Shivam - II
Information Memorandum
BEACON TRUSTEESHIP LIMITED

1,600 (one thousand and six hundred) Series A1 PTCs aggregating to INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh) having a rating of A (SO) and offering a yield as more particularly set out in Annexure 1 hereto, maturing on the dates identified under Annexure 1 hereto, price identified under Annexure 1 hereto, evidencing beneficial interest in loan receivables originated by VFS Capital Limited and issued pursuant to the terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 as amended/supplemented/replaced from time to time.

Indicative Issue Schedule	
Issue Opening Date	September 15, 2023
Issue Closing Date	September 15, 2023
Deemed Date of Allotment	September 15, 2023
Issue Size (Series A1 PTCs)	INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh)

SELLER

VFS CAPITAL LIMITED
Registered Office: F-15, Geetanjali Park, 18/3a, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India
Corporate Office: Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata-700160, West Bengal, India
Tel: 03366551414
Website: www.vfscapital.in
Email ID: md@vfscapital.in

SERVICER

VFS CAPITAL LIMITED
Registered Office: F-15, Geetanjali Park, 18/3a, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India
Corporate Office: Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata-700160, West Bengal, India
Tel: 03366551414
Website: www.vfscapital.in
Email ID: md@vfscapital.in

TRUSTEE

BEACON TRUSTEESHIP LIMITED

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Contact Person: Mr. Kaustubh Kulkarni
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RATING AGENCY

CARE Ratings Limited
4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai-400022

LEGAL COUNSEL

Phoenix Legal
Vaswani Mansion, Office No. 17 & 18 3rd Floor, 120 Dinshaw Vachha Road
Churchgate, Mumbai – 400 020

REGISTRAR & TRANSFER AGENT

NSDL Database Management Limited
4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai – 400013

Each Pass Through Certificate (PTC) represents a proportionate undivided beneficial interest in the underlying pool of receivables arising from loans extended by VFS Capital Limited, in the ordinary course of business. It does not represent an interest or obligation of Shivam - II or Beacon Trusteeship Limited nor are the underlying loan contracts insured or guaranteed by VFS Capital Limited to the extent of credit enhancement provided by VFS Capital Limited as described herein. Further all the concerned are hereby informed that the PTCs do not represent deposit liabilities of the Originator, the Servicer, the Trust or the Trustee and that they are not insured. The Trustee/ Originator/ Servicer/Trust does not guarantee the capital value of PTCs and the performance of PTC issued, or collectability of receivables pool and the investments in the PTCs are subject to prepayment risk, interest rate risk, credit risk, possible delays in repayment and loss of income and principal invested.

Disclaimer

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

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

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

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

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

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

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

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

This Information Memorandum is not intended to form the sole basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to Series A1 PTCs. This Information Memorandum has been prepared to give general information regarding the Seller and the transactions

contemplated under the Securitisation Documents, to parties proposing to invest in this issue of Series A1 PTCs and it does not purport to contain all the information that any such party may require. This Information Memorandum and the other Securitisation Documents reflect only the future cash flows arising from the Receivables. Cash flows received prior to the Commencement Date and which are not intended to be assigned by the Originator to the Trust, irrespective of whether the same constitute advance or upfront payments, or otherwise, are not reflected in the Information Memorandum and the other Securitisation Documents and are not being considered for arriving at the Purchase Consideration payable by the Trust for the Receivables. The Investor Payouts payable to the Investors shall be as per the payout schedule set out in **Annexure 2** hereto and in the applicable Securitisation Documents.

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

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

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

GENERAL RISK

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

DISCLAIMER CLAUSE OF SEBI

As per the provisions of the Securitisation Listing Framework, a copy of this Offer Document may need to be filed with or submitted to SEBI for its review/approval. It is to be distinctly understood that this Offer Document should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI nor does SEBI guarantee the adequacy and accuracy of this Offer Document. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Series A1 PTCs issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Offer Document.

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

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

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE

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

DISCLAIMER IN RESPECT OF JURISDICTION

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

DISCLAIMER IN RESPECT OF RATING AGENCY

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

ISSUE OF PTCs IN DEMATERIALISED FORM

The Series A1 PTCs will be issued in dematerialised form. The Issuer has made arrangements with National Securities Depositories Limited and Central Depository Services (India) Limited for the issue of the Series A1 PTCs in dematerialised form. The investors will have to hold the Series A1 PTCs in dematerialised form as per the provisions of the Depositories Act, 1996. The Issuer shall take necessary steps to credit the Series A1 PTCs allotted to the beneficiary account maintained by the investors with its depository participant. The Issuer will make the allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

ADDITIONAL ASSUMPTIONS

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

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

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

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

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

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

For Beacon Trusteeship Limited,

(as the Trustee for Shivam - II)

Authorised Signatory

Date: September 15, 2023

List of Contact Persons

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

Originator/ Seller/ Servicer: VFS Capital Limited				
Location	**Contact Person**	**Tel. No.**	**E-mail**	**Fax No.**
Kolkata	Mr. Kuldip Maity	03366551414	md@vfscapital.in	-

Trustee: Beacon Trusteeship Limited				
Location	**Contact Person**	**Tel. No.**	**E-mail**	**Fax No.**
Mumbai	Mr. Kaustubh Kulkarni	+91 7208967014	teamsecu@beacontrustee.co.in	-

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CHAPTER 1: DEFINITIONS AND GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

(9) "**Assigned Assets**" has the meaning given to it in Section 2.2(a) below.

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

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

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

(13) "**BSE**" means BSE Limited.

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

(15) "**Cash Collateral**" means all or any fixed deposit account(s) established by the Seller/Facility Provider with the Approved Bank, aggregating to INR 1,12,45,774 (Indian Rupees One Crore Twelve Lakh Forty Five Thousand Seven Hundred and Seventy Four) as stipulated by the Rating Agency, including any reimbursements and replenishments thereto (but excluding all interest accruing thereupon) available to meet any shortfall in payments which were due and payable and were scheduled to be made under the Waterfall Mechanism on any Payout Date.

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

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

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

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

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

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

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

(20) "**Collection Bank**" means ICICI Bank Limited, acting through its branch located at ICICI Bank Towers, Bandra Kurla Complex, Mumbai, Maharashtra, India, or any other scheduled commercial bank, which is acceptable to the Rating Agency and with whom the Collection and Payment Account and other accounts as may be required in terms of the Securitisation Documents are maintained, as more particularly set out in the Accounts Agreement.

(21) "**Collection Efficiency**" means, for any particular Collection Period, the ratio of (a) the aggregate of the amounts actually collected (including opening overdues) in respect of the Facilities comprising the Pool, to (b) the aggregate of the amounts billed (i.e., scheduled/expected to be collected) in respect of the Facilities comprising the Pool, multiplied by 100 (one hundred) and followed by the "%" symbol.

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

(23) "**Commencement Date**" means August 12, 2023, being the date following the Pool Cut Off Date.

(24) "**Credit Enhancement**" means the Cash Collateral. For the avoidance of doubt, it is clarified that the Subordinated Facilities Principal/Overcollateral and the Excess Interest Spread are part of the

Receivables and form a part of the internal credit enhancement (as defined in the Securitisation Directions).

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

(26) "**Default Interest Rate**" means the aggregate of the prevailing Series A1 Interest Rate and 5% (fivepercent) per annum.

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

(28) "**Effective Date**" means the date on which the Assigned Assets are purchased by the Trust in consideration of the payment of the Purchase Consideration in accordance with the terms of the Assignment Agreement and the other Securitisation Documents, which shall be no later than September 15, 2023.

(29) "**EIS Trigger Events**" means the following events:

(a) the PAR>90 exceeds 5% (five percent);

(b) the Collection Efficiency for any Collection Period falls below 85% (eighty five percent);

(c) the rating of the PTCs is downgraded by 1 (one) notch or more by the Rating Agency from that prevailing as on the Effective Date;

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

(e) any failure of the Servicer to pay any amounts in respect of any financial indebtedness to any lenders/creditors; or

(f) the occurrence of any Servicer Event of Default (as defined in the Servicing Agreement),

and "**EIS Trigger Event**" shall be construed accordingly.

(30) "**Excess Interest Spread**" or "**EIS**" means, for the purposes of the transactions contemplated under the Securitisation Documents, the excess spread arising due to the difference between the interest amounts on the Facilities comprising the Pool and the Interest payable to the PTC Holders. As of the Pool Cut Off Date, the EIS available in respect of the Facilities comprising the Pool is the equivalent to 11.91% (eleven decimal nine one percent) of the principal amounts outstanding under the Pool as of the Pool Cut Off Date.

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

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

(33) "**Facility Provider**" means VFS Capital Limited, a company incorporated under the Companies Act, 1956 with corporate identification number U51109WB1994PLC063746 and registered with the Reserve Bank of India as a non-banking financial company - micro finance institution, having its registered office at F-15, Geetanjali Park, 18/3A, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India and acting through its corporate office at Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata, West Bengal - 700160, India.

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

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

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

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

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

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

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

(41) "**Joint Liability Group Loans**" means loans/facilities where the borrowers/obligors belonging to a group are jointly (with other borrowers/obligors in the group) and severally liable to repay the loans/facilities, together with interest and other charges thereon.

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

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

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

(45) "**Microfinance Framework**" means the RBI's master direction bearing reference no. DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022 on "*Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022*".

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

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

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

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

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

(51) "**PAR>90**" means, as on any date of determination, the ratio of (a) the aggregate outstanding principal value of the Facilities comprising the Pool that have one or more instalments of payments (including principal or interest) overdue for 90 (ninety) days or more, to (b) the outstanding principal amount of the Facilities comprising the Pool as of the Pool Cut Off Date, multiplied by 100, and followed by the "%" symbol.

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

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

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

(55) "**Pool**" means the securitised Receivables, being the Facilities which are identified in the Assignment Agreement and are based on the eligibility criteria mentioned in Section 6.1. The expected cash flows of the Facilities (prepared on the basis of the Effective Date being September 15, 2023 and assuming no Prepayments and/or Defaults) have been set out in Annexure 2.

(56) "**Pool Cut Off Date**" means August 11, 2023.

(57) "**Prepayment**" means:

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

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

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

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

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

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

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

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

(63) "**Rating Agency**" means CARE Ratings Limited, which has been appointed for the purpose of rating the PTCs.

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

(65) "**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.

(66) "**Record Date**" means the date for determination of the registered Investors with the Registrar and Transfer Agent, being the day that occurs 2 (two) days prior to each Payout Date.

