terms of the Assignment Agreement) until all the Investor Payouts have been made in full to the Investors.

(f) Without prejudice to paragraphs (e) and (f) above, if any representation or warranty set forth in the Assignment Agreement by the Seller is found to be incorrect or misleading or is breached and if such misrepresentation/breach, to the extent capable of rectification/remedy in the opinion of the Trustee (acting on the instructions of the Investors holding Majority Interest), has not been rectified/remedied 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, if so required by the Trust, pay damages for such misrepresentation, subject to compliance with the requirements prescribed in the Securitisation Directions. The Seller will notify and keep notified the Department of Supervision of the Reserve Bank of India of any payment of damages pursuant to this paragraph (f).

(g) The Trustee acknowledges that save as set out in this Section 3.10, the Seller is not under any obligation to re-purchase or fund the re-payment of the Assigned Assets (or any part thereof) or, substitute or provide additional Assigned Assets to the Trust. It is hereby clarified that other remedies as set out in the Assignment Agreement continue to be available to the Trustee (irrespective of the terms of the Assignment Agreement) till all the Investor Payouts have been made in full to the Investors.

3.11 CASH FLOW APPROPRIATION AND DISTRIBUTION

(a) **Collection of Instalment**

The Trustee shall open the CPA with the Collection Bank. The Servicer shall remit all collections on the pools pertaining to the CPA.

(b) **Investor Payouts determination**

All amounts constituting the Receivables, including any advance payments and Prepayment Proceeds, collected by the Servicer in a single Collection Period will be credited/deposited into the Collection and Payment Account on the Payin Date following such Collection Period.

The Trustee will determine the adequacy of the funds contained in the Collection and Payment Account, on each Payin Date, to make the Investor Payouts to the Investors in the manner provided herein and in the Accounts Agreement. In the event that the funds in the Collection and Payment Account are inadequate or insufficient to make the Investor Payouts to the Investors, the Trustee will utilise the Cash Collateral to make good such shortfall, in the manner provided in the Trust Deed, and in the Accounts Agreement.

3.12 WATERFALL MECHANISM

Please refer Section 2.3 above.

3.13 METHOD OF PAYMENT

All payments by the Trustee to the Investors shall be made by a RTGS/NEFT/Funds Transfer and payable in Mumbai.

3.14 WITHHOLDING TAXES

(a) On deduction of tax at source ("**TDS**") from the payment of the Receivables made by the Obligors to the Seller, the Seller will, in consideration for subsequently availing of the benefit of the TDS credit, make payment of the amount of TDS into the Collection and Payment Account which will be used for distribution to the Investors. Such payment will be made by the Seller

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during the Collection Period preceding each Payout Date.

(b) Only against actual deduction of TDS by the Obligors on payments collected by the Seller would the Seller be required to make payment of the amount of TDS. The Seller has no obligation to make any such payment if the Obligors default in making payments or make payment without TDS.

3.15 AUDIT

The Auditor shall 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.

3.16 REPRESENTATIONS AND WARRANTIES

The Seller hereby makes the following representations and warranties as of the date of execution of the Assignment Agreement, which representations and warranties shall be deemed to be repeated on the Effective Date:

(a) it (i) is duly organised and validly existing under Applicable Law and it is duly qualified and authorised to do and carry on its business, (ii) has obtained all corporate and other Authorisations required for the execution, delivery and performance by it of the Assignment Agreement and the assignment and transfer of the Assigned Assets. All Authorisations referred above are valid and effective and have not been amended, modified, replaced or substituted by any other Authorisation, and (iii) is a non-banking financial company - microfinance institution registered with RBI and is eligible to undertake the transactions contemplated herein and is duly qualified and authorised to do and carry on its business;

(b) the Assignment Agreement has been duly and validly executed and delivered by the Seller and constitutes a legal and binding obligation of the Seller enforceable against the Seller in accordance with its terms;

(c) the execution, delivery and performance by the Seller of the Assignment Agreement, the assignment and transfer of the Assigned Assets on the terms contained herein, and the acts and transactions contemplated hereby do not and will not, with or without the giving of notice and/or lapse of time, violate, conflict with, require any Authorisation under or result in a breach of or default under:

(i) any Applicable Law (including the Securitisation Directions and the Securitisation Listing Framework);

(ii) any order, judgment, decree or award of any court, tribunal, quasi-judicial body or any Competent Authority, in any jurisdiction, which applies to or is binding on the Seller, or which has the effect of making unlawful, or otherwise prohibiting the transactions contemplated in terms of the Assignment Agreement or in terms of the issue documents or any aspect thereof;

(iii) any term, condition, covenant, undertaking, agreement or other instrument to which the Seller is a party or which is binding on the Seller; or

(iv) the Constitutional Documents;

(d) it is the full and absolute legal and beneficial owner of the Assigned Assets and has a clear and

marketable title thereto free and clear from any and all encumbrances, set-off, counterclaims, impediments, charges or claims. The Seller has not created any Security Interest of any nature whatsoever whether by way of sale, transfer, assignment or otherwise in or upon any of the Assigned Assets;

(e) it has full and absolute right to sell, transfer and assign all and any of the Assigned Assets to the Trustee without any impediment, restriction, limitation of any nature whatsoever, and the assignment and transfer of the Assigned Assets in accordance with the terms herein is valid, effective and enforceable;

(f) the securitisation of the Facilities in accordance with the Securitisation Documents does not contravene the rights of the Obligors;

(g) (to the extent applicable) all required consents from the Obligors, if so required under the Underlying Documents, have been obtained;

(h) no Facility comprising the Pool is encumbered, hypothecated, charged or secured in favour of any other bank or financial institution, and, where, to the extent applicable, any Facility comprising the Pool was, prior to the Pool Cut Off Date, the subject matter of any prior encumbrance, hypothecation, charge or security in favour of any other bank or financial institution, such encumbrance, hypothecation, charge or security has been released prior to the Pool Cut Off Date;

(i) each Underlying Document is genuine and has been duly executed in compliance with all Applicable Law. Each Underlying Document is legally valid and binding and enforceable against the parties thereto in accordance with the terms thereof except to the extent such enforcement is limited by the operation of law and the Underlying Documents enable the sale, transfer, assignment, conveyance, release of the Seller's rights, title and interest thereunder and none of the Underlying Documents restrict, limit or otherwise prevent it from transferring, assigning or otherwise disposing of, whether absolutely, contingently or otherwise, any of its rights, title or interest thereunder;

(j) there are no legal, quasi-legal, administrative, arbitration, mediation, conciliation or other proceedings, claims, actions, governmental investigations, orders, judgments or decrees of any nature made, existing, threatened, anticipated or pending in respect of the Receivables including any counterclaims or claims by the Obligors or any Competent Authority which may prejudicially affect the due performance or enforceability of the Assignment Agreement or any obligation, act, omission or transaction contemplated hereunder or thereunder;

(k) it is in a position to observe, comply with and perform all its obligations to be observed, complied with and/or performed by it hereunder;

