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ICRA Limited

CONFIDENTIAL

Ref No: ICRA/SF/DMI Finance Private Limited/30012024/1 January 30, 2024

Mr. Anmol Nayyar,
Chief Partnership Officer
DMI Finance Private Limited
Express Building, 9-10, 3rd Floor,
Bahadur Shah Zafar Marg,
New Delhi – 110002

Dear Sir,

Re: ICRA Provisional Rating for the PTCs to be issued by PLUM 24-7 [SPV under the ABS transaction originated by DMI Finance Private Limited (DMI)] backed by pool of personal loan receivables

Please refer to the Rating Agreement dated January 23, 2024, between ICRA Limited (hereinafter referred as "ICRA") and your Company for carrying out the rating of Pass-Through Certificates (PTCs) under the securitisation programme mentioned above.

The Rating Committee of ICRA has, after due consideration, assigned the following provisional rating(s) under the above-mentioned securitisation programme.

Instrument	Principal (Rs. Crore)	Rating	Definition
PTC Series A1	186.28[1]	Provisional [ICRA]AA(SO)	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories [ICRA]AA(SO) to [ICRA]C(SO). The modifiers reflect the comparative standing within the category.

The Structured Finance ratings assigned by ICRA also factor in the estimate of the relative potential loss to the investor (taking into account credit enhancements, if any) over the tenure of the rated instrument.

The letters "SO" in parenthesis suffixed to the rating symbol stand for Structured Obligation. SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

Please note that the provisional rating(s) is subject to the fulfilment of all conditions of the structure (as mentioned in Annexure 1), review of documentation pertaining to the transaction by ICRA, confirmation of the yield on the PTCs, your Company shall furnishing a legal opinion on the transaction documentation and the due diligence/ audit report of the pool. This rating

[1] *The PTC Series A1 principal amount is Rs. 1,86,27,90,377/-*

communication letter (together with Annexure 1) should be necessarily included in the issue documents / information memorandum of the proposed issue.

In any of your publicity material or other document wherever you are using the above ratings, it should be stated as **"Provisional [ICRA]AA(SO)"** for PTC Series A1. We would request if you can provide your acceptance on the above rating(s) by sending an email or signed attached acknowledgement to us latest by February 02, 2024, as acceptance on the assigned rating(s). In case you do not communicate your acceptance/non-acceptance of the assigned credit rating(s) or do not appeal against the assigned rating(s) by the aforesaid date, the rating(s) will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the Securities and Exchange Board of India (SEBI) vide SEBI circular dated January 06, 2023.

Any intimation by you about the above rating(s) to any banker/ lending agency/government authorities/ stock exchange would constitute use of the rating(s) and shall be deemed acceptance of the Rating.

This rating(s) is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating(s) to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating(s) is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating(s) assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating(s) assigned to your Company.

The rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold PTCs issued by your Company.

We thank you for your kind co-operation during the course of the rating exercise. Please feel free to contact the undersigned if you need any further information/clarification.

With kind regards,

Yours faithfully,

For **ICRA Limited**

SACHIN DILIP JOGLEKAR

Digitally signed by SACHIN DILIP JOGLEKAR
Date: 2024.01.30 10:20:36 +05'30'

Sachin Joglekar
Vice President and Co-Group Head – Structured Finance

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Annexure 1

Transaction structure

The rating(s) is based on the terms of the transaction communicated to ICRA and the conditions mentioned herein –

Structure details:	Catalyst Trusteeship Limited shall settle a trust and shall be appointed as Trustee for the transaction. DMI Finance Private Limited (DMI) shall assign to the Trust, at par, the future receivables (pool cut-off date of January 11, 2024) of Rs. 270.15 crore (underlying pool principal as on pool cut-off date is Rs. 214.11 crore) arising from the selected pool of 13,667 personal loans. The Trust will issue two series of PTCs backed by the receivables (including equity tranche). The upfront purchase consideration to be paid by PTC Series A1 to the Trustee will be 87.00% of the pool principal i.e., Rs. 186.28 crore. There is also a subordination to the extent of balance 13.00% of pool principal which is in form of equity tranche. All the rights and remedies of the investors shall vest in and shall be exercised by the Trustee. The Trustee can be changed with the consent of investors
Servicer/ Collection Agent:	The Trustee will appoint DMI as the Servicer for the transaction. The investors can appoint an alternate Servicer.
Receivables:	All amounts payable by the borrowers under the loan contracts including the loan instalments, penal charges, any reimbursement of costs and any other payments shall be as per the terms and conditions of the underlying loan contracts.
Compliance:	DMI (Originator) shall ensure that all the terms & conditions of the transaction structure, as stated herein (including the execution of transaction documents, setting up of fixed deposit account for cash collateral, obtaining legal opinion and due diligence audit), are complied with within 90 days from the transaction execution. The Trustee shall inform ICRA in writing about the fulfillment of all the said terms & conditions. ICRA shall assign the final rating post satisfactory compliance with the transaction structure by the Originator. The PTC proceeds will be available to the Originator on the date of assignment of receivables.
PTC Payouts:	The promised cashflow schedule for PTC Series A1 on a monthly basis will comprise only interest (at the pre-determined yield) payment and principal payment on the final payout date. During the tenure of PTC Series A1, the collections from the pool, after making the promised interest payouts to PTC Series A1, will be used to make the expected principal payouts to PTC Series A1 (not promised), and any shortfall in making the expected principal payment to PTC Series A1 would be carried forward to the subsequent payout. The final maturity date for the PTCs is July 20, 2027. All prepayment amounts would be passed on to PTC Series A1 (till the PTC Series A1 principal is not fully amortized) every month and its future payouts revised accordingly. The surplus cashflows after making the expected and promised