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

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

(69) "**Residual Beneficiary**" means VFS Capital Limited, a company incorporated under the Companies Act, 1956 with corporate identification number U51109WB1994PLC063746 and registered with the Reserve Bank of India as a non-banking financial company - micro finance institution, having its registered office at F-15, Geetanjali Park, 18/3A, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India and acting through its corporate office at Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata, West Bengal - 700160, India.

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

(71) "**Securitisation Directions**" means the Master Direction bearing reference number DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 issued by the RBI on "*Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021*", read together with, to the extent applicable, the Master Direction bearing reference number DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 issued by the RBI on "*Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021*", each as amended, modified, supplemented or restated from time to time.

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

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

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

(75) "**Seller**" or "**Originator**" or "**Assignor**" or "**Company**" means VFS Capital Limited, a company incorporated under the Companies Act, 1956 with corporate identification number U51109WB1994PLC063746 and registered with the Reserve Bank of India as a non-banking financial company - micro finance institution, having its registered office at F-15, Geetanjali Park, 18/3A, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India and acting through its corporate office at Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata, West Bengal - 700160, India.

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

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

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

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

(77) "**Series A1 Final Maturity Date**" means May 15, 2025.

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

(79) "**Series A1 Interest Rate**" means 12% (twelve percent) per annum per month.

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

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

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

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

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

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

(81) "**Series A1 Principal**" means the principal amounts aggregating to INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh) expected to be paid to the Series A1 Investors on each Payout Date, and due to be paid to the Series A1 Investors on the Series A1 Final Maturity Date.

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

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

(84) "**Servicer**" means VFS Capital Limited, a company incorporated under the Companies Act, 1956 with corporate identification number U51109WB1994PLC063746 and registered with the Reserve Bank of India as a non-banking financial company - micro finance institution, having its registered office at F-15, Geetanjali Park, 18/3A, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India and acting through its corporate office at Eco Space Business Park, Tower-4B, Room No-403,4th Floor, New Town, Rajarhat, Kolkata, West Bengal - 700160, India or any other person appointed as the servicer in accordance with the Servicing Agreement.

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

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

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

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

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

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

(f) an order for suspension of business or winding up, liquidation, administration or resolution of the Servicer is made by any Governmental Authority;

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

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

(i) without prejudice to paragraph (h) above, any failure of the Servicer to remit/deposit amounts constituting the Receivables that have been collected in any Collection Period into the Collection and Payment Account in accordance with the Servicing Agreement;

(j) the discovery/detection of any default, misconduct, fraud, or negligence in respect of any transaction undertaken by the Servicer under the Servicing Agreement and the Securitisation Documents;

(k) if an attachment or restraint has been levied on a material part of the Servicer's properties in India, or certificate proceedings have been taken or commenced for recovery of dues from the Servicer, and the Servicer does not take effective steps to the satisfaction of the Trust for cancellation of such attachment, restraint or certificate proceedings;

(l) any action by a Governmental Authority which precludes the Servicer from undertaking its obligations under the Servicing Agreement or which would result in the obligations of the Servicer under the Servicing Agreement being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever or which may have a material adverse effect on the Servicer;

(m) the net worth of the Servicer (determined in accordance with the applicable directions and instructions of the RBI, the applicable accounting standards, and the Companies Act, 2013) falls below INR 50,00,00,000 (Indian Rupees Fifty Crore);

(n) any Underlying Document becoming unenforceable due to the failure of the Servicer to obtain any Authorisation required by or from any Governmental Authority, or due to deficient stamp

duty being paid by the Servicer on the Underlying Documents;

(o) any breach by the Servicer of any applicable directions of the RBI (including the Securitisation Directions); or

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

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

(87) "**Servicing Fee**" means the servicing fee of INR 50,000 (Indian Rupees Fifty Thousand), plus applicable goods and services tax, to be paid to the Servicer in accordance with the Servicing Agreement and the Trust Deed.

(88) "**Settlor**" or "**Sponsor**" means Beacon Trusteeship Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (East), Mumbai, Maharashtra - 400051, India.

(89) "**Subordinated Facilities Principal**" or "**Overcollateral**" means 14.99% (fourteen decimal nine nine percent) of the principal amounts outstanding under the Pool as of the Pool Cut Off Date, which is being offered as part of the internal credit enhancement. The Receivables which constitute the Subordinated Facilities Principal/Overcollateral are not specifically identified and form an undivided part equivalent to 14.99% (fourteen decimal nine nine percent) of the principal amounts outstanding under the Pool as of the Pool Cut Off Date.

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

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

(92) "**Trust**" or "**SPV**" or "**Issuer**" or "**Assignee**" or "**SPDE**" means the **Shivam - II** trust, a private trust settled in India in accordance with the Indian Trusts Act, 1882 by the Settlor/Sponsor under the terms of the Trust Deed.

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

(94) "**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.

(95) "**Trustee**" means Beacon Trusteeship Limited, a company incorporated under the Companies Act, 2013 and having its registered office at 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (East), Mumbai, Maharashtra - 400051, India.

(96) "**Underlying Documents**" means, collectively, all documents, instruments, records pertaining to the Facilities, including without limitation, all Facility Agreements, documents in respect of all contractual comfort (including without limitation, any guarantees, letters of comfort, demand promissory notes (together with letters of continuity) and other negotiable instruments) underlying or provided in respect of the Facilities, and all other underlying indemnities and correspondence and records relating to the Receivables, as amended and/or restated from time to time.

(97) "**Waterfall Mechanism**" means the fund flow priorities as more particularly detailed in the sub-section named "*Payment Waterfall / Waterfall Mechanism*" under Section 2.3 below.

CHAPTER 2: EXECUTIVE SUMMARY

This Information Memorandum seeks to provide relevant details of securitisation of certain loan assets together with all other present and future rights and benefits arising there from.

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

2.1 INTRODUCTION TO SECURITISATION

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

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

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

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

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

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

2.2 BRIEF DESCRIPTION OF THE TRANSACTION

(a) The Trust is proposed to be set up as a special purpose trust, settled by Beacon Trusteeship Limited under the Trust Deed for acquiring:

   (i) the Receivables together with all rights, title and interests therein, together with all contractual comfort (including without limitation, any guarantees, letters of comfort, demand promissory notes (together with letters of continuity) and other negotiable instruments) underlying or provided in respect of the Facilities, which the Seller is entitled to, to the extent that the Trust/Trustee shall have the right to enforce such contractual comfort and appropriate the amounts realised therefrom towards the repayment of the Facilities, and to exercise all other rights of the Seller in relation to such contractual comfort;

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

   (iii) all rights, title and interests in the Cash Collateral,

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

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

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

(d) After acquiring the aforesaid Assets, the Issuer will issue Pass Through Certificates (PTCs) to the Investors. The Series A1 PTCs shall be listed on BSE in terms of the Securitisation Listing Framework.

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

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

(g) To meet the MRR stipulated by the RBI, in relation to the Assigned Assets being sold, the Originator is providing Cash Collateral to the extent of to 5% (five percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. It is clarified that in addition to the Cash Collateral, internal credit enhancement by way of (i) the EIS, and (ii) the Subordinated Facilities Principal/Overcollateral shall also be available to the Trust.

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

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

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

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

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

2.3 PRINCIPAL TERMS OF THE SECURITISATION TRANSACTION

Nature of Instrument	Securitised Debt Instruments being Pass Through Certificate evidencing beneficial interest in the Receivables as more particularly set out under **Annexure 2** hereto.
Issuer	Shivam - II
Originator / Seller	VFS Capital Limited
Trustee	Beacon Trusteeship Limited

Credit Enhancement Provider	VFS Capital Limited
Collection Bank	ICICI Bank Limited, acting through its branch located at ICICI Bank Towers, Bandra Kurla Complex, Mumbai, Maharashtra, India
Servicer	VFS Capital Limited
Rating Agency	CARE Ratings Limited
Legal Counsel	Phoenix Legal
Obligors	means, collectively, all the persons who have availed the Facilities comprising the Pool from the Seller under the terms of the Facility Agreements entered into between such persons and the Seller and who are liable to make payments of amounts due to the Seller as stipulated thereunder, and all persons that have provided any guarantee(s) and/or contractual comfort and/or security (if any) in respect of the Facilities.
Receivables	means the aggregate of all amounts payable by the Obligors to the Seller from the Commencement Date, including all principal amounts, interest (both accrued and unpaid interest as at the Commencement Date and all future interest), additional interest, overdue charges, liquidated damages, penalties/premium received on prepayment and/or foreclosure, penal charges, Prepayment Proceeds, all amounts due and payable in respect of the Facilities including on account of delayed payments, any penal charges, any costs, charges, expenses, fees collected by the Seller and any other amounts stipulated in the Facility Agreements and/or the Underlying Documents. The details of the Receivables are more particularly provided in **Annexure 6** herein.
Structure	Par
Aggregate Pool Principal	INR 22,49,15,482 (Indian Rupees Twenty Two Crore Forty Nine Lakh Fifteen Thousand Four Hundred and Eighty Two) as on the Pool Cut Off Date
Aggregate Pool Cashflows	INR 26,58,22,095 (Indian Rupees Twenty Six Crore Fifty Eight Lakh Twenty Two Thousand and Ninety Five) as on the Pool Cut Off Date.
Aggregate Excess Interest Spread	INR 2,67,97,313 (Indian Rupees Two Crore Sixty Seven Lakh Ninety Seven Thousand Three Hundred and Thirteen) as on the Pool Cut Off Date.
Series A1 PTC Subscription Amount	INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh)
Pool Cut Off Date	August 11, 2023
Transfer Date/Commencement Date	August 12, 2023
PTCs	Series A1 PTCs
Purchase Consideration	INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh)
Rating of Series A1 PTCs	A (SO) by CARE Ratings Limited for Series A1 PTCs
Servicer Fees	INR 50,000 (Rupees Fifty Thousand), plus applicable goods and services tax, to be paid to the Servicer in accordance with the Servicing Agreement and the Trust Deed
Series A1 Interest Rate	12% (twelve percent) per annum per month
Face Value of Series A1 PTCs	INR 1,19,500 (Indian Rupees One Lakh Nineteen Thousand and Five Hundred)
Series A1 Investor Payouts	means the amounts to be paid to the Series A1 Investors as per the Waterfall Mechanism, in the manner and on the relevant Payout Dates set out in Annexure 2, wherein:

	(a) the Series A1 Interest is payable to the Series A1 Investors on each Payout Date until the Payout Date on which the Series A1 Principal is paid in full; (b) the Series A1 Principal is only expected to be paid on each Payout Date and is due and payable on the Series A1 Final Maturity Date; (c) any shortfalls in the payment of the expected Series A1 Principal will be carried forward as payment in arrears and will be paid out on a future Payout Date as and when there are sufficient Total Collections to meet the shortfall, in accordance with the Waterfall Mechanism; (d) any Prepayment Proceeds shall be utilised for accelerated redemption of the Series A1 Principal; and (e) all Investor Payouts shall follow the priority of payments as set out in the Waterfall Mechanism.
Yield/Interest Type	Fixed
Default Interest Rate	means the aggregate of the prevailing Series A1 Interest Rate and 5% (five percent) per annum.
Aggregate Cashflows	As set out in **Annexure 2.**
Form of Credit Enhancement	The Credit Enhancement comprises of the Cash Collateral. For the avoidance of doubt, it is clarified that the Subordinated Facilities Principal/Overcollateral and the Excess Interest Spread are part of the Receivables and form a part of the internal credit enhancement (as defined in the Securitisation Directions).
Credit Enhancement and Utilisation of Credit Enhancement	(a) The Cash Collateral shall amount to 5% (five percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. The Seller/Facility Provider will transfer the Cash Collateral, in the form and manner provided under the Assignment Agreement and the other Securitisation Documents, or in such other form and manner as may be acceptable to the Rating Agency and the Trustee. In addition to the Cash Collateral, internal credit enhancement by way of the EIS and the Subordinated Facilities Principal/Overcollateral 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 Securitisation 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 Securitisation 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) No part of the Cash Collateral may, at any time, be reset until the Series A1 PTCs have been redeemed.