(l) all information set out in the Assignment Agreement and all information furnished by the Seller to the Trustee (acting on behalf of the Trust) and the Rating Agency is true and correct and is not misleading whether by reason of omission to state a material fact or otherwise;

(m) it is aware and acknowledges that the Trustee has entered into the Assignment Agreement and the Trustee has agreed to purchase the Assigned Assets on the basis of and relying upon the representations, warranties, statements, covenants, agreements and undertakings on the part of the Seller contained in the Assignment Agreement, and that the Trustee would not have done so in the absence of such representations, warranties, statements, covenants, agreements and undertakings by the Seller;

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(n) the signatory(ies) to all the legal documentation on behalf of the Seller has/have been duly empowered and authorised to execute such documentation and to perform all the obligations in accordance with the terms set out herein;

(o) all the required amounts of stamp duty and all other dues, duties, taxes, imposts and charges payable in respect of each of the Underlying Documents and the delivery thereunder and all documents connected therewith have been paid and each of them is thus legally binding and enforceable against the parties thereto in accordance with the terms thereof;

(p) all the Underlying Documents have been executed by the Seller in the ordinary course of its business and each Facility granted under a Facility Agreement conforms to the credit criteria adopted by the Seller in the ordinary course of business at the time of its sanction, subject to its own management discretion or judgement to override or deviate therefrom, where the Seller considered appropriate. Further, the Underlying Documents have a fixed payment/repayment schedule and the cash flows (as stated in the Trust Deed) are based on such payment/repayment schedule;

(q) there is only 1 (one) set of original Underlying Documents in respect of the Facilities comprising the pool and these are in the possession of the Seller. The Underlying Documents will be handed over to the Trustee as and when instructed;

(r) no Obligor was delinquent under any Underlying Documents and there are no arrears or Defaults in payment or other defaults or anticipated defaults by the Obligors under any of the Underlying Documents;

(s) all Facilities comprising the Pool (i) have the maximum original tenure/maturity of 24 (twenty four) months, and a monthly payment/repayment frequency, (ii) comply with the minimum holding period thresholds prescribed under the Securitisation Directions, and (iii) are eligible for securitisation under Part A of Chapter II of the Securitisation Directions;

(t) no Obligor is entitled to and/or will not be entitled to any right of set-off, counterclaim, deduction, recoupment, recovery, recourse or revision under the Facility Agreement(s) and the Underlying Documents. The Seller has not done or omitted to do anything which enables any of its debtors to exercise the right of set-off in relation to the Assigned Assets;

(u) each Facility comprising the Pool has been fully disbursed and has been originated by the Seller;

(v) the Facilities comprising the Pool have not been previously assigned or hypothecated to any person/financial institution;

(w) the transactions contemplated under the Securitisation Documents comply with Applicable Law (including the Securitisation Directions);

(x) the minimum retention requirement for the Pool is 5% (five percent) (as determined in accordance with the Securitisation Directions);

(y) the Seller has provided credit enhancement in the form of Cash Collateral (comprising 7% (seven percent) of the principal outstanding under the Pool as of the Pool Cut Off Date);

(z) the Assigned Assets are transferred at a price arrived at on arm's length basis and solely on commercial/market considerations;

(aa) the terms and conditions contained in the respective Underlying Documents correctly reflect

the entire agreement between the parties thereto and there are no other oral or written agreements or representations in connections therewith;

(bb) the Underlying Documents do not prohibit the Seller from assigning the Assigned Assets;

(cc) the Underlying Documents enable the sale, transfer, assignment, conveyance, release of the Seller's rights, title and interest thereunder and none of the Underlying Documents restrict, limit or otherwise prevent it from transferring, assigning or otherwise disposing of, whether absolutely, contingently or otherwise, any of its rights, title or interest thereunder;

(dd) no material adverse effect has occurred prior to or as on the date of execution of the Assignment Agreement, which would affect the operations, financial condition, or prospects of the Seller or impair the Seller from performing its obligations under the Assignment Agreement or the other Securitisation Documents;

(ee) no Underlying Document to which the Seller is a party has been terminated;

(ff) no legal, quasi-legal, administrative, arbitration, mediation, conciliation or other proceedings have been initiated by the Seller in relation to the Receivables, or against any Obligor;

(gg) the Seller has provided Prospective Investors (as defined in the Trust Deed) access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting the securitisation exposures underlying the PTCs, as well as such information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures;

(hh) other than for the limited purposes of the Credit Enhancement provided in accordance with the Securitisation Directions, the Seller is not required to support the losses of the Trust and is not liable to meet the recurring expenses of the Trust;

(ii) the Seller does not maintain direct or indirect control over the Receivables, as (i) pursuant to the Clean Up Call Option to be exercised in accordance with the Securitisation Directions, the Seller only has an option (and not an obligation) to re-purchase the Receivables; and (ii) the Seller is providing certain servicing obligations pursuant to the Servicing Agreement in accordance with the Securitisation Directions;

(jj) the Seller cannot repurchase the Receivables other than pursuant to the Clean Up Call Option to be exercised in accordance with the Securitisation Directions;

(kk) the Seller has not been a subject matter of any insolvency proceeding due to any financial difficulties in the period of 3 (three) years prior to the Effective Date;

(ll) with respect to the Credit Enhancement, the Seller confirms that:

(i) the Cash Collateral is fully provided at the initiation of the securitisation transaction contemplated under the Trust Deed and the other Securitisation Documents, and is subject to revisions only in accordance with the Securitisation Directions; 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 Securitisation Documents;

(mm) with effect from, and as on the Effective Date:

(i) each Facility comprising the Pool is eligible to be classified as a "standard asset" and "current" in the books of the Seller (determined in accordance with the criteria prescribed by the RBI) as of the Effective Date; and

(ii) no Facility comprising the Pool has any overdues; and

(nn) each Facility which comprises the Pool conforms to the eligibility criteria set out in Section 6.1.

3.16A UNDERTAKINGS AND COVENANTS OF THE SELLER

3.16A.1 The Seller hereby makes, gives and provides the following covenants and undertakings:

(a) it will bear all the costs, charges and expenses (including all legal costs, stamp duty, rating fees, listing fees, legal fees, trusteeship fees, "know-your-customer" compliance related costs, and any costs, fees and charges related to asset audit, due diligence, monitoring, structuring and arranging, risk services, costs for inspection (including cost of travel, boarding and lodging), compliance and syndication contemplated under the Assignment Agreement and the other Securitisation Documents), levies and duties including stamp duty expenses and all fees including legal and tax counsel fees, fees of the Approved Bank, fees of the Collection Bank, the Trustee, and of any other expenses incurred/to be incurred with respect to and prior to the assignment of the Assigned Assets;

(b) it will bear all such duties and taxes which may be levied, by any Competent Authority (whether before or after the date of execution of the Assignment Agreement), pertaining to or in respect of the assignment of the Assigned Assets;

(c) it will bear all such duties and taxes which may be levied, with respect to a period prior to the Commencement Date, by any Competent Authority, pertaining to or in respect of the Receivables. All rights thereunder with the understanding that all such duties and taxes which may be levied, with respect to a period after the Commencement Date will be borne by and be to the account of the Trust;