	payouts if any, shall flow back to the originator at every payout date after making all the expected and scheduled payouts.
Yield on PTCs:	PTC Series A1 will earn a fixed yield every month.
Credit enhancement:	The first line of support for the PTC Series A1 in the transaction is in the form of a subordination of 13.00% of the pool principal (in form of equity tranche). Further credit support is available in the form of an EIS of 17.18% for PTC Series A1. A cash collateral of 5.00% of the initial pool principal (Rs. 10.71 crore), to be provided by DMI, would act as further credit enhancement in the transaction. The cash collateral will be in the form of fixed deposit maintained with a bank acceptable to ICRA. In the event of a shortfall in meeting the promised PTC payouts during any month, the trustee will utilise the cash collateral to meet the shortfall.
Expenses:	All upfront costs and expenses (including upfront arranger fees, rating agency fees and legal expenses) incurred in connection with the proposed transaction shall be to the account of DMI. All collection and servicing expenses will be borne by the Servicer. However, Rs. 50,000 plus applicable taxes and cess, if any would be payable on the first Investor Payout Date from the Excess Interest Spread as servicer fee. The transaction does not envisage any recurring costs to be borne out of the pool cash flows.
Collection and payment mechanism:	The Trustee shall open a no-lien Trust & Retention Account (Trust Account) with the Approved Bank. All monies credited in the Trust Account (including investment of such funds and returns thereon) shall be held in trust for the benefit of the investors. As the Servicer, DMI will collect the receivables from the pool accounts and transfer the collections to the Trust Account on a monthly basis, at least two business days prior to each payout date. In respect of collections of a particular month M, the payouts will be made on specific dates of month M+1 (mentioned in Schedule A), starting with March 20, 2024.
Waterfall mechanism:	**Until the PTC Series A1 are outstanding** a. for payment of all statutory and regulatory dues; b. for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents. PROVIDED THAT the Servicing Fee shall only be appropriated from the EIS component, and if, in any Collection Period the EIS 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); c. towards payment of yield on PTC Series A1 set out to be paid on the preceding payout dates as per the Expected Payout Schedule that remains unpaid provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilise the External Credit Enhancement to meet such shortfall; d. towards payment of yield on PTC Series A1 set out to be paid on the given payout dates as per the Expected Payout Schedule provided that if there is a shortfall in meeting the said payment, then the Trustee shall utilise the External Credit Enhancement to meet such shortfall; e. towards payment for redemption of PTC Series A1 set out to be paid on the given payout date as per the Expected Payout Schedule including the

	redemption payments set out to be paid on the preceding payout dates that remains unpaid; f. any prepayments will be utilized for accelerated redemption of PTC Series A1; g. for replenishment of External Credit Enhancement, to the extent utilised and not replenished already; and h. For payment to the Residual Beneficiary **Upon complete redemption of the PTC Series A1:** a. Payment of any Statutory or Regulatory dues with respect to the Receivables, if any, in case not paid by the Originators, as originally envisaged; and b. towards expected payment for redemption of the Equity Tranche PTCs. c. For payment to the Residual Beneficiary **Upon redemption of the PTC Series A1 and Equity Tranche PTCs in full:** a. for payment of all statutory and regulatory dues; b. for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents; and c. for payment to the Residual Beneficiary For the avoidance of doubt, it is clarified that any redemption of Equity Tranche PTCs shall be fully subordinated to the PTC Series A1 payments. If the PAR > 60 (including the write-offs) of the Pool Principal exceeds 10.00% of the outstanding pool principal, then the EIS shall be utilized to make principal payments to the Series A1 investors in the following manner till the time the PAR > 60 (including the write-offs) reduces to 10.00% of the outstanding pool principal: i. as long as the PTC Series A1 are live, the EIS shall be utilized to make payments towards Series A1 Principal to the Series A1 Investors;
Foreclosures:	The amount collected upon pre-termination of a contract will be paid to PTC Series A1. Following such prepayments, the future payment schedule to PTCs will be revised.
Monitoring:	The Servicer shall prepare a summary report on the pool collections/pre-terminations on a monthly basis, at least two business days prior to each payout date. The report will include the calculation of the utilization of the credit enhancement and the revision in the PTC payouts schedule. The Servicer will send the detailed monitoring report to the Trustee latest by T-2 (T being the payout date).
Selection criteria:	• All loans to be fully disbursed • No loans should have original tenor more than 48 months • No loans should have residual tenor of more than 42 months • No loans should have original sanction of more than Rs. 5 lacs • No loans should have peak DPD of more than 30 days • All loans to be current as on cut off date • All loans to have CIBIL score of 700 and above