(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.
Liquidity Support	Not Applicable
Collection & Payout Account / CPA	means an account to be opened and maintained by the Trustee with the Collection Bank, in accordance with the terms of the Accounts Agreement and the Trust Deed.
Payment Waterfall / Waterfall Mechanism	(I) The Waterfall Mechanism is based on the following principles: (a) Until the Series A1 Principal is redeemed in full, the Series A1 Interest shall be due and payable on each Payout Date. (b) The Series A1 Principal shall be expected to be paid on each Payout Date, and shall be due and payable on the Series A1 Final Maturity Date. (c) All collections in the Pool will be used to pay the Series A1 Investor Payouts in accordance with the priority of payments set out in the Waterfall Mechanism. (II) On each Payout Date, the proceeds realised and deposited in the Collection and Payment Account by the Servicer, along with any amounts withdrawn by the Trustee from the Cash Collateral, will be utilised in the following order of priority. (a) Until such time the Series A1 PTCs have not been fully redeemed, the Total Collections, all amounts remaining in the Collection and Payment Account from any previous Collection Period (if any), the Clean Up Purchase Consideration (if such amounts have been received), and any amounts recovered pursuant to any legal proceedings, shall be utilised by the Trustee in the following order of priority: (i) payment of Senior Costs. PROVIDED THAT the Servicing Fee shall only be appropriated from the EIS component of the Total Collections, and if, in any Collection Period the EIS component of the Total Collections is insufficient to make a complete payment of the Servicing Fee, then the deficit portion of the Servicing Fee shall be paid out in the next occurring Collection Period(s); (ii) payment of the Overdue Series A1 Interest; (iii) payment of the Series A1 Interest due; (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 accelerated payment/prepayment of Series A1 Principal;

(vi) reimbursement of the Cash Collateral (to the extent drawn on any Payout Date and not reimbursed already); and

(vii) subject to paragraph (d) below, so long as the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is not lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, all residual amounts remaining after application in accordance with (i) to (vi) above that are attributable to the EIS portion of the Total Collections shall be utilised for payment to the Residual Beneficiary.

It is clarified that:

(A) so long as the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is not lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, any payment to the Residual Beneficiary pursuant to this paragraph (vii) shall be made only from the EIS component of the Total Collections, and all remaining amounts (being the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be applied in the next occurring Collection Period(s); and

(B) if the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, all remaining amounts (being the EIS component of the Total Collections and the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be applied in the next occurring Collection Period(s).

(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) all residual amounts (including the EIS component of the Total Collections and the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be utilised for 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. (d) Notwithstanding anything contained in paragraph (a) above, if any EIS Trigger Event occurs, then until the earlier of (i) the Series A1 PTCs being fully redeemed, or (ii) the relevant EIS Trigger Event is remedied/cured, all payments that otherwise would have been paid to the Residual Beneficiary in accordance with paragraph (a) above (i.e., the residual amounts attributable to the EIS component of the Total Collections), shall be utilized for making accelerated payment/prepayment of the Series A1 Principal until the Series A1 PTCs are completely redeemed.
Prepayments	means: (a) the early payment by any Obligor(s) of any principal instalments outstanding on any Facility Agreement(s) and balance interest thereon, where applicable (as per the provisions of such Facility Agreement(s)); (b) the early payment by any Obligor(s) of any amounts, including balance interest (if any) for the remaining period of any Facility(ies), where applicable (as per the provisions of such Facility Agreement(s)), and principal instalments outstanding under such Facility Agreement(s) pursuant to the termination of any Facility Agreement(s), whether voluntary or pursuant to any order(s) of any court or tribunal; or (c) the early payment of any amounts, including balance interest (if any) in respect of any Facility, pursuant to the foreclosure of any such Facility, whether voluntary or pursuant to any order(s) of any court or tribunal.
Prepayment Proceeds	means the amounts paid by any Obligor(s) on any Prepayment, including pursuant to any legal proceedings for the recovery of any amounts from any Obligor(s) under the relevant Underlying Document.
Clean-up Call Option	(a) Subject to Applicable Law, at any time after the residual value i.e., value of outstanding principal of the Facilities comprising the Pool, falls below the

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

2.4 PRINCIPAL TERMS OF THE SERIES A1 PTCS

Issue Opening Date	September 15, 2023
Issue Closing Date	September 15, 2023
Deemed Date of Allotment	September 15, 2023
First Payout Date	October 15, 2023
Last Payout Date in relation to Series A1 PTCs	Expected Maturity date of Series A1 PTCs shall be November 15, 2024 Legal Final Maturity date of Series A1 PTCs shall be May 15, 2025
Legal Final Maturity in relation to Series A1 PTCs (in months)	May 15, 2025 (i.e. after 19.99 months from the Deemed Date of Allotment)
No. of Series A1 PTCs	1,600 (one thousand and six hundred)
Price Per Series A1 PTC	INR 1,19,500 (Indian Rupees One Lakh Nineteen Thousand and Five Hundred)
Minimum Subscription / Minimum Ticket Size for Series A1 PTC	INR 19,12,00,000 (Indian Rupees Nineteen Crore and Twelve Lakh) (i.e., Series A1 Investor (or transferee of a Series A1 Investor) has to acquire at least 1,600 (one thousand six hundred) PTCs and multiples of 1 (one) PTC thereafter.

2.5 RATING

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

2.6 APPLICATION FOR CERTIFICATES

The subscription period will open on September 15, 2023 and close on a date not later than September 15, 2023. The investors have to submit applications (by submitting the duly filled up and signed form annexed hereto and marked as **Annexure 3**) and make payment of the subscription amounts by a cheque/ demand draft payable high value in Mumbai by RTGS such that the credit is received no later than 4.00 p.m. on or prior to the day of closure of issue. The Deemed Date of Allotment for the Certificates shall be September 15, 2023 ("**Deemed Date of Allotment**").

CHAPTER 3: THE TRANSACTION STRUCTURE

3.1 TRANSACTION STRUCTURE

(a) VFS Capital Limited is the Originator/Seller/Servicer of the Assigned Assets.

(b) The Originator shall assign and sell the Assigned Assets to a special purpose vehicle (SPV), which is a trust, namely "Shivam - II" settled by Beacon Trusteeship Limited under the Trust Deed for acquiring the Assigned Assets as property of the Trust in trust for and for the benefit of the Investors.

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

(d) To meet the MRR stipulated by the RBI, in relation to the Assigned Assets being sold, the Seller is providing Cash Collateral to the extent of to 5% (five percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. It is clarified that in addition to the Cash Collateral, internal credit enhancement by way of (i) the EIS, and (ii) the Subordinated Facilities Principal/Overcollateral shall also be available to the Trust.

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

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

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

(h) Beacon Trusteeship Limited acting as the Trustee shall monitor the overall transaction on behalf of the Beneficiaries and shall be responsible for performing various actions to protect their interests.

(i) The Trustee will open and operate the Collection and Payment Account. The Cash Collateral will be available in the form of fixed deposits, will be lien marked and assigned in favour of the Trustee.

(j) The Cash Collateral shall be available to the Trust for the benefit of the Investors at all times until the Series A1 Final Maturity Date, i.e., for the duration of the transactions contemplated under the Securitisation Documents.

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

(l) The Credit Enhancement for the PTCs comprises of the Cash Collateral, which Cash Collateral shall be provided by the Originator in such manner and to such extent as is required to ensure that the provisional rating of the Series A1 PTCs is confirmed by the Rating Agency. For the avoidance of doubt, it is clarified that the Subordinated Facilities Principal/Overcollateral and the Excess Interest Spread are part of the Receivables and form a part of the internal credit enhancement (as defined in the Securitisation Directions).

(m) The Seller will be appointed as the Servicer in relation to the Assigned Assets. The Servicer shall collect the Receivables from the Obligors, and deposit all the collections realised therefrom into the CPA as per the terms of the Securitisation Documents. The Servicer shall prepare the Monitoring Reports, and submit the Monitoring Reports to the Trustee and Rating Agency, on or prior to the 7th (seventh) day of each calendar month.

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

(o) All amounts collected in the Collection and Payment Account shall be utilised in accordance with the Waterfall Mechanism. The Investor Payouts for the PTCs has been detailed in **Annexure 2.**

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

3.2 RECEIVABLES

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

3.3 INSTRUMENTS ON OFFER

Series A1 PTCS issued by Shivam - II:

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

Each Senior A1 PTC represents a proportionate undivided beneficial interest in the Assigned Assets as specified in this Information Memorandum and will be issued pursuant to the Securitisation Documents entered into by and between different parties to this securitisation transaction.

The Series A1 PTCs do not represent an interest or obligation of the Trustee, the Originator/ Seller (other than to the limited extent of the Credit Enhancement provided by the Seller), the Servicer or any of their respective affiliates nor are the Series A1 PTCs or the underlying Receivables insured or guaranteed by the Trustee, the Originator/ Seller (other than to the limited extent of the Credit Enhancement provided by the Seller) the Servicer or any of their respective affiliates.

3.4 PAYIN DATES AND PAYOUT DATES

If:

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

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

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

3.5 PAYMENT OF INTEREST

The Series A1 PTCs shall carry a rate interest of 12% (twelve percent) per annum per month, payable on the Payout Dates as specified in **Annexure 2.**

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

3.6 PREPAYMENT AMOUNTS

Please refer the definitions of "*Prepayments*" and "*Prepayment Proceeds*" in Chapter 1 above and the sub-sections named "*Prepayments*" and "*Prepayment Proceeds*" under Section 2.3 above.