(d) it will bear all costs (including all legal costs and stamp duty) payable or incurred in connection with the preparation, negotiation and execution of this Agreement and any of the Securitisation Documents and all costs of the issuance of the PTCs;

(e) it will, if so required by the Trustee or the Investors, lend its name as plaintiff or co-plaintiff to any proceedings that the Trustee or the Investors may institute with respect to the Receivables;

(f) as required by Applicable Law including the Securitisation Directions and other accounting principles, it will make proper disclosures in its books of accounts regarding the assignment of the Assigned Assets and the Trustee's rights and claims therein for the benefit of the Investors. Further, it will, in case of other assignment of receivables transactions where the assignee has recourse against it, make proper disclosures in its books of accounts regarding the assignment of such Receivables;

(g) it will instruct the Auditor to submit any audit reports directly to the Trustee;

(h) it will provide a certificate, in a form and manner acceptable to the Trustee (acting on the instructions of the Investors), of an independent chartered accountant confirming that each Facility is eligible to be classified as/for priority sector lending (in accordance with the Priority

Sector Master Direction);

(i) it will be bound by and will perform all or any of its obligations under the Underlying Documents or imposed by Applicable Law with respect to the Assigned Assets and will not take or omit to take any action that causes or could cause a breach of any of the provisions under the Underlying Documents or Applicable Law;

(j) it will (i) execute and deliver a power of attorney to the Trustee in a form and manner acceptable to the Trustee, *inter alia*, authorising the Trustee to do all such acts, deeds and things as may be required to effectively vest in the Trustee full legal title to the Assigned Assets including but not limited to do all such acts, deeds and things in its capacity as the legal titleholder of the Assigned Assets, and (ii) from time to time execute and deliver such further documents and perform such further acts, as the Trustee may reasonably request, at its own expense in order to fully effect the purposes of the Assignment Agreement and to perfect, protect and more fully evidence the Trust's title over the Assigned Assets;

(k) it will preserve and maintain its corporate existence, rights and qualifications to do business;

(l) it will not exercise any lien (general or specific), set off or any other right that it is entitled to in law or otherwise against any Obligor which may prejudice the collection of the Receivables with respect to such an Obligor;

(m) it will hold all documents, writings, agreements, amounts, Underlying Documents, and Receivables coming to its power or possession pursuant to or in connection with the Assignment Agreement in trust and as agent for the Trustee;

(n) it will make the relevant filings with any Competent Authority as may be required in relation to the Assigned Assets and the transactions contemplated under the Securitisation Documents, and as and when required by the Trustee;

(o) it will immediately hand over all the documents (including information on MRR), writings, agreements, amounts, Underlying Documents, and Receivables held by it (whether in its capacity as the Seller or as the Servicer) to the Trustee on a demand being made for any of them;

(p) it will provide, within such timelines prescribed by Trustee/Investors (including on a half-yearly basis), such assistance, cooperation and documents as may be required to the Trustee/Investors to conduct a due diligence and audits;

(q) it will incur all costs (including all legal costs and stamp duty) payable or incurred in connection with the preparation, negotiation and execution of the Assignment Agreement and any of the Transaction Documents and all costs of the issuance of the PTCs;

(r) it will comply with its requirements under the Securitisation Directions including the minimum retention requirements on an ongoing basis;

(s) it will comply on an ongoing basis with the requirements under the Securitisation Directions (including the MRR), wherein (including for the purposes of Clause 17 of the Securitisation Directions):

(i) the MRR shall be maintained by way of the Credit Enhancement;

(ii) the MRR shall not be reduced either through hedging of credit risk or selling or

encumbering the MRR;

(iii) MRR shall be maintained by the Seller itself and not by/through any of its group entities; and

(iv) the form of MRR shall not change until the Series A1 Final Maturity Date, and the MRR as a percentage of unamortised principal shall be maintained on an ongoing basis except for reduction of retained exposure due to repayment or through the absorption of losses;

(t) for the purposes of ensuring compliance with Clause 114 of the Securitisation Directions, on September 30 and March 31 of each calendar year, it shall provide such disclosures and confirmations that may be required in the format prescribed in the Securitisation Directions confirming that it is in compliance with the minimum holding period and the minimum retention requirements prescribed in the Securitisation Directions;

(u) for the purposes of ensuring compliance with Clause 118 of the Securitisation Directions, the Seller shall report the securitisation transactions undertaken by it to the RBI in such format as may be prescribed in the Securitisation Directions, on a quarterly basis or such other periodicity as may be prescribed by the RBI;

(v) while originating the Facilities comprising the Pool, the Seller has complied with the applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016;

(w) for the purposes of Clause 24 of the Securitisation Directions, in the event the actions of any of the counterparties or institutional intermediaries associated with the transactions contemplated under the Securitisation Documents (including without limitation, the Seller, the Trustee and/or the Trust, the Servicer, and the providers of any credit enhancement), result in, at any point, a material alteration of the risk profile of the PTCs, the Seller shall ensure that adequate details about such occurrence are provided to the PTC Holders, the Rating Agency and any other service providers, promptly, and in no case later than within 14 (fourteen) calendar days of occurrence;

(x) for the purposes of complying with the requirements set out in the Securitisation Listing Framework, provide all such information and assistance as may be required by the Trustee to obtain any certification from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on a quarterly basis;

(y) for the purposes of Clause 112 of the Securitisation Directions, the Seller hereby confirms and declares as follows:

(i) weighted average holding period of the Facilities comprising the Pool is 6.60 (six decimal six zero) months. Where the original tenure of the Facilities comprising the Pool is less than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 3 (three) months from the date of first repayment, and where the original tenure of the Facilities comprising the Pool is more than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 6 (six) months from the date of first repayment;

(ii) the minimum retention requirements applicable to the Facilities comprising the Pool is 5% (five percent) of the book value of the Facilities being securitised (as prescribed in Clause 12 of the Securitisation Directions) and the MRR is being maintained by way

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of the Credit Enhancement. 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; and

(z) it shall, make available, a copy of the Trust Deed and the accounts and statement of affairs of the Trust to the RBI, if required to do so.

3.16A.2 The Seller hereby irrevocably agrees and undertakes that it will provide the Cash Collateral on the date of execution of the Assignment Agreement with the Approved Bank and in a form and manner acceptable to the Rating Agency and the Trustee.

3.16A.3 Save and except as specifically provided in Sections 3.16A.1 and 3.16A.2 above, the Seller does not provide any other undertaking and covenant.

3.17 EFFECT OF DELINQUENCIES

For the instrument under consideration, since pool specific Credit Enhancement is available for shortfalls in collection caused on account of delinquency, the returns on the PTCs will be affected only if the delinquencies are higher than the Credit Enhancement provided. The historical delinquencies for contracts originated by the Originator suggest that the Credit Enhancement available will be more than sufficient to cover the shortfall caused on account of the delinquencies. There is, however, no assurance that the actual delinquencies of the contracts under consideration will conform to the historical rates.

