Underlying Documents.

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3.3 INSTRUMENTS ON OFFER

Series A1 PTCs issued by Kashipur 02 2024:

The Series A1 PTCs having a rating of AA - (SO) by the Rating Agency.

Each Series A1 PTC represents a proportionate undivided beneficial interest in the Assigned Assets as specified in this Information Memorandum and will be issued pursuant to the various Securitisation Documents entered into by and between different parties to this securitisation transaction. The Series A1 PTCs do not represent an interest or obligation of the Trustee, the Originator/ Seller (other than to the limited extent of the Credit Enhancement provided by the Seller), the Servicer or any of their respective affiliates nor are the Series A1 PTCs or the underlying Receivables insured or guaranteed by the Trustee, the Originator/ Seller (other than to the limited extent of the Credit Enhancement provided by the Seller), the Servicer or any of their respective affiliates.

3.4 PAYIN DATES AND PAYOUT DATES

If:

(a) a Payin Date does not fall on a Business Day then the Total Collections from the previous Collection Period shall be credited/deposited into the Collection and Payment Account on the preceding Business Day; or

(b) a Payout Date or the Maturity Date does not fall on a Business Day, then the Investor Payouts will be made on the preceding Business Day.

Such preceding Business Day will be considered the relevant Payin Date, the relevant Payout Date or the Maturity Date, as the case may be, for the purposes of the Trust Deed and the other Securitisation Documents.

3.5 PAYMENT OF INTEREST

Interest at the Series A1 Interest Rate shall be payable on the Series A1 PTCs on the Payout Dates as specified in **Annexure 2.**

Series A1 Interest means the interest payable to the Series A1 Investors at the Series A1 Interest Rate, calculated as the product of the outstanding Series A1 Principal, the Series A1 Interest Rate and the actual number of days between 2 (two) consecutive Payout Dates divided by 365 (three hundred and sixty five) days, and due and payable on the Payout Dates.

3.6 PREPAYMENT AMOUNTS

Please refer the definitions of "*Prepayments*" and "*Prepayment Proceeds*" in Chapter 1 above and Section 2.3 above.

3.7 CREDIT ENHANCEMENT

Please refer Section 2.3 above.

3.8 IMPORTANT STRUCTURAL TRIGGERS

In the event of any Prepayments/Defaults and the expected cash flows from the Pool, and/or any change in the Effective Date pursuant to the terms of the Securitisation Documents , the cash flow schedules set out in the Trust Deed and the other Securitisation Documents will be updated by the Trustee (acting on the instructions of the Investors holding Majority Interest) in accordance with the Trust Deed and

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the other Securitisation Documents, wherein the Trustee shall (acting on the instructions of the Investors holding Majority Interest) prescribe a new schedule of payment of the Investor Payouts on all subsequent Payout Dates and/or a new schedule of expected cash flows from the Receivables comprising the Pool, each adjusted for the impact of (i) Prepayments/Defaults and the expected cash flows from the Pool, and/or (ii) any change in the Effective Date pursuant to the terms of the Securitisation Documents.

3.9 MATERIAL CONTRACTS

The Originator has entered into the Facility Agreements with the Obligors under the terms of which the Facilities have been advanced by the Originator to the Obligors.

3.10 NO RECOURSE

(a) Subject to terms and provisions of the Securitisation Documents, in respect of the Assigned Assets, the Trustee will not have any recourse against the Seller on account of any reason whatsoever.

(b) Further, it is expressly agreed that the Seller shall not be required to make good any losses suffered by the Trustee, on behalf of the Trust, and/or the Beneficiaries due to the non-receipt of the Receivables except to the extent of the Credit Enhancement provided by it.

(c) Any re-scheduling, restructuring or re-negotiation of the terms of the Underlying Documents after the transfer of the Receivables to the Trustee will be done only with the consent of the Trustee and shall be binding on the Trust and not on the Seller.

(d) Subject to paragraph (e) below, if any representation or warranty set forth in the Assignment Agreement by the Seller is found to be incorrect and which materially and adversely affects the interests of the Trustee in the Assigned Assets and if such misrepresentation has not been rectified by the Seller within 30 (thirty) days after a notice for rectification/claim in respect thereof has been given to the Seller by the Trustee, the Seller will, at the option of the Trustee acting as per the instructions of the Investors holding Majority Interest, either:

(i) substitute the Receivables in respect of which there is a misrepresentation with any other receivables, which, in the opinion of the Trustee, are similar to the substituted Receivables as to the principal amount, maturity, interest and frequency of payments. PROVIDED THAT any substitution of receivables pursuant to this paragraph (i) shall be done with the prior approval of the Rating Agency; or

(ii) repurchase the Receivables in respect of which there is a misrepresentation by credit to the Collection and Payment Account of an amount equal to the principal amount of such Receivables.

However, if the Seller is unable to substitute the Receivables with receivables as contemplated in paragraph (i) above, it may instead elect to repurchase such Receivables in the manner set out in this paragraph (ii). The Seller will notify and keep notified the Department of Supervision of the Reserve Bank of India of any substitution/replacement pursuant to this paragraph (d).

(e) The Seller's obligation under paragraph (d) above is subject to the breach of representation and warranty being exercised no later than 120 (one hundred and twenty) days from the Effective Date and any subsequent assignment will be deemed to be on the same terms and conditions as applicable to the original assignment under the Securitisation Documents. It is also agreed and acknowledged that this is an additional remedy and other remedies as set out in the Assignment Agreement and Applicable Law (subject to the Securitisation Directions) continue to be available to the Trustee (irrespective of the