3.7 CREDIT ENHANCEMENT

Please refer the sub-section named "*Credit Enhancement and Utilisation of Credit Enhancement*" under Section 2.3 above.

3.8 IMPORTANT STRUCTURAL TRIGGERS

In the event of any Prepayments/Defaults, any change in 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 any change in the expected cash flows from the Pool, and/or (ii) any change in the Effective Date pursuant to the terms of the Securitisation Documents.

3.9 MATERIAL CONTRACTS

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

3.10 NO RECOURSE

(A) **No recourse against the Trustee**

(a) The Trustee has not, nor will it be deemed to have made any representation or warranty whatsoever, whether express or implied in relation to the Receivables or the Obligors, including as to the financial condition or creditworthiness of the Obligors.

(b) Without limiting the generality of the foregoing, and without prejudice to the Trustee's duties and obligations under the Trust Deed and the other Securitisation Documents, the Trustee has not and will not be deemed to have made any representation or warranty of any kind to the Investors with respect to:

(A) the due execution of the Facility Agreements;

(B) any representation, warranty or statement made by the Seller or any other person;

(C) inspection of any of the property, books or records of the Seller or any other person; and

(D) realisation of the Receivables.

(c) The Investors have no recourse against the Trustee, save and except to the extent of the Trust Property realised and in possession of the Trustee to be distributed by the Trustee amongst the Investors in accordance with the terms herein contained and any other duties and obligations of the Trustee under the Trust Deed, on account of any reason including:

(i) a breach of any covenant (including the representations, warranties and indemnities) by the Seller or the Obligors under the Facility Agreements and/or by any of the other parties to the Securitisation Documents and pursuant to the objects of the Trust and/or any Default or non-payment of any amount constituting the Receivables;

(ii) any cost, charge and expense incurred (including stamp duty and/or registration fees, if any) payable in relation to any underlying documentation;

(iii) the financial condition or credit worthiness of the Seller, the Obligors or any other person;

(iv) any shortfall in the Receivables whether arising out of inadequate recovery or realisation of the Receivables, or otherwise; and

(v) any of the obligations of the Seller or any Obligor under or pursuant to any provisions of the Facility Agreements being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever.

(B) **No recourse against the Seller**

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

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

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

(d) Subject to paragraph (e) below, if any representation or warranty set forth in the Assignment Agreement by the Seller is found to be incorrect (including on account of any fraud by the Seller) and which materially and adversely affects the interests of the Trustee in the Assigned Assets and if such misrepresentation has not been rectified by the Seller within 15 (fifteen) days after a notice for rectification/claim in respect thereof has been given to the Seller by the Trustee, the Seller will, at the option of the Trustee acting as per the instructions of the Investors holding Majority Interest, either:

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

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

However, if the Seller is unable to substitute the Receivables with receivables as contemplated in paragraph (d)(i) above, it may instead elect to repurchase such Receivables in the manner set out in this paragraph (d)(ii).

The Seller will notify and keep notified the Department of Supervision of the Reserve Bank of India of any substitution/replacement pursuant to this paragraph (d).

(e) The Seller's obligation under paragraph (d) above is subject to the breach of representation and warranty being exercised no later than 120 (one hundred and twenty) days from the Effective Date and any subsequent assignment will be deemed to be on the same terms and conditions as applicable to the original assignment under the Securitisation Documents. It is also agreed and acknowledged that this is an additional remedy and other remedies as set out in the Assignment Agreement and Applicable Law (subject to the Securitisation Directions) continue to be available to the Trustee (irrespective of the terms of this Section 3.10) until all the Investor Payouts have been made in full to the Investors.

(f) Without prejudice to paragraphs (d) and (e) above, if any representation or warranty set forth in the Assignment Agreement by the Seller is found to be incorrect or misleading (including on account of any fraud by the Seller) 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 15 (fifteen) 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 this Section 3.10) 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 in respect of the Receivables to the CPA on or prior to the relevant Payin Date.

(b) **Investor Payouts determination**

All amounts constituting the Total Collections, collected by the Servicer in any Collection Period, together with amounts constituting the Total Collections in the previous Collection Periods retained by the Servicer, if any, will be credited/deposited into the Collection and Payment Account on or prior to the Payin Date falling immediately after such Collection Period. The Servicer is not obligated or required to remit any amounts to the Trust or to the Investors on any Payin Date or any Payout Date unless and until it has received amounts generated from the Assigned Assets.

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 the sub-section named "*Payment Waterfall / Waterfall Mechanism*" under 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, India.

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 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

(I) **Representations and Warranties of the Trustee**

The Trustee shall provide the following representations and warranties on the date of execution of the Trust Deed:

(a) the Trustee is a limited liability company duly organised and validly existing under Applicable Law and is duly qualified and licensed to do business in each jurisdiction in which the character of its properties or the nature of its activities requires such qualifications;

(b) the Trustee is registered with SEBI and is eligible to act as the trustee of the Trust for the purposes of the Securitisation Listing Framework;

(c) the Trustee has full corporate power and authority to enter into the Trust Deed and to take any action and execute any documents required by the terms hereof including the Securitisation Documents and the execution of the Trust Deed has been duly authorised by all necessary corporate proceedings;

(d) there exists no consent, approval, order, registration or qualification of or with, any court, tribunal or any Governmental Authority having jurisdiction over the Trustee, the absence whereof would adversely affect the legal and valid execution, delivery and performance by the Trustee of its obligations under the Trust Deed;

(e) neither the execution and delivery of the Trust Deed nor the fulfilment of or compliance with the terms and conditions thereof, conflict with or result in a breach of or a default under Applicable Law or any covenant or agreement or instrument to which the Trustee is now a party, or by which the Trustee or any of the Trustee's property is bound, nor does such execution, delivery, consummation of, or compliance with, violate or result in the violation of the memorandum of association and articles of association of the Trustee;

(f) the Trustee shall comply with all obligations and conditions stipulated under Applicable Law (including the Securitisation Listing Framework and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015);

(g) the Trustee shall execute/has executed a listing agreement (as specified by SEBI circular bearing the reference number CIR/CFD/CMD/6/2015 dated October 13, 2015 on "*Format of Uniform Listing Agreement*" or as may be prescribed from time to time) with a recognised stock exchange for listing of the PTCs on a recognised stock exchange;

(h) the Trustee does not have any beneficial interest in the Receivables;

(i) all transactions between the Trustee/Trust and the Seller are on an arm's length basis;

(j) neither the Trust nor the Trustee resembles in name or implies any connection or relationship with the Seller in its title or name;

(k) the Seller has no representatives on the board of the Trust and/or the Trustee;

(l) neither the Seller nor any of its associates exercises control, directly or indirectly, over the Trust and/or the Trustee;

(m) the Seller has not settled the Trust Deed;

(n) the Seller does not have any ownership, proprietary or beneficial interest in, or any association with, the Trust. It is clarified that the Residual Beneficiary has a beneficial interest in the Trust Property in terms of the Trust Deed and the Securitisation Documents;

(o) the Trust is a non-discretionary trust established under the Indian Trust Act, 1882;

(p) the Trust is bankruptcy remote and shall not be affected by the bankruptcy of the Seller or the Trustee;

(q) the Trust Deed prescribes the functions to be performed by the Trustee, and their rights and

obligations;

(r) the Trust Deed, generally, together with the other Securitisation Documents prescribes the rights and obligations of the Investors in relation to the Assigned Assets;

(s) the Trust Deed does not prescribe for any discretion to the Trustee as to the manner of disposal and management or application of the Trust Property;

(t) the Investors are empowered to change the Trustee at any time in accordance with the provisions of the Trust Deed;

(u) the Trustee only performs trusteeship functions in relation to the Trust and has not undertaken any other business with the Trust;

(v) the PTCs issued by the Trust do not represent the obligations of the Seller and only represent the claim of the Investors in respect of the Assigned Assets;

(w) the PTCs issued by the Trust are not insured and these do not represent deposit liabilities or debt obligations of the Seller, the Servicer, the Trust or the Trustee;

(x) the Trust, the Trustee and the Seller are not a part of the same group or under the same management, each as determined in accordance with the requirements prescribed under the Securitisation Listing Framework; and

(y) the Trustee is not aware of any evidence indicating a material increase in expected losses or of enforcement actions with respect to the Facilities comprising the Pool.

(II) **Representations and Warranties of the Seller**

The Seller shall provide the following representations and warranties as of the date of execution of the Assignment Agreement, which representations 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 - micro finance 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 Governmental 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) its 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) 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;

(g) 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;

(h) 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 Governmental 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;

(i) 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;

(j) 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;

(k) 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;

(l) 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;

(m) 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;

(n) 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;

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

(p) 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;

(q) 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;

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

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

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

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

(v) 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;

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

(x) 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;

(y) no material adverse effect has occurred prior to or as on the Execution Date, 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;

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

(aa) 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;

(bb) 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;

(cc) 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;

(dd) 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;

(ee) 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;

(ff) for the purposes of Clause 11 of the Securitisation Directions, the Seller hereby confirms and declares that:

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

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

(gg) 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 6.02 (six decimal zero two) months. As the Facilities comprising the Pool are unsecured Facilities with the original tenure of 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 payment/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 of the Credit Enhancement. In addition to the above, Subordinated Facilities Principal/Overcollateral is also available to the Trust;

(hh) the Trustee and the Rating Agency have been provided such information/details as may be required in respect of the compliance of the Facilities with the criteria for the minimum holding period prescribed under the Securitisation Directions;

(ii) the Seller has provided credit enhancement in the form of Cash Collateral (comprising 5% (five percent) of the principal outstanding under the Pool as of the Pool Cut Off Date). It is clarified that in addition to the Cash Collateral, internal credit enhancement by way of (i) the EIS, and (ii) the Subordinated Facilities Principal/Overcollateral shall also be available to the Trust;

(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) following the assignment of the Facilities in accordance with the terms of the Assignment Agreement and the other Securitisation Documents, the Trust shall have unfettered access to the Seller's rights and entitlement in respect of the Receivables; and

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

(III) **Representations and warranties of the Servicer**

(a) The Servicer shall provide the following representations and warranties on the date of execution of the Servicing Agreement:

(i) it is a limited liability company duly organised and validly existing under the laws of India;

(ii) it has full corporate power and authority to enter into the Servicing Agreement and to take any action and execute any documents required by the terms hereof, and that the Servicing Agreement has been duly authorised by all necessary corporate proceedings, has been duly and validly executed and delivered by it, and is a legal, valid and binding obligation of the Party, enforceable in accordance with the terms hereof; and

(iii) the signatory(ies) to the Servicing Agreement on its behalf has/have been duly empowered and authorised to execute the Servicing Agreement and to perform all its obligations in accordance with the terms set out herein.