3.18 MONTHLY REPORTS TO INVESTORS

(a) The Servicer shall monitor the performance of the Obligors of their obligations under the Underlying Documents and submit to the Trustee and the Rating Agency, at least 2 (two) days prior to each Payout Date, the Monitoring Report(s), for the preceding Collection Period, *inter alia*, setting out the details mentioned in Annexure 7 and the following details:

(i) billed amount to the Obligors during such Collection Period;

(ii) actual collections from Obligors towards such billed amounts (including any summary thereof in the form and manner prescribed by the Trustee);

(iii) collections from Obligors towards Overdues (including any summary thereof in the form and manner prescribed by the Trustee);

(iv) advance payments made by Obligors;

(v) ageing analysis of Overdues;

(vi) any Prepayment Proceeds received from the Obligors including the number of Facility Agreements under which such amounts are received and the amounts obtained;

(vii) details of the exercise of any right of set-off, counter claim or adjustment against the Seller;

(viii) revisions to the future cash flow schedules of the Pool and Investor Payouts, if any;

(ix) utilisation (and re-imbursement/replenishment) of the Credit Enhancement, if any;

(x) details of any delinquencies and losses (if any); and

(xi) any other information relating to the Assigned Assets that the Trustee may reasonably request.

The Monitoring Reports will, if so requested by the Trustee, be audited by the Auditor on a semi-annual basis. If any discrepancies are observed in payments of any amounts to the Investors as a result of this audit, the Servicer will make good such discrepancies on or prior to the Payin Date immediately following such audit. Any payment shortfalls will be treated as payment in arrears and will be paid to the Investors in accordance with the Securitisation Documents.

3.19 SEMI ANNUAL REPORTS

The Servicer shall as on the Deemed Date of Allotment and every 6 (Six) months thereafter submit a report to the Trustee in the format required under the Securitisation Directions (specifically Annex 2 of the Securitisation Directions, which format has been reproduced in **Annexure 5** herein).

3.20 DISCLOSURES PURSUANT TO THE SECURITISATION DIRECTIONS

(a) **Other disclosures and confirmations**

The following disclosures and confirmations are made/provided pursuant to:

(i) **Clause 18 of the Securitisation Directions**: There have been no changes in the underwriting standards between the date of origination of the Facilities comprising the Pool until the date of this Information Memorandum. If the underwriting standards change between the date of origination of the Facilities comprising the Pool and till all the claims associated with PTCs are paid-off, the Seller will disclose to the Investors and the Trustee, the timing and purpose of such changes.

(ii) **Clause 21 of the Securitisation Directions**: It is declared that:

(A) the cash flow schedules set out in the Trust Deed and the other Securitisation Documents have been prepared on the basis of expected cash flow projections assuming that there (1) are no Defaults and/or Prepayments and (2) is no change in the Effective Date pursuant to the terms of the Trust Deed; and

(B) 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 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.

(iii) **Clause 22 of the Securitisation Directions**: The legal and financial risk factors are set out in Section 8 and Section 9 of this Information Memorandum.

(iv) **Clause 24 of the Securitisation Directions**: In the event the actions of any of the counterparties or institutional intermediaries associated with the transactions contemplated under the Securitisation Documents (including without limitation, the Seller, the Trustee and/or the Trust,

the Servicer, and the providers of any credit enhancement), result in, at any point, a material alteration of the risk profile of the PTCs, the Seller shall ensure that adequate details about such occurrence are provided to the PTC Holders, the Rating Agency and any other service providers, promptly, and in no case later than within 14 (fourteen) calendar days of occurrence.

(v) **Clause 30(g) of the Securitisation Directions**: The PTCs issued by the Trust are not insured and the PTCs do not represent deposit liabilities of the Seller, the Servicer or the Trustee.

(vi) **Chapter III of the Securitisation Directions**: The securitisation transaction entered into/to be entered into pursuant to this Information Memorandum and the other Securitisation Documents is not a simple, transparent and comparable (STC) transaction for the purposes of the Securitisation Directions.

(vii) **Clause 45(a) of the Securitisation Directions**: The PTCs are credit enhanced by way of the Cash Collateral provided/to be provided by the Seller pursuant to the Accounts Agreement and the other Securitisation Documents. Please refer to Section 2.3 above for the nature, purpose, extent of the Cash Collateral and all required standards of performance.

(viii) **Clause 61 of the Securitisation Directions**: The Seller is in compliance with the minimum holding period and the minimum retention requirements prescribed in the Securitisation Directions.

(ix) **Clause 63 of the Securitisation Directions**: The Seller has complied with the applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016.

(x) **Clause 112 of the Securitisation Directions**: The Seller hereby confirms and declares as follows:

(A) weighted average holding period of the Facilities comprising the Pool is 6.60 (six decimal six zero) months. Where the original tenure of the Facilities comprising the Pool is less than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 3 (three) months from the date of first repayment, and where the original tenure of the Facilities comprising the Pool is more than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 6 (six) months from the date of first repayment; and

(B) the minimum retention requirements applicable to the Facilities comprising the Pool is 5% (five percent) of the book value of the Facilities being securitised (as prescribed in Clause 12 of the Securitisation Directions) and the MRR is being maintained by way of the Credit Enhancement. 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.

(xi) **Clause 114 and Clause 115 of the Securitisation Directions**: On September 30 and March 31 of each calendar year, it shall provide such disclosures and confirmations that may be required in the format prescribed in the Securitisation Directions (including Annex 2 of the Securitisation Directions) confirming that it is in compliance with the minimum holding period and the minimum retention requirements prescribed in the Securitisation Directions.

To meet the minimum retention requirement stipulated by the Reserve Bank of India, 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.

(xii) **Clause 116 and Clause 117 of the Securitisation Directions**: The Seller will make the disclosures with respect to notes to accounts in the format set out in Annex 3 of the Securitisation Directions.

(xiii) **Clause 118 of the Securitisation Directions**: (If applicable) The Seller will submit the details of the securitisation transaction undertaken, including the details of the PTCs issued by the Trust to the RBI on a quarterly basis in the format prescribed by the RBI.

(xiv) Please find annexed hereto and numbered as **Annexure 5**, the format in which Spandana Sphoorty Financial Limited shall set out the disclosures required under Annex 2 of the Securitisation Directions.

3.21 LISTING ON THE STOCK EXCHANGE

(a) The Trustee will procure listing of the PTCs on one or more stock exchanges after due compliance with all prescriptions as laid down by the respective regulatory mechanism and/or Competent Authority no later than the time period prescribed under the Securitisation Listing Framework.

(b) If the PTCs are not listed in accordance with and within the time period prescribed under the Securitisation Listing Framework, penal interest calculated on the outstanding principal amounts of the PTCs at the rate of 1% (one percent) per annum over the prevailing Series A1 Interest Rate, shall be payable from the date of allotment of the PTCs until the date of listing of the PTCs.