	• No loans to have balance maturity of less than 365 days • Minimum Holding Period (MHP) of the Receivables should meet the criteria set under the Securitization Guidelines; • Loans are existing at the time of selection, and have not been terminated or prepaid; • Compliance with "know your customer" norms specified by the RBI; • Loans are not overdue; • The Loans should not have been rescheduled or restructured by the Seller up to the Cut-off Date save and except for moratorium availed by certain Obligors from March 2020 to August 2020 pursuant to the RBI notification no. RBI/2019-20/244 dated May 23, 2020 read with RBI notification no. RBI/2019-20/186 dated March 27, 2020 and RBI Notification dated April 17, 2020 Compliance with "know your customer" norms specified by the RBI.
Warranties and representations by the Company:	a) All information provided to ICRA on the portfolio performance and the pool characteristics are correct. b) All receivables in the aforementioned pool are free from all encumbrances, and DMI, before the assignment thereof to the investors, was the sole legal and beneficial owner of the assets and receivables thereof and has full right to transfer and assign such loan receivables to the investors. c) Each of the underlying documents has been duly executed and is legally valid and enforceable in accordance with the terms thereof. The Originator shall fully recompense the investors, on demand, for any losses that may arise due to any imperfections in documentation. d) Any fiscal levies, including any stamp and other duties, sales tax, service tax and other levies, imposts and taxes imposed in relation to the receivables, on the investors shall be fully paid for/compensated by DMI. All expenses and charges incurred in relation to the transaction, including rating agency fees, trustee fees, stamp duties and other fiscal levies shall be fully paid for/compensated by DMI. e) With respect to each contract in the pool, there is only one original set of documents with the borrower, which is in the possession of DMI. f) In its capacity as the Servicer, DMI shall not make any distinction in its collection efforts and follow-up actions on the assigned pool from that of its own portfolio of similar contracts. g) Upon execution of the agreement specified herein above, DMI, in any capacity, shall not modify any of the underlying loan agreements without the consent of the investors if such modification may have an adverse impact on the pool cash flows. h) DMI shall also ensure that all rights enjoyed by the Originator as per the terms of the underlying loan agreements shall stand transferred to the investor. i) The executant of the legal documentation on behalf of DMI has been duly empowered and authorized to execute the same and to perform all obligations in accordance with the terms set out herein.

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Schedule A

Monthly Scheduled Cashflow for PTC Series A1 (Rs. Lakh)

S. No	Payout date	PTC Series A1		S. No	Payout date	PTC Series A1
1	20-Mar-24	232.57		22	20-Dec-25	142.39
2	20-Apr-24	147.13		23	20-Jan-26	147.13
3	20-May-24	142.39		24	20-Feb-26	147.13
4	20-Jun-24	147.13		25	20-Mar-26	132.90
5	20-Jul-24	142.39		26	20-Apr-26	147.13
6	20-Aug-24	147.13		27	20-May-26	142.39
7	20-Sep-24	147.13		28	20-Jun-26	147.13
8	20-Oct-24	142.39		29	20-Jul-26	142.39
9	20-Nov-24	147.13		30	20-Aug-26	147.13
10	20-Dec-24	142.39		31	20-Sep-26	147.13
11	20-Jan-25	147.13		32	20-Oct-26	142.39
12	20-Feb-25	147.13		33	20-Nov-26	147.13
13	20-Mar-25	132.90		34	20-Dec-26	142.39
14	20-Apr-25	147.13		35	20-Jan-27	147.13
15	20-May-25	142.39		36	20-Feb-27	147.13
16	20-Jun-25	147.13		37	20-Mar-27	132.90
17	20-Jul-25	142.39		38	20-Apr-27	147.13
18	20-Aug-25	147.13		39	20-May-27	142.39
19	20-Sep-25	147.13		40	20-Jun-27	147.13
20	20-Oct-25	142.39		41	20-Jul-27	18,770.29
21	20-Nov-25	147.13				
					Total	**24,636.70**

Monthly expected Cashflows for PTC Series A1 under 100% collection scenario (Rs. Lakh)

S. No	Payout date	PTC Series A1		S. No	Payout date	PTC Series A1
1	20-Mar-24	914.46		14	20-Apr-25	937.05
2	20-Apr-24	843.62		15	20-May-25	936.49
3	20-May-24	838.76		16	20-Jun-25	940.91
4	20-Jun-24	853.93		17	20-Jul-25	899.11
5	20-Jul-24	853.75		18	20-Aug-25	868.77
6	20-Aug-24	868.57		19	20-Sep-25	849.51
7	20-Sep-24	872.98		20	20-Oct-25	655.60
8	20-Oct-24	877.33		21	20-Nov-25	659.74
9	20-Nov-24	891.58		22	20-Dec-25	640.88
10	20-Dec-24	893.83		23	20-Jan-26	623.99
11	20-Jan-25	907.69		24	20-Feb-26	586.99
12	20-Feb-25	913.62		25	20-Mar-26	509.27
13	20-Mar-25	914.91				
					Total	**20,553.34**