(b) For the purposes of Clause 45 of the Securitisation Directions, the Servicer shall provide the

following representations and warranties on the date of execution of the Servicing Agreement:

(i) by virtue of the Servicing Agreement, the servicing obligations of the Servicer are distinct from any other facilities provided by the Servicer (if any) and has been documented separately from any other facilities provided by the Servicer (if any);

(ii) pursuant to the Servicing Agreement, the nature, purpose, extent of the servicing obligations of the Servicer and all required standards of performance have been specified in a written agreement executed at the same time as the execution of the securitisation transactions contemplated under the Trust Deed and the other Securitisation Documents;

(iii) notwithstanding anything contained in the Securitisation Documents, the Servicer is not required to bear any recurring expenses of the securitisation transaction contemplated under the Trust Deed and the other Securitisation Documents;

(iv) the payment of the Servicing Fee or other income in relation to the servicing facility provided under the Servicing Agreement is not subordinated or subject to deferral or waiver;

(v) there is no recourse to the Servicer other than to the extent of fixed contractual obligations set out in the Servicing Agreement; and

(vi) the Servicing Agreement (and the servicing obligations set out herein) will be in full force and effect until all the amounts receivable by the Investors under the Trust Deed and the other Securitisation Documents, are received by the Investors in full.

(c) The Servicer shall provide the following representations and warranties on the date of execution of the Servicing Agreement:

(i) no material adverse effect has occurred prior to and as on the Execution Date, which would affect the operations, financial condition, or prospects of the Servicer or impair the Servicer from performing its obligations under the Servicing Agreement or the Securitisation Documents; and

(ii) that it has adequate operational systems and resources to administer the Pool in relation to the transaction.

(d) For the purposes of Clause 44 and Clause 45 of the Securitisation Directions, the Servicer shall provide the following representations and warranties on the date of execution of the Servicing Agreement:

(i) the Servicer is regulated by at least 1 (one) financial services regulator (i.e., the Reserve Bank of India); and

(ii) the terms of the Servicing Agreement and the servicing obligations set out herein are comparable to prevailing market conditions, and are in accordance with the Servicer's normal credit approval and review process.

3.16A UNDERTAKINGS OF SELLER

(a) The Seller hereby makes, gives and provides the following covenants and undertakings:

(i) it will bear:

(A) 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), levies and duties including stamp duty expenses and all fees of any advisors/consultants/experts (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) all such duties and taxes which may be levied, by any Governmental Authority (whether before or after the Execution Date), pertaining to or in respect of the assignment of the Assigned Assets;

(C) all such duties and taxes which may be levied, with respect to a period prior to the Commencement Date, by any Governmental Authority, pertaining to or in respect of the Assigned Assets. 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; and

(D) 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 Securitisation Documents and all costs of the issuance of the PTCs;

(ii) 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 Assigned Assets;

(iii) 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;

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

(v) 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;

(vi) it will (A) 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 (B) 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;

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

(viii) 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;

(ix) 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;

(x) it will make the relevant filings with any Governmental 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;

(xi) 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;

(xii) 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;

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

(xiv) 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):

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

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

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

(D) 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;

(xv) 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;

(xvi) 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;

(xvii) for the purposes of complying with the requirements set out in the Securitisation Listing

Framework, it will provide all such information and assistance as may be required by the Trustee to obtain a certificate from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on quarterly basis;

(xviii) 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;

(xix) 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;

(xx) for the purposes of Clause 42 of the Securitisation Directions, the Seller shall provide such information as may be required by the Trustee and the PTC Holders to assess whether the Seller has an established performance history for substantially similar credit claims or receivables as the Facilities comprising the Pool and for an appropriately long period of time; and

(xxi) 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.

(b) The Seller hereby irrevocably agrees and undertakes that it will provide the Cash Collateral on the Execution Date with the Approved Bank and in a form and manner acceptable to the Rating Agency and the Trustee.

(c) Save and except as specifically provided in Sections 3.16A(a) and 3.16A(b) above, the Seller does not provide any other undertaking and covenant.

3.17 EFFECT OF DELINQUENCIES

For the instrument under consideration, since 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

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, on or prior to the 7th (seventh) day of each calendar month, 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;

(c) collections from Obligors towards Overdues;

(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);

(k) details of any default in respect of any other financial assistance/loans provided by the Servicer (in its capacity as the Seller) to any of the Obligors; and

(l) 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, any change in 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 (1) Prepayments/Defaults and any change in the expected cash flows from the Pool, and/or (2) 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 Sections 8 and 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 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 6.02 (six decimal zero two) months. As the Facilities comprising the Pool are unsecured Facilities with the original tenure of 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 payment/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/Overcollateral 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 MRR stipulated by the Reserve Bank of India, the Originator is providing Cash Collateral.

(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 VFS Capital Limited shall set out the disclosures required under Annex 2 of the Securitisation Directions.

3.21 LISTING ON THE STOCK EXCHANGE

(a) The Trustee shall comply with the Securitisation Listing Framework and all other applicable SEBI regulations and other Applicable Laws that are applicable to issuance of the Series A1 PTCs and listing of the Series A1 PTCs, on the wholesale debt market (WDM) segment of BSE and further ensure that save and except for any consents and approvals required to be obtained from BSE for the listing of the Series A1 PTCs, all consents, approvals and resolutions required to issue or list the Series A1 PTCs are in place prior to the issuance of the Series A1 PTCs.

(b) 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 Governmental Authority no later than the time period prescribed under the Securitisation Listing Framework. All the upfront costs and expenses incurred towards listing of the Series A1 PTCs shall be borne by the Seller and all ongoing costs and expenses incurred for having the Series A1 PTCs continued to be listed shall be borne from the Trust Property.

(c) 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.

(d) 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.

(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	September 15, 2023
Issue Closing Date	September 15, 2023
Deemed Date of Allotment	September 15, 2023

4.3 SUBMISSION OF APPLICATIONS

(a) Investors are required to subscribe to the PTCs 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 : Shivam - II

(ii)	Account No.	: 055505013590
(iii)	Bank Details	: ICICI Bank Limited
(iv)	Branch	: ICICI Bank Towers
(v)	IFSC Code	: ICIC0000555

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 September 15, 2023.

4.7 BASIS OF ALLOTMENT

The basis of allotment will be determined by the Issuer at its discretion. 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

The Registrar and Transfer Agent will maintain a PTC Register wherein a record of PTCs issued, and transfers made from time to time will be entered including relevant details such as the dates of such issue or transfer respectively. PROVIDED THAT, from an operational perspective, the register of Investors maintained by a depository in respect of the PTCs held in dematerialised form with it shall be deemed to be the PTC Register.

4.9A TRANSFER OF CERTIFICATES

(a) The PTCs shall be freely transferable and transmittable by the PTC Holder(s) in whole or in part without the prior consent of the Trust.

(b) The transfer and transmission of the PTCs shall be subject to Applicable Law (including the Depositories Act, 1996 and the rules made thereunder, the bye-laws, rules and regulations of the relevant depository, and any requirements prescribed by the relevant stock exchange (each as amended, modified or restated from time to time)).

(c) All costs (including stamp duty, if any) for such transfer will be borne by the PTC Holder and neither the Seller nor the Trustee will be liable for any such costs.

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

The entire PTCs have to be subscribed to for this Issue to be closed. In the event that the Issue is not fully subscribed to before the Issue Closing Date, all application monies shall be returned as set out below.

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 application moneys shall be repaid together with such interest (if any) as may be prescribed under Applicable Law.

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 MONIES

The Trustee confirms that in the event the Assignment Agreement is not executed for any reason whatsoever, post the deposit of the subscription monies, the Trustee shall refund such subscription monies 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.

CHAPTER 5: SUMMARY TERM SHEET UNDER THE SECURITISATION LISTING FRAMEWORK

Issuer	Shivam - II
Originator / Seller	VFS Capital Limited
Trustee	Beacon Trusteeship 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), being the initial corpus of the Trust.
Transaction Size / PTC Amount	INR 19,12,00,000 (Indian Rupees Nineteen Crore Twelve Lakh)
Pool Principal as on Pool Cut Off Date	INR 22,49,15,482 (Indian Rupees Twenty Two Crore Forty Nine Lakh Fifteen Thousand Four Hundred and Eighty Two) as on the Pool Cut Off Date
Pool Cut Off Date	August 11, 2023
Effective Date	September 15, 2023
Record Date/Determination Date	means the date for determination of the registered Investors with the Registrar and Transfer Agent, being the day that occurs 2 (Two) days prior to every payout date.
Payout Dates	As set out in **Annexure 2**
Transaction Structure	As set out under Section 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 more particularly 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	VFS Capital Limited
Servicer Fee	means the servicing fee of INR 50,000 (Indian Rupees Fifty 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 comprises of the Cash Collateral. For the avoidance of doubt, it is clarified that the Subordinated Facilities Principal/Overcollateral and the Excess Interest Spread are part of the Receivables and form a part of the internal credit enhancement (as defined in the Securitisation Directions). 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 Cash Collateral shall amount to 5% (five percent) of the principal outstanding under the Pool as of the Pool Cut Off Date. The Seller/Facility

utilisation of credit enhancement	Provider will transfer the Cash Collateral, in the form and manner provided under the Assignment Agreement and the other Securitisation Documents, or in such other form and manner as may be acceptable to the Rating Agency and the Trustee. In addition to the Cash Collateral, internal credit enhancement by way of the EIS and the Subordinated Facilities Principal/Overcollateral 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 Securitisation 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 Securitisation 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) No part of the Cash Collateral may, at any time, be reset until the Series A1 PTCs have been redeemed. (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	No part of the Cash Collateral may, at any time, be reset until the Series A1 PTCs have been redeemed.
Name of the Collection Bank	ICICI Bank Limited, acting through its branch located at ICICI Bank Towers, Bandra Kurla Complex, Mumbai, Maharashtra, India.
Name of the Approved Bank	ICICI Bank Limited, acting through its branch located at Rajarhat, Kolkata
Swap	N.A.
Refund / top up of Credit Enhancement	The Cash Collateral will be re-imbursed/replenished in the manner set out in the Waterfall Mechanism.
Clean-Up Call Option	(a) Subject to Applicable Law, at any time after the residual value i.e., value of outstanding principal of the Facilities comprising the Pool, falls below the thresholds prescribed under the Securitisation Directions, the Seller will have the option to buy fully performing Facilities, exercisable by the Seller in its sole discretion ("**Clean Up Call Option**"), in accordance with the Securitisation Directions. This option may be exercised only if, at the time of exercise of the Clean Up Call Option by the Seller, the amount available under the Cash Collateral is greater than the principal balance of non-performing Facilities belonging to the Pool. (b) Upon exercise of the Clean Up Call Option by the Seller, the price payable by the Seller will be an amount arrived at on the basis of the net present value of the outstanding amounts of such fully performing Facilities as of the date of exercising the Clean Up Call Option. The Clean Up Call Option

	shall be conducted at arm's length basis, on market terms and conditions and shall be exercised by the Seller after its normal credit approval and review processes. (c) It is clarified that pursuant to the Clean Up Call Option, the Seller only has an option (and not an obligation) to re-purchase the Receivables that are performing and that the Clean Up Call Option is to be exercised in accordance with the Securitisation Directions. The Clean Up Call Option is exercisable at its sole discretion at the thresholds prescribed under the Securitisation Directions, only if, at the time of exercise of the Clean Up Call Option, the amount available under the Cash Collateral is greater than the principal balance of non-performing Facilities belonging to the Pool. Therefore, the Clean Up Call Option is not structured to avoid allocating losses to credit enhancements or positions held by the Investors or structured to provide any credit enhancements.
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 Governmental 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** The Trustee shall ensure and procure that the PTCs are in compliance with and remain listed in accordance with the Securitisation Listing Framework until the Maturity Date. **Consequence of de-listing** 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.
Rating Agency	CARE Ratings 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 1,19,500 (Indian Rupees One Lakh Nineteen Thousand and Five Hundred)