(c) In the event the PTCs are delisted by the respective stock exchange for any reason whatsoever prior to the Maturity Date, the Trustee shall ensure that the PTCs are re-listed within 2 (two) Business Days from the date of such delisting, and each of the Seller/Servicer, and the Facility Provider shall do all such actions as may be prescribed in the guidelines/regulations/directions of the Securities and Exchange Board of India.

(d) The Trustee shall ensure and procure that the PTCs are in listed and continue to be listed on one or more stock exchanges in accordance with the Securitisation Listing Framework until the Maturity Date.

(e) The Trustee shall ensure and procure that the PTCs are in compliance with the Securitisation Listing Framework until the Maturity Date.

3.22 CLEAN UP CALL

Please refer Section 2.3 above.

3.23 TRUST DEED TO PREVAIL

In the event of any inconsistency between the provisions as set out in this Information Memorandum and the Trust Deed or any other Securitisation Document, the provisions as set out in the Trust Deed or other Securitisation Documents shall prevail.

CHAPTER 4: APPLICATION / ALLOTMENT PROCEDURE

4.1 WHO CAN APPLY

An application for the Series A1 PTCs may be made only by the person to whom this Information Memorandum has been sent by the Issuer. Neither any application nor this Information Memorandum is transferable by the party who receives the same.

4.2 OFFER PROGRAM

The subscription list will open at the commencement of the banking hours and will close on the day mentioned below:

Issue Opening Date	February 15, 2024
Issue Closing Date	February 20, 2024
Deemed Date of Allotment	February 20, 2024

4.3 SUBMISSION OF APPLICATIONS

(a) Investors are required to subscribe by submitting a completed Application Form, in the format as annexed to this Information Memorandum, along with the subscription amounts for the PTCs applied for.

(b) All applications for the PTCs must be in the prescribed application forms and must be completed in BLOCK LETTERS in English. Application forms, duly completed, must be delivered together with the cheque / demand draft payable high value at least on the Issue Closing Date no later than 4 p.m. on that date at the offices of the Trustee. The investors must make such payment by RTGS such that the credit is received no later than 4 p.m. on the Issue Closing Date.

(c) All application forms must be accompanied by duly attested / certified true copies of the following:

(i) Memorandum and Articles of Association / Trust Deed / Byelaws / other documents of constitution, as the case may be of the investing entity;

(ii) Resolution of the appropriate authority of the investing entity, authorising the investment;

(iii) Names and specimen signatures of authorised signatories;

(iv) Power of attorney where applicable (Modifications / additions should be notified to the Registrar and Transfer Agent); and

(v) Tax exemption certificate for non-deduction of tax at source if exemption is sought.

4.4 TERMS OF PAYMENT

(a) The full amount due should be paid along with the completed application at least on the Issue Closing Date. All such investors, who are desirous of making payment through RTGS, would have to remit the subscription amount by way of RTGS transfer such that the credit is received no later than 4.00 p.m. at Mumbai, India on the Issue Closing Date.

(b) In case of payments by RTGS or NEFT the same can be made as per the details mentioned below:

(i) Beneficiary Name : [ ]

	(ii)	Account No.	: [__]
	(iii)	Bank Details	: SBM Bank (India) Limited
	(iv)	Branch	: Nariman Point
	(v)	IFSC Code	: [__]

(c) If required, the prospective Investors may be requested by the Trustee to directly make payment of the subscription amounts to the Seller and the same shall be deemed to be a payment of the Purchase Consideration by the Trust to the Seller for acquiring the Assigned Assets.

4.5 Fictitious Applications

Any person who makes an application in a fictitious name for subscribing to the Certificates or otherwise induces a body corporate to allot or register any transfer of the Certificates therein to them or any other person in a fictitious name shall be liable for legal consequences of such action in addition to cancellation of the application.

4.6 Deemed Date of Allotment

The Deemed Date of Allotment would be February 20, 2024.

4.7 Basis of Allotment

The basis of allotment will be determined by the Issuer. Issuer reserves the right to accept or reject any application in full or in part without assigning any reason. In any event, an application, not being in conformity with the provisions set out herein or by a person from whom the application has not been sought for, shall be liable for rejection *prima facie*.

4.8 Pass Through Certificates

For successful applicants, the PTCs shall be issued in dematerialised form within the time period prescribed under the Securitisation Listing Framework.

4.9 Certificate Register & Transfer of Certificates

The Registrar and Transfer Agent shall maintain a register of certificates issued and transfers registered from time to time. The Certificates will be transferable in dematerialised form in accordance with Applicable Laws.

4.10 Issue Proceeds / Subscription Amounts

The amounts raised from the Investors shall be paid into the Collection and Payment Account. The issue proceeds would subsequently be transferred to the Seller towards payment of Purchase Consideration for the Assigned Assets.

4.11 Minimum Subscription

In the event minimum subscription is not received, the Issuer shall forthwith refund the application moneys collected under the offer and in the event of delay in making such refund beyond such time period as may be prescribed under Applicable Law, the Issuer and its directors or trustees shall be liable jointly and severally to repay the application moneys together with such interest as may be prescribed under Applicable Law.

For SPANDANA SPHOORTY FINANCIAL LIMITED
Authorised Signatory

For Vardhman Trusteeship Pvt. Ltd.
Authorised Signatory

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4.12 Rejection of the Listing Of PTCs

The Trustee hereby undertakes that in the event any stock exchange to which an application for listing is made under sub-section (2) of Section 17A of the Securities Contracts (Regulation) Act, 1956 rejects listing permission or the Series A1 PTCs are not listed on any recognized stock exchange within the time period prescribed under the Securitisation Listing Framework, the Issuer and, if necessary, its directors or Trustee, shall refund application moneys forthwith in terms of sub-section (3) thereof by crediting the subscription amounts to the respective bank accounts of the prospective investors.

4.13 Refund of Subscription Amounts

The Trustee confirms that in the event the Assignment Agreement is not executed for any reason whatsoever, post the deposit of the subscription amounts, the Trustee shall refund such subscription amounts to the respective Investors to the extent of their entitlement, within 3 (three) Business Days and in the event of delay beyond 8 (eight) days from closure of the offer in making such refund, the SPV and its directors or Trustee shall be liable jointly and severally to repay the application moneys together with interest at 15% (fifteen percent) per annum.

4.14 Over-Subscription

In the event of over-subscription, the excess application moneys shall be refunded forthwith to unsuccessful and partially successful applicants and in the event of delay in making such refund beyond such time period as may be prescribed under Applicable Law, the Issuer and its directors or trustees shall be liable jointly and severally to repay the application moneys together with such interest as may be prescribed under Applicable Law.

CHAPTER 5: SUMMARY TERM SHEET UNDER THE SECURITISATION LISTING FRAMEWORK

Issuer	Kashipur 02 2024
Originator / Seller	Spandana Sphoorty Financial Limited
Trustee	Vardhman Trusteeship Private Limited
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.
Initial Contribution to set up the SPDE/Trust	INR 1,000 (Indian Rupees One Thousand).
Transaction Size	INR 49,99,93,723 (Indian Rupees Forty Nine Crore Ninety Nine Lakh Ninety Three Thousand Seven Hundred and Twenty Three)
Pool Principal as on Cut-Off Date	INR 54,34,71,439 (Indian Rupees Fifty Four Crore Thirty Four Lakh Seventy One Thousand Four Hundred and Thirty Nine) as on Pool Cut Off Date
Pool Cut-off Date	December 31, 2023
Effective Date	February 20, 2024
Record Date/Determination 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.
Payout Dates	As set out in **Annexure 2**
Transaction Structure	As set out under Paragraph 3.1
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.
Disclosures on key pool features and composition	As per the pool selection criteria set out in the rating rationale issued by the Rating Agency, annexed hereto as **Annexure 4** and the eligibility criteria set out in Section 6.1 below.
Collection Period	means each period between a collections start date and the corresponding collections end date as set out in Annexure 2.
Servicer	Spandana Sphoorty Financial Limited
Servicer 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.
Legal Counsel	Phoenix Legal
Credit Enhancement for the Transaction	The credit enhancement would comprise of: ➢ External credit enhancement comprising Cash Collateral provided by the Seller. ➢ Internal credit enhancement comprising the Excess Interest Spread and subordinated facilities principal/over-collateral. The requirements and the thresholds in relation to the Credit Enhancement are set out in the rating rationale issued by the Rating Agency, annexed hereto as Annexure 4.
Utilisation process and conditions for	(a) The Seller/Facility Provider will transfer the Cash Collateral, in the form and manner provided under the Assignment Agreement and the other

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utilisation of credit enhancement	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 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 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.
Reset of Credit Enhancement Facility	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.
Name of the Collection Bank	SBM Bank (India) Limited Ground Floor, Atlanta Building, 209, Nariman Point, Mumbai - 400021, Maharashtra, India
Name of the Approved Bank	SBM Bank (India) Limited
Swap	N.A.
Refund / top up of Credit Enhancement	Please refer the Cash Collateral will be re-imbursed/replenished in the manner set out in the Waterfall Mechanism.
Clean-Up Call Option	(d) 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

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	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. (e) 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. (f) 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.
Details of Listing	**Timing for Listing** (a) The Trustee will procure listing of the PTCs on one or more stock exchanges after due compliance with all prescriptions as laid down by the respective regulatory mechanism and/or Competent Authority no later than the time period prescribed under the Securitisation Listing Framework. (b) If the PTCs are not listed in accordance with and within the time period prescribed under the Securitisation Listing Framework, penal interest calculated on the outstanding principal amounts of the PTCs at the rate of 1% (one percent) per annum over the prevailing Series A1 Interest Rate, shall be payable from the date of allotment of the PTCs until the date of listing of the PTCs. **Conditions of remaining listed and Consequence of de-listing** (c) In the event the PTCs are delisted by the respective stock exchange for any reason whatsoever prior to the Maturity Date, the Trustee shall ensure that the PTCs are re-listed within 2 (two) Business Days from the date of such delisting, and each of the Seller/Servicer, and the Facility Provider shall do all such actions as may be prescribed in the guidelines/regulations/directions of the Securities and Exchange Board of India. (d) The Trustee shall ensure and procure that the PTCs are in listed and continue to be listed on one or more stock exchanges in accordance with the Securitisation Listing Framework until the Maturity Date.

Rating Agency	India Ratings and Research Private Limited
Series of securitised debt instruments	Series A1 PTCs
Day Count Convention	Actual/ 365
	Series A1 PTC
Seniority	Senior
Face Value of each PTC	INR 1 (Indian Rupee One)
Initial Rating	AA- (SO)
Senior Tranche Final Maturity Date	September 17, 2025
Senior Tranche Expected Maturity Date	June 17, 2025
Expected Yield	10.05% (ten decimal zero five percent) per annum payable monthly
Payment Schedule	As set out in **Annexure 2** hereto.
Expected Payment Schedule	Please refer Section 2.3 read with **Annexure 2** hereto.
Promised Payment Schedule	Please refer Section 2.3 read with **Annexure 2** hereto.
First Payout Date	February 28, 2024
Portfolio Audit	All the necessary documents for a sample audit would be available to the independent auditor for KYC verification and the costs would be borne by the Seller.
Eligibility Criteria for the Receivables	As set out in the rating rationale issued by the Rating Agency, annexed hereto as **Annexure 4** and as set out in Section 6.1 below.
Minimum Holding Period	Where the original tenure of the Facilities comprising the Pool is less than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 3 (three) months from the date of first repayment, and where the original tenure of the Facilities comprising the Pool is more than 24 (twenty four) months, the minimum holding period in respect of each of the Facilities comprising the Pool has been calculated as 6 (six) months from the date of first repayment.

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Minimum Retention Requirement	The minimum retention requirements applicable to the Facilities comprising the Pool is 5% (five percent) of the book value of the Facilities being securitised (as prescribed in Clause 12 of the Securitisation Directions) and the MRR is being maintained by way of the Credit Enhancement. 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.
Details of Transaction Documents	For the purposes of the securitisation transaction contemplated under this IM, the following documents shall be considered to be material and may be inspected during the normal business hours at the registered offices of the Trustee during the offer period: (a) Trust Deed (b) Assignment Agreement (c) Servicing Agreement (d) Accounts Agreement (e) Power of attorney
Applicable Law and Jurisdiction	The Certificates are governed by and will be construed in accordance with the laws of India and the courts and tribunals in Mumbai, India have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Securitisation Documents.
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;

(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.

CHAPTER 6: THE RECEIVABLES

6.1 POOL SELECTION CRITERIA

The Facilities comprising the Pool have been selected on the basis of the criteria specified below, as on the Pool Cut Off Date:

A. Each Facility must:

(a) be existing at the time of selection, and must not have been terminated or prepaid;

(b) be compliant with all the applicable "know your customer" requirements prescribed by the RBI (and the applicable provisions of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016);

(c) be unencumbered;

(d) be fully disbursed by the Seller;

(e) be provided in and is denominated in Indian Rupees (INR) and is repayable in INR;

(f) be classified as "standard" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller;

(g) be classified as "current" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller at all times since disbursement;

(h) be unsecured;

(i) the maximum disbursed amount in respect of any Facility comprising the Pool is INR 75,000 (Indian Rupees Seventy Five Thousand);

(j) have a fixed rate of interest; and

(k) comply with the Securitisation Directions and the Securitisation Listing Framework.

B. The minimum holding period of each Facility comprising the Pool complies with the thresholds prescribed under the Securitisation Directions.

C. The minimum retention requirements in respect of the Facilities comprising the Pool comply with the requirements prescribed under the Securitisation Directions.