Initial Rating	A (SO)
Senior Tranche Final Maturity Date	May 15, 2025
Senior Tranche Expected Maturity Date	November 15, 2024
Expected Yield	12% (twelve percent) per annum per month
Payment Schedule	As set out in **Annexure 2** hereto.
Expected Payment Schedule	Please refer the Waterfall Mechanism read with **Annexure 2** hereto.
Promised Payment Schedule	Please refer the Waterfall Mechanism read with **Annexure 2** hereto.
First Payout Date	October 15, 2023
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	As the Facilities comprising the Pool are unsecured Facilities with the original tenure of 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.
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/Overcollateral is also available to the Trust.
Details of Securitisation 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 and the Securitisation Documents 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 in connection thereof.
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 accelerated payment/prepayment of Series A1 Principal;

(vi) reimbursement of the Cash Collateral (to the extent drawn on any Payout Date and not reimbursed already); and

(vii) subject to paragraph (d) below, so long as the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is not lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, all residual amounts remaining after application in accordance with (i) to (vi) above that are attributable to the EIS portion of the Total Collections shall be utilised for payment to the Residual Beneficiary.

It is clarified that:

(A) so long as the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is not lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, any payment to the Residual Beneficiary pursuant to this paragraph (vii) shall be made only from the EIS component of the Total Collections, and all remaining amounts (being the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be applied in the next occurring Collection Period(s); and

(B) if the threshold/percentage of the Subordinated Facilities Principal/Overcollateral on the relevant Payout Date is lower than the threshold/percentage of the Subordinated Facilities Principal/Overcollateral as on the Pool Cut Off Date, all remaining amounts (being the EIS component of the Total Collections and the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be applied in the next occurring Collection Period(s).

(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) all residual amounts (including the EIS component of the Total Collections and the Subordinated Facilities Principal/Overcollateral component of the Total Collections) shall be utilised for 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. (d) Notwithstanding anything contained in paragraph (a) above, if any EIS Trigger Event occurs, then until the earlier of (i) the Series A1 PTCs being fully redeemed, or (ii) the relevant EIS Trigger Event is remedied/cured, all payments that otherwise would have been paid to the Residual Beneficiary in accordance with paragraph (a) above (i.e., the residual amounts attributable to the EIS component of the Total Collections), shall be utilized for making accelerated payment/prepayment of the Series A1 Principal until the Series A1 PTCs are completely redeemed.

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 classified as a "standard asset" and "current" in the books of the Seller (determined in accordance with the criteria prescribed by the RBI);

(f) be unsecured;

(g) be in the form of a Joint Liability Group Loan (determined in accordance with the Microfinance Framework);

(h) have an original tenure of up to 24 (twenty four) months; and

(i) comply with the Securitisation Directions.

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

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

D. In the Pool:

(a) no Facility should have any overdues;

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

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

(d) each Facility should have a minimum seasoning of 3 (three) months;

(e) each Facility should have a minimum residual tenure of 14 (fourteen) months;

(f) each Facility is classified as 0 (zero)/"NIL" days-past-dues (DPD);

(g) no Facility has a residual maturity of more than 36 (thirty six) months and less than 365 (three

hundred and sixty five) days;

(h) each Facility has a fortnightly payment/repayment frequency; and

(i) 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 CARE Ratings Limited and annexed as **Annexure 4** hereto.

Please also refer below:

Pool Principal (in Rs. Cr)	22,49,15,482
Pool Cashflows (in Rs. Cr)	26,58,22,095
Number of Loans	6207
District Wise Concentration (Top 3) %	18.50%
Branch wise Concentration (Top 5) %	17.35%
Top State Concentration%	39.12%
Wt. Avg. Original Tenor (months)	24.00
Wt. Avg. Seasoning (months)	6.02
Wt. Avg. Balance Tenure (months)	17.98
Wt. Avg. IRR (in %)	24.18

A. State wise Pool Cuts

State Wise	Principal O/s	Interest O/s	Cashflows O/s	Principal O/s (%)
WEST BENGAL	8,79,97,141	1,43,94,326	10,23,91,467	39.12%
TRIPURA	3,43,18,952	63,62,424	4,06,81,376	15.26%
ODISHA	3,38,44,070	65,50,654	4,03,94,724	15.05%
BIHAR	2,07,35,118	39,72,043	2,47,07,161	9.22%
JHARKHAND	1,37,31,658	27,67,814	1,64,99,472	6.11%
UTTARAKHAND	1,12,36,316	22,57,932	1,34,94,248	5.00%
CHATTISGARH	81,23,308	15,71,886	96,95,194	3.61%
MADHYA PRADESH	78,88,949	15,26,618	94,15,567	3.51%
HARYANA	21,53,846	4,58,406	26,12,252	0.96%
MEGHALAYA	17,64,807	3,82,033	21,46,840	0.78%
ASSAM	16,62,782	3,56,339	20,19,121	0.74%

SIKKIM	7,60,473	1,61,731	9,22,204	0.34%
UTTAR PRADESH	6,98,062	1,44,407	8,42,469	0.31%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

B. District wise Pool Cuts

District Wise	Principal O/s	Interest O/s	Cashflows O/s	Principal O/s (%)
JAJPUR	1,53,63,807	29,62,760	1,83,26,567	6.83%
BHADRAK	1,34,43,144	25,41,645	1,59,84,789	5.98%
HOOGHLY	1,28,13,353	19,13,197	1,47,26,550	5.70%
PURNIA	1,26,04,226	24,35,525	1,50,39,751	5.60%
SOUTH 24 PARGANAS	1,14,64,086	17,35,802	1,31,99,888	5.10%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

C. Concentration of Top- 20 Branches in the Pool

Branch	Principal Outstanding	Interest_Outstanding	Sum of Total Outstanding	POS %
BELURI	94,95,612	17,92,106	1,12,87,718	4.22%
DHAMNAGAR	93,73,687	17,57,391	1,11,31,078	4.17%
ADRA	77,29,192	14,28,960	91,58,152	3.44%
CHHATIA	67,63,360	13,25,776	80,89,136	3.01%
PANIKOILI	56,60,020	10,64,203	67,24,223	2.52%
DHARMANAGAR	50,51,566	9,09,567	59,61,133	2.25%
DUMKA	48,92,320	9,41,425	58,33,745	2.18%
DEHRADUN	42,69,859	8,44,684	51,14,543	1.90%
KALYANI	41,11,913	6,44,491	47,56,404	1.83%
AMTA	40,23,655	6,08,633	46,32,288	1.79%
EGRA	38,84,913	7,41,817	46,26,730	1.73%
BARSOI	37,19,930	6,43,151	43,63,081	1.65%
VIDISHA	35,52,357	6,76,973	42,29,330	1.58%
CHANDITALA	34,74,562	5,25,641	40,00,203	1.54%
BUDGE BUDGE	34,32,719	5,16,743	39,49,462	1.53%
KUMARGHAT	32,09,324	5,92,963	38,02,287	1.43%
KAILASHAHAR	32,04,055	5,79,207	37,83,262	1.42%
BIRSHIBPUR	31,82,680	4,79,933	36,62,613	1.42%
AGARTALA CENTRAL	30,39,751	5,49,469	35,89,220	1.35%
SILIGURI	29,90,581	4,63,416	34,53,997	1.33%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

D. Seasoning Wise Pool Cuts

Seasoning wise (No. of Instalments already paid)	Principal O/s	Interest O/s	Total Cashflows O/s	Principal O/s (%)
3	5,27,21,290	1,14,13,455	6,41,34,745	23.44%
4	2,23,47,748	45,79,256	2,69,27,004	9.94%
5	2,46,41,204	47,88,928	2,94,30,132	10.96%
6	1,92,87,182	35,03,866	2,27,91,048	8.58%
7	2,80,42,280	47,55,723	3,27,98,003	12.47%
8	4,32,65,042	68,73,801	5,01,38,843	19.24%
9	2,13,17,188	31,95,091	2,45,12,279	9.48%
10	1,32,93,548	17,96,493	1,50,90,041	5.91%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

E. Balance Tenure wise Pool Cuts

Balance Tenure (Residual Maturity / Remaining Instalments)	Principal O/s	Interest O/s	Total Cashflows O/s	Principal O/s (%)
14	1,32,93,548	17,96,493	1,50,90,041	5.91%
15	2,13,17,188	31,95,091	2,45,12,279	9.48%
16	4,32,65,042	68,73,801	5,01,38,843	19.24%
17	2,80,42,280	47,55,723	3,27,98,003	12.47%
18	1,92,87,182	35,03,866	2,27,91,048	8.58%
19	2,46,41,204	47,88,928	2,94,30,132	10.96%
20	2,23,47,748	45,79,256	2,69,27,004	9.94%
21	5,27,21,290	1,14,13,455	6,41,34,745	23.44%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

CHAPTER 7: PARTIES TO THE TRANSACTION AND RESPECTIVE ROLES

7.1 PROFILE OF THE SELLER / ORIGINATOR / SERVICER

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

Company Overview

VFS Capital Ltd (VFS) is an NBFC-MFI based out of Kolkata. Started its microfinance operations in 2006, VFS has presence over 13 states with 255 branches across the Eastern and Central parts of India as on 31 December 2022. The company is promoted by Mr. Ajit Kumar Maity and Dr. Kuldip Maity who hold 81.15% of shares as on 31 December 2022. Other major shareholder includes IDFC First Bank Ltd which held 7.03% and balance shares were held by Non institution shareholders.