D. In the Pool:

(a) no Facility should have any overdues, and no Facility comprising the Pool has been overdue by more than 0 (zero) days at any time after disbursement;

(b) no Facility should have been "restructured" or "rescheduled" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller;

(c) no Facility should be classified as a "non-performing asset" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller;

(d) no Facility should be classified as a "delinquent" (determined in accordance with the criteria

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prescribed by the RBI) in the books of the Seller;

(e) each Facility is eligible to be classified as/for "priority sector lending" (in accordance with the Priority Sector Master Direction);

(f) each Facility comprising the Pool has been provided to Obligors classified as "small and marginal farmers" (determined in accordance with the Priority Sector Master Direction);

(g) no Facility has a residual maturity of less than 365 (three hundred and sixty five) days;

(h) the residual tenure of any Facility comprising the Pool does not exceed 20 (twenty) months;

(i) each Facility comprising the Pool has a monthly payment/repayment frequency;

(j) all:

(i) applicable "know your customer" requirements prescribed by the RBI including pursuant to the RBI's master direction no. DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 (as updated by the RBI on May 10, 2021) on "*Master Direction - Know Your Customer (KYC) Direction, 2016*" (as may be amended, modified, or restated from time to time); and

(ii) applicable anti money laundering (AML)/prevention of money-laundering guidelines including the RBI's master circular no. DNBR (PD) CC No. 051/03.10.119/2015-16 dated July 1, 2015 on "*Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder*'" (as may be amended, modified, or restated from time to time);

(k) each Facility comprising the Pool has a maximum original tenure/maturity of up to 24 (twenty four) months;

(l) no Obligor has been a subject matter of any insolvency proceeding due to any financial difficulties in the period of 3 (three) years prior to the Pool Cut Off Date;

(m) no Obligor has an "adverse" credit history or has been classified as "days past due" in excess of 90 (ninety) days by any credit information bureau;

(n) no Obligor has been classified by a credit information bureau as a "significant risk of default" at the time of origination of the relevant Facility;

(o) the aggregate amounts sanctioned/disbursed to any single Obligor underlying the Facilities comprising the Pool do not exceed/are not greater than 1% (one percent) of the aggregate outstanding principal amounts of the Pool; and

(p) the Seller has not initiated any legal or repossession action against any of the Obligors or in respect of any of the Facilities.

6.2 POOL CHARACTERISTICS

The characteristics of the pool is as described under the rating rationale issued by India Ratings and Research Private Limited and annexed as **Annexure 4** hereto.

Please also refer below:

Asset Type	Unsecured Income generating Loans
No. of contracts	14,379
Total Principal Outstanding (in Rs.)	INR 54,34,71,439/-
Average Principal Outstanding (in Rs.)	INR 54,34,71,439/-
Weighted Average Initial Tenor* (in months)	24
Weighted Average Seasoning* (in months)	6.60
Weighted Average Balance Tenure* (in months)	17.40
Geographical distribution – top 3 states (%)	40.57%
Geographical distribution – top 5 districts (%)	11.64%

Detailed Characteristics of the pool (in terms of % of pool principal)

CHAPTER 7: PARTIES TO THE TRANSACTION AND RESPECTIVE ROLES

(gathered from publicly available information)

7.1 PROFILE OF THE SELLER / ORIGINATOR / SERVICER

(a) **Name, description, principal business activities and brief history of operation of the Originator/Servicer**

SSFL is a public limited company incorporated under the provisions of the Companies Act, 1956, on March 10, 2003. It was registered as a non-deposit accepting NBFC with the Reserve Bank of India and was classified as an NBFC-MFI effective April 13, 2015. The shares of SSFL were listed on the stock exchanges in India in August 2019 pursuant to the IPO of equity shares. SSFL, along with its subsidiaries, is engaged in lending, providing small-value unsecured loans to low income customers in semi-urban and rural areas. The tenure of these loans is generally 1-2 years. While SSFL extends microfinance loans, its subsidiaries extend other services such as loans against property, gold loans, business loans and personal loans.

Financial Information concerning the Originator's/Servicer's assets and liabilities, financial position, and profits and losses, for the purpose of which the Originator/Servicer shall provide a complete audited financial statements for past 3 years and, if necessary, unaudited financial statements prepared within 120 days from the date of the application for registration of the asset backed securities is made effective.
****Financial Information as appended below**

Further, the Servicer possess the financial resources necessary to perform under the Servicing Agreement and/or the other Securitisation Documents.

(a) ROLE OF THE SERVICER/SERVICING AND ADMINISTRATIVE OBLIGATIONS

(I) The Servicer irrevocably (so long as its services are not terminated in terms of the Servicing Agreement) and unconditionally agrees and undertakes that, with effect from the Effective Date, it will service the Receivables and discharge the following functions relating to the Assigned Assets for and on behalf of the Trustee:

(i) collect, assist in and facilitate the collection of (including through its branch network), amounts constituting the Receivables and manage and deposit such amounts into the Collection and Payment Account so that such amounts may be distributed as Investor Payouts to the Investors and any payments to the Residual Beneficiary, if any, in accordance with the Waterfall Mechanism;

(ii) do all such acts, deeds and things as may be necessary to collect the Receivables from the Obligors as and when these become due in any Collection Period together with any advance payments, Overdues and Prepayment Proceeds and remit such amounts to the Collection and Payment Account, in the manner set out in the Servicing Agreement;

(iii) suitably monitor the payments to be made by the Obligors in respect of the Facility Agreements and if on the relevant Payin Date, the Servicer determines that the Total Collections are not sufficient to make the Investor Payouts and other senior costs in accordance with the Waterfall Mechanism, the Servicer will inform the Trustee of such

shortfall immediately;

(iv) submit to the Trustee all statements, opinions, reports, updates, documents, orders or other instruments with respect to the Receivables, required to be furnished pursuant to any provisions of the Servicing Agreement or any other Transaction Document, to determine whether any of the above are in accordance with the requirements stipulated in respect thereof, under the Servicing Agreement or in any Transaction Document;

(v) hold all the Underlying Documents and other documents, writings, agreements, cheques, drafts and instruments received from the Obligors including post-dated cheques, demand promissory notes, correspondence and records relating to the Receivables, in trust and as agent for the Trust and in accordance with instructions of the Trustee, if any, in this regard;

(vi) immediately hand over to the Trustee, all such documents held by it with respect to or relating to the Receivables in its capacity as a Servicer on a demand being made for such documents;

(vii) maintain and provide to the Trustee such records as may be required by the Trustee for the purpose of:

(A) complying with Applicable Law, including filing of returns with any Competent Authority or matters incidental/connected thereto;

(B) any monitoring requirements laid down in the Servicing Agreement and make such records available to the Trustee at any time during normal working hours and with reasonable prior notice; and

(C) (following the listing of the PTCs in accordance with the provisions of the Trust Deed) furnishing statements on a periodic basis in the format specified in Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, within 7 (seven) days from the end of the month or the Payout Date, as the case may be;

(viii) collect goods and services tax, if applicable, from the Obligors and remit the amounts collected to the relevant Competent Authorities;

(ix) for all payments collected by the Servicer, ensure that proper receipts are given to the Obligors if required and in the manner provided in the Facility Agreements. Such receipts may be on the letterhead of the Servicer and need not make reference to the Trustee;