Name of the Organization	**VFS Capital Limited**
Nature of Organization	NBFC-MFI
Date of Registration	
Registered Office Address	F-15, Geetanjali Park, 18/3a, Kumud Ghoshal Road, Ariadaha, Kolkata, West Bengal - 700057, India,
Corporate Office Address	406, Shrilok Complex, 4th Floor, H.B. Road, Ranchi, Jharkhand – 834001
Constitution	Private Limited Company limited by shares
Corporate Identity Number	U51109WB1994PLC063746
States	13 (Assam, Bihar, Chhattisgarh, Haryana, Jharkhand, Madhya Pradesh, Meghalaya, Odisha, Sikkim, Tripura, Uttar Pradesh, Uttarakhand, West Bengal)
Branches	255 branches as on 31.12.2022
Gross Loan Portfolio	Rs. 855.58 Crores (as on 31.12.2022)
Own Book	Rs. 704.66 Crores (as on 31.12.2022)
Net Worth including	Rs. 175.57 Crores (as on 31.12.2022)
CRAR	25.64% (as on 31.12.2022)
GNPA	2.97% (as on 31.12.2022)
NNPA	1.09% (as on 31.12.2022)

Operational Methodology:

Sourcing (Loan Origination):

- A dedicated team along with people from operations selects potential areas based on demographicand socio-economic profile.
- The CO visits the local areas & villages, interacts with potential customers regarding VFS CapitalLtd.'s retail lending activity and their financial requirement.
- The company generally tries to form a group of 3-5 people (between the age of 18-55 years).
- After identification of target groups, Continuous Group Training (CGT) of 3 days duration is arranged by CO in which intending loanee members are invited to

participate. In this training programmed, participants are imparted a thorough idea about the loan procedures, interest rate, processing fees and other charges, repayment schedule, insurance benefits and other loan relatedinformation etc.

- Intending loanee members shall apply for loan, which shall contain purpose of the loan, loan amount. The CO shall ensure that the loan applications have been properly filled in along with KYC documents and confirm to the loan policy of the organization.
- Compulsory Group Training (commonly known as CGT) is a 3 level training programmed to make the clients aware of the products, rules and procedures. By the end of the 3 level training, clients must be well versed with all the terms of the product, rules and procedures related to their socially and economic development the loan application and repayment. Through CGT regular meeting becomes a habit of the clients. Timeliness and disciplines are systematically taught to clients through CGT which needs to be maintained through the entire programmed.
- For every group there is a group leader selected by the group to manage the operations of the group.

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

Balance Sheet as on end of Mar 2023

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Balance Sheet as at March 31, 2023 *(Amount in ₹ lakhs unless otherwise stated)*

	Note	31st March, 2023	31st March, 2022
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	5,929.74	4,447.30
Reserves and surplus	4	12,277.49	12,358.50
		18,207.23	**16,805.80**
Non-current liabilities			
Long-term borrowings	5	28,091.86	34,800.97
Long-term provisions	6	2,483.01	2,082.58
		30,574.87	**36,883.55**
Current liabilities			
Short-term borrowings	7	38,285.90	34,527.78
Trade payables:			
- Total outstanding dues of micro enterprises and small enterprises		17.18	10.85
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8	24.66	27.61
Other current liabilities	9	1,342.72	616.24
Short-term provisions	6	377.24	396.47
		40,047.70	**35,578.95**
Total		**88,829.80**	**89,268.30**
II. Assets			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
(i) Property, plant and equipment	10A	535.78	590.41
(ii) Intangible assets	10B	12.91	7.20
Non-current investments	11	5.00	5.00
Deferred tax assets (Net)	12	730.56	604.07
Long-term loans and advances	13	21,988.50	22,448.42
Other non-current assets	14	6,823.46	5,289.26
		30,096.21	**28,944.36**
Current assets			
Cash and bank balances	15	7,594.70	7,565.41
Short-term loans and advances	13	48,339.64	50,166.46
Other current assets	14	2,799.25	2,592.07
		58,733.59	**60,323.94**
Total		**88,829.80**	**89,268.30**
Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325807E

Shankar Saraf
Partner
Membership No: 060678
UDIN:23060678BGYYOP2496

Place : Kolkata
Date : 22nd day of June 2023

For and on behalf of the Board of Directors
VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director and CEO
DIN:00250869

Piyali Deb
Company Secretary and Compliance Officer
Membership No: F8883

Statement of P&L for Mar 2023

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Statement of profit and loss for the year ended March 31, 2023 *(Amount in ₹ lakhs unless otherwise stated)*

	Note	31st March, 2023	31st March, 2022
I. Income			
Revenue from operations	16	16,861.09	13,652.14
Other income	17	43.71	51.45
Total income		**16,904.80**	**13,703.59**
II. Expenses			
Employee benefits expense	18	5,280.45	3,783.83
Finance costs	19	7,465.38	7,955.08
Depreciation and amortisation expense	20	113.32	89.61
Provisions and write offs	21	396.22	54.29
Other expenses	22	1,880.64	1,717.56
Total expenses		**15,136.01**	**13,600.37**
Profit before Tax		**1,768.79**	**103.22**
Tax expense:			
Current tax		494.27	26.39
Deferred tax		(126.50)	(36.35)
Tax for earlier year		(0.41)	-
Total tax expense		**367.36**	**(9.96)**
Profit after tax for the year		**1,401.43**	**113.18**
Earnings per equity share (EPS)	23		
Basic and diluted (₹)		2.36	0.19
Nominal value of share (₹)		10.00	10.00
Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325896E

Shankar Saraf
Partner
Membership No: 060678
UDIN:23060678BGYYOP2408

Place : Kolkata
Date : 22nd day of June 2023

For and on behalf of the Board of Directors
VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Piyali Deb
Company Secretary and Compliance Officer
Membership No: F8883

Statement of Cashflow for FY Mar 2023

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Cash flow statement for the year ended March 31, 2023 *(Amount in ▯ lakhs unless otherwise stated)*

	31st March, 2023	31st March, 2022
Cash flow from operating activities:		
Profit before tax and extraordinary items	**1,768.79**	**103.22**
Adjustments for :		
Provision for gratuity	77.36	49.55
Provision for loan loss	396.22	54.29
Provision for fraud	-	4.43
Depreciation	113.32	89.61
Operating profit before working capital changes	**2,355.69**	**301.11**
Decrease/ (Increase) in loans and advances	3,194.26	(2,561.06)
Decrease/ (Increase) in other assets	(559.16)	(1,725.25)
Increase in term deposits	(1,604.73)	2,180.24
Increase in current liabilities	637.47	(3,106.75)
Cash generated from/used in operations	**4,023.56**	**(4,911.69)**
Direct Tax (net)	(188.88)	(641.44)
Net cash generated from/ (used in) operating activities (A)	**3,834.68**	**(5,553.13)**
Cash flow from investing activities:		
Purchase of fixed assets	(64.80)	(237.78)
Proceeds from sale of fixed assets	0.40	-
Net cash used in investing activities (B)	**(64.40)**	**(237.78)**
Cash flow from financing activities:		
Proceeds from borrowings	37,900.00	46,000.00
Repayment of borrowings	(40,850.99)	(44,275.00)
Proceeds from issue of share capital	-	-
Net cash generated from/ (used in) financing activities (C)	**(2,950.99)**	**1,725.00**
Net increase in cash and cash equivalents (A+B+C)	**819.29**	**(4,065.91)**
Cash and cash equivalents at the beginning of the year	4,725.41	8,791.32
Cash and cash equivalents at the end of the year	**5,544.70**	**4,725.41**
Cash and cash equivalents comprises of :		
Balance with banks:		
- in current accounts	5,362.79	4,233.96
Cash on hand	181.91	491.45
	5,544.70	**4,725.41**

Significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No: 325901E

Shankar Saraf
Partner
Membership No: 060678
UDIN: 23060678BGYYOP2409

Place : Kolkata
Date : 22nd day of June 2023

For and on behalf of the Board of Directors
VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Piyali Deb
Company Secretary and Compliance Officer
Membership No: F8883

Balance Sheet as on FY 2021 – 2022

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Balance Sheet as at March 31, 2022 *(Amount in ₹ lakhs unless otherwise stated)*

	Note	31st March, 2022	31st March, 2021
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	4,447.30	4,447.30
Reserves and surplus	4	12,358.50	12,245.32
		16,805.80	**16,692.62**
Non-current liabilities			
Long-term borrowings	5	34,800.97	29,786.14
Long-term provisions	6	2,082.58	1,963.44
		36,883.55	**31,749.58**
Current liabilities			
Short-term borrowings	7	34,527.78	37,817.61
Trade payables:			
- Total outstanding dues of micro enterprises and small enterprises		10.85	16.50
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8	27.61	20.73
Other current liabilities	9	616.24	3,724.22
Short-term provisions	6	396.47	407.33
		35,578.95	**41,986.39**
Total		**89,268.30**	**90,428.59**
II. Assets			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
(i) Property, plant and equipment	10A	590.41	437.21
(ii) Intangible assets	10B	7.20	12.24
Non-current investments	11	5.00	5.00
Deferred tax assets (Net)	12	604.07	567.72
Long-term loans and advances	13	22,448.42	14,410.03
Other non-current assets	14	5,289.26	6,367.42
		28,944.36	**21,799.62**
Current assets			
Cash and bank balances	15	7,565.41	12,504.10
Short-term loans and advances	13	50,166.46	55,178.74
Other current assets	14	2,592.07	946.13
		60,323.94	**68,628.97**
Total		**89,268.30**	**90,428.59**

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325896E

SHANKAR SARAF & ASSOCIATES Kolkata

Subham Tulsian
Partner
Membership No: 313573
UDIN:22313573AJOHPO2524

Place : Kolkata
Date : 25th day of May 2022

For VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Company Secretary

Statement of P&L for FY 2021 -2022

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Statement of profit and loss for the year ended March 31, 2022 *(Amount in ₹ lakhs unless otherwise stated)*

	Note	31st March, 2022	31st March, 2021
I. Income			
Revenue from operations	16	13,652.14	15,806.91
Other income	17	51.45	198.80
Total income		**13,703.59**	**16,005.71**
II. Expenses			
Employee benefits expense	18	3,783.83	3,133.71
Finance costs	19	7,955.08	9,284.59
Depreciation and amortisation expense	20	89.61	88.94
Provisions and write offs	21	54.29	1,323.95
Other expenses	22	1,717.56	1,580.24
Total expenses		**13,600.37**	**15,411.43**
Profit before Tax		**103.22**	**594.28**
Tax expense:			
Current tax		26.39	413.31
Deferred tax		(36.35)	(404.59)
Total tax expense		**(9.96)**	**8.72**
Profit after tax for the year		**113.18**	**585.56**
Earnings per equity share (EPS)	23		
Basic and diluted (₹)		0.25	1.32
Nominal value of share (₹)		10.00	10.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325896E

Subham Tulsian

Subham Tulsian
Partner
Membership No: 313573
UDIN:22313573AJOHPO2524

Place : Kolkata
Date : 25th day of May 2022

For VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Company Secretary

Statement of Cash Flow for FY 2021 – 2022

VFS Capital Limited
(Formerly known as Village Financial Services Limited)
CIN: U51109WB1994PLC063746

Cash flow statement for the year ended March 31, 2022 *(Amount in ₹ lakhs unless otherwise stated)*

	31st March, 2022	31st March, 2021
Cash flow from operating activities:		
Profit before tax and extraordinary items	**103.22**	**594.28**
Adjustments for :		
Provision for gratuity	49.55	(25.26)
Provision for loan loss	54.29	1,280.88
Portfolio written off	-	43.07
Provision for fraud	4.43	1.29
Creation of capital reserve on account of merger	-	2.45
Depreciation	89.61	88.94
Operating profit before working capital changes	**301.11**	**1,985.65**
Decrease/ (Increase) in loans and advances	(2,561.06)	3,354.93
Decrease/ (Increase) in other assets	(1,725.25)	426.19
Increase in term deposits	2,180.24	2,272.72
Increase in current liabilities	(3,106.75)	(3,336.73)
Cash generated from/used in operations	**(4,911.69)**	**4,702.75**
Direct Tax paid (net)	(641.44)	28.35
Net cash generated from/ (used in) operating activities (A)	**(5,553.13)**	**4,731.10**
Cash flow from investing activities:		
Purchase of fixed assets	(237.78)	(72.54)
Proceeds from sale of fixed assets	-	0.04
Net cash used in investing activities (B)	**(237.78)**	**(72.50)**
Cash flow from financing activities:		
Proceeds from borrowings	46,000.00	43,000.00
Repayment of borrowings	(44,275.00)	(51,836.48)
Proceeds from issue of share capital	-	-
Net cash generated from/ (used in) financing activities (C)	**1,725.00**	**(8,836.48)**
Net increase in cash and cash equivalents (A+B+C)	**(4,065.91)**	**(4,177.88)**
Cash and cash equivalents at the beginning of the year	8,791.32	12,969.21
Cash and cash equivalents at the end of the year	**4,725.41**	**8,791.32**
Cash and cash equivalents comprises of :		
Balance with banks:		
- in current accounts	4,233.96	8,035.49
- deposits with original maturity of less than three months	-	-
Cash on hand	491.45	755.83
	4,725.41	**8,791.32**

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325896E

Subham Tulsian
Kolkata

Subham Tulsian
Partner
Membership No: 313573
UDIN:22313573AJOHPO2524

Place : Kolkata
Date : 25th day of May 2022

For VFS Capital Limited
(Formerly known as Village Financial Services Limited)

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Piyali Deb
Company Secretary

Balance Sheet as on end of FY 2020 – 2021

VILLAGE FINANCIAL SERVICES LIMITED
(Formerly known as Village Financial Services Private Limited)
CIN: U51109WB1994PLC063746

Balance Sheet as at March 31, 2021 *(Amount in ₹ unless otherwise stated)*

	Note	31st March, 2021	31st March,2020
I. Equity and Liabilities			
Shareholders' funds			
Share capital	3	44,47,30,200	44,47,30,200
Reserves and surplus	4	1,22,45,32,021	1,16,57,30,732
		1,66,92,62,221	**1,61,04,60,932**
Non-current liabilities			
Long-term borrowings	5	2,97,86,13,874	3,67,83,93,300
Long-term provisions	6	19,63,43,603	7,38,93,913
		3,17,49,57,477	**3,75,22,87,213**
Current liabilities			
Other current liabilities	7	4,15,79,06,323	4,67,54,48,406
Short-term provisions	6	4,07,32,677	3,74,91,411
		4,19,86,39,000	**4,71,29,39,817**
Total		**9,04,28,58,698**	**10,07,56,87,962**
II. Assets			
Non-current assets			
Property, plant and equipment	8A	4,37,21,278	3,01,17,440
Intangible assets	8B	12,23,857	19,05,666
Capital work in progress		-	1,25,65,832
Intangible assets under development		-	20,00,000
Non-current investments	9	5,00,000	5,00,000
Deferred tax assets (Net)	10	5,67,71,442	1,63,12,195
Long-term loans and advances	11	1,44,92,22,405	1,62,38,07,896
Other non-current assets	12	62,85,22,499	59,94,36,944
		2,17,99,61,481	**2,28,66,45,973**
Current assets			
Cash and bank balances	13	1,25,04,10,318	1,84,11,43,882
Short-term loans and advances	11	5,51,78,74,321	5,81,82,54,408
Other current assets	12	9,46,12,578	12,96,43,699
		6,86,28,97,217	**7,78,90,41,989**
Total		**9,04,28,58,698**	**10,07,56,87,962**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325800

SHANKAR SARAF & ASSOCIATES Kolkata Chartered Accountants

Subham Tulsian
Partner
Membership No: 313573
UDIN:21313573AAAAFF5032

Place : Kolkata
Date : 07th day of December 2021

For Village Financial Services Limited

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Company Secretary

Statement of P&L for FY 2020 – 2021

VILLAGE FINANCIAL SERVICES LIMITED
(Formerly known as Village Financial Services Private Limited)
CIN: U51109WB1994PLC063746

Statement of profit and loss for the year ended March 31, 2021 *(Amount in ₹ unless otherwise stated)*

	Note	31st March, 2021	31st March,2020
I. Income			
Revenue from operations	14	1,58,06,91,001	2,12,62,18,047
Other income	15	1,98,79,919	1,10,62,323
Total income		**1,60,05,70,920**	**2,13,72,80,370**
II. Expenses			
Employee benefits expense	16	31,33,70,584	34,53,01,120
Finance costs	17	92,84,59,334	1,11,31,61,009
Depreciation and amortisation expense	18	88,94,093	69,68,601
Provisions and write offs	19	13,23,95,284	3,93,17,124
Other expenses	20	15,80,23,761	15,19,08,414
Total expenses		**1,54,11,43,056**	**1,65,66,56,268**
Profit before Tax		**5,94,27,864**	**48,06,24,102**
Tax expense:			
Current tax		4,13,30,761	12,99,00,000
Deferred tax		(4,04,59,246)	89,056
Total tax expense		**8,71,515**	**12,99,89,056**
Profit after tax for the year		**5,85,56,349**	**35,06,35,046**
Earnings per equity share (EPS)	21		
Basic and diluted		1.32	7.88
Nominal value of share		10.00	10.00

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 325476E

Subham Tulsian
Partner
Membership No. 213573
UDIN:21313573AAAAFF9024

Place : Kolkata
Date : 07th day of December 2021

For Village Financial Services Limited

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Company Secretary

Statement of Cashflow for FY 2020 – 2021

VILLAGE FINANCIAL SERVICES LIMITED
(Formerly known as Village Financial Services Private Limited)
CIN: U51109WB1994PLC063746

Cash flow statement for the year ended March 31, 2021 *(Amount in ₹ unless otherwise stated)*

	31st March, 2021	31st March,2020
Cash flow from operating activities:		
Profit before tax and extraordinary items	**5,94,27,864**	**48,06,24,102**
Adjustments for :		
Provision for gratuity	(25,25,662)	10,37,040
Provision for loan loss	12,80,87,773	3,26,19,403
Provision for other receivables	-	4,26,000
Portfolio written off	43,07,511	62,71,721
Provision for fraud	1,28,845	67,845
Creation of Capital Reserve on account of merger	2,44,940	-
Depreciation	88,94,093	69,68,601
Operating profit before working capital changes	**19,85,65,364**	**52,80,14,712**
Decrease/ (Increase) in loans and advances	33,54,92,575	33,35,92,141
Decrease/ (Increase) in other assets	4,26,18,948	5,31,82,341
Increase in term deposits	22,72,72,157	(17,47,12,608)
Increase in current liabilities	(33,36,73,076)	11,89,19,771
Cash generated from/used in operations	**47,02,75,969**	**85,89,96,357**
Tax paid	28,34,731	(19,33,18,464)
Net cash generated from/ (used in) operating activities (A)	**47,31,10,699**	**66,56,77,893**
Cash flow from investing activities:		
Purchase of fixed assets	(72,54,224)	(2,21,77,031)
Proceeds from sale of fixed assets	3,934	-
Net cash used in investing activities (B)	**(72,50,290)**	**(2,21,77,031)**
Cash flow from financing activities:		
(Decrease)/ Increase in borrowings (Net)	(88,36,48,434)	(11,14,86,146)
Proceeds from issue of share capital	-	-
Net cash generated from/ (used in) financing activities (C)	**(88,36,48,434)**	**(11,14,86,146)**
Net increase in cash and cash equivalents (A+B+C)	**(41,77,88,025)**	**53,20,14,716**
Cash and cash equivalents at the beginning of the year	1,29,69,20,607	76,49,05,891
Cash and cash equivalents at the end of the year	**87,91,32,582**	**1,29,69,20,607**
Cash and cash equivalents comprises of :		
Balance with banks:		
- in current accounts	80,35,49,568	58,52,39,974
- deposits with original maturity of less than three months	-	70,42,00,000
Cash on hand	7,55,83,014	74,80,633
	87,91,32,582	**1,29,69,20,607**

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Shankar Saraf & Associates
Chartered Accountants
ICAI Firm Registration No. 318006E

Subham Tulsian
Partner
Membership No: 313573
UDIN:21313573AAAAAA4032

Place : Kolkata
Date : 07th day of December 2021

For Village Financial Services Limited

Ajit Kumar Maity
Chairman
DIN:00250806

Kuldip Maity
Managing Director & CEO
DIN:00250869

Subhasis Ghosh
Chief Financial Officer

Piyali Deb
Company Secretary

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

(b) **Overview of the Originator/Servicer**

(i) **Overview**

VFS Capital Ltd. provides loans to the individual members of groups for undertaking various income generating activities.

JLG Lending

- A dedicated team along with people from operations selects potential areas based on demographic and socio-economic profile.
- The CO visits the local areas & villages, interacts with potential customers regarding VFS Capital Ltd.'s retail lending activity