(x) monitor the performance of the Obligors of their obligations under the Underlying Documents and submit to the Trustee and the Rating Agency, at least 2 (two) days prior to each Payout Date, the Monitoring Report(s), for the preceding Collection Period, *inter alia*, setting out the details mentioned in Annexure 7 and the following details:

(A) billed amount to the Obligors during such Collection Period;

(B) actual collections from Obligors towards such billed amounts (including any summary thereof in the form and manner prescribed by the Trustee);

(C) collections from Obligors towards Overdues (including any summary thereof in the form and manner prescribed by the Trustee);

(D) advance payments made by Obligors;

(E) ageing analysis of Overdues;

(F) any Prepayment Proceeds received from the Obligors including the number of Facility Agreements under which such amounts are received and the amounts obtained;

(G) details of the exercise of any right of set-off, counter claim or adjustment against the Seller;

(H) revisions to the future cash flow schedules of the Pool and Investor Payouts, if any;

(I) utilisation (and re-imbursement/replenishment) of the Credit Enhancement, if any;

(J) details of any delinquencies and losses (if any); and

(K) any other information relating to the Assigned Assets that the Trustee may reasonably request;

(xi) the Monitoring Reports will, if so requested by the Trustee, be audited by the Auditor on a semi-annual basis. If any discrepancies are observed in payments of any amounts to the Investors as a result of this audit, the Servicer will make good such discrepancies on or prior to the Payin Date immediately following such audit. Any payment shortfalls will be treated as payment in arrears and will be paid to the Investors in accordance with the Securitisation Documents;

(xii) assist an independent auditor, as may be appointed by the Trustee and at a periodicity as may be prescribed by the Trustee in performing an audit on the collections made by the Servicer;

(xiii) assist in the performance of the Discretionary Audits, as may be required by the Trustee, on a quarterly basis or such other periodicity as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest);

(xiv) assist the Investors and their agents in the performance of audits of the Servicer or of any of the assets comprising the Pool at such periodicity as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest), as may be required by the Investors from time to time;

(xv) initiate, commence, institute, defend any proceedings, legal or judicial and take any and all actions (including issuing legal notices) as and when required for enforcing any of the rights of the Trustee in the Underlying Documents including the right to receive the Receivables;

(xvi) if so required by the Trustee, lend its name as plaintiff or co-plaintiff to any proceedings that the Trustee (or any other concerned parties/authorised representatives of the Trustee) may institute against the Obligors. It is clarified that, the Servicer shall not refrain or refuse to take any such actions on the grounds that it

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would jeopardize the Seller's interest, or otherwise;

(xvii) enforce any or all the duties and obligations of the Obligor(s) under the Facility Agreements and Underlying Documents;

(xviii) to deposit all amounts realised from such enforcement in the Collection and Payment Account for application in accordance with the Waterfall Mechanism;

(xix) provide such other information as may be requested by the Trustee in relation to the Assigned Assets and the Underlying Documents, within such timelines as may be agreed between the Servicer and the Trustee;

(xx) keep the Trustee and the Investors informed of the occurrence of any event likely to have substantial effect on its profit or business, along with explanations and the remedial steps proposed to be taken;

(xxi) it will, if required, inform the Trustee and the Investors of the occurrence of any event likely to have a substantial/adverse effect on the servicing abilities of the Servicer, along with such explanations and remedial steps proposed to be taken by the Servicer to address the above;

(xxii) for the purposes of complying with the requirements set out in the Securitisation Listing Framework, provide all such information and assistance as may be required by the Trustee to obtain any certification from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on a quarterly basis; and

(xxiii) generally, take such steps and actions as may be necessary to protect the interests of the Trustee.

(II) In connection with the servicing of the Receivables, the Servicer undertakes that it will not:

(i) be entitled to reschedule or restructure the repayment under any Facility or change/modify the terms and/or conditions of any Underlying Document(s) including the repayment schedule, interest rate etc., without obtaining the prior written approval of the Trustee (acting on the instructions of all the Investors);

(ii) make any distinction in the collection efforts and follow up actions with respect to the Receivables and its actions in respect of similar loan facilities that are not assigned hereunder; or

(iii) have, claim or exercise any right of deduction, lien or set-off on, over or in respect of any Receivables, amounts, writings or things held by it or continued to be held by it or coming within its power or possession pursuant to or in connection with the Servicing Agreement.

(III) The Servicer will hold all amounts received in respect of each of the Facility Agreements, in trust for the benefit of the Investors. The amounts collected in the course of a Collection Period, as and when received, will be dealt with only in accordance with the Servicing Agreement and the Trust Deed.

(IV) In the event of any delay on the part of the Servicer in depositing the collections in the Collection and Payment Account as contemplated above, the Servicer will, without prejudice to

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the Trustee's rights under the Servicing Agreement, deposit the delayed amounts together with default interest at the Default Interest Rate payable by it computed on the aggregate of the delayed accounts and the amounts scheduled to be paid to the Trust from the date on which such amounts become due to be deposited in the Collection and Payment Account until the date on which these are actually deposited.

(V) The Servicer will not create any legal, beneficial and equitable or any other rights, title or interest in the amounts collected in the Collection and Payment Account or such amounts held by the Servicer in trust and for the benefit of the Beneficiaries. Subject to any amounts that may be paid to it in terms of the Waterfall Mechanism, it will not be entitled to receive any amounts therefrom nor will it claim any right to receive such amounts, except as otherwise provided in the Servicing Agreement, to the extent that the entire beneficial interest and ownership in respect of the amounts available in the Collection and Payment Account belongs exclusively and absolutely to the Beneficiaries.

(VI) All costs and expenses, related to servicing of the Receivables will be borne by the Servicer unless specifically provided otherwise under any provision of the Servicing Agreement or the Transaction Documents.

(VII) The Servicer shall:

(i) comply with the disclosure and other requirements set out in the Securitisation Directions and the Securitisation Listing Framework; and

(ii) provide all such information and assistance as may be required by the Trustee to comply with the requirements set out in the Securitisation Directions, the Securitisation Listing Framework and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(VIII) The amounts received by the Servicer from any Obligor, who has availed loans in addition to the Facility from the Servicer, towards repayment of any facility(ies) shall be appropriated by the Servicer towards the facility specifically instructed by such Obligor. In the absence of such instruction, the Servicer undertakes that such amounts will be, in terms of priority, first applied to repay the Facilities and then other facilities.

(IX) Following the listing the PTCs with a recognised stock exchange in accordance with the provisions of the Trust Deed, the Servicer undertakes to notify the Trustee of the following:

(i) any action that would affect adversely the payment of interest on the PTCs;

(ii) any other change that would affect the rights and obligations of the PTC Holders;

(iii) any expected default in timely payment of interest or redemption or repayment amount or both in respect of the PTCs listed on the stock exchange as soon as such default becomes apparent; and

(iv) the delay/default in payment of interest/principal amount to the Investors for a period of 3 (three) months from the due date.

(X) The Servicer shall comply with the disclosure and other requirements set out in the Securitisation Directions and the Securitisation Listing Framework.

(XI) Until the redemption of all PTCs, the Servicer shall not take any action in relation to the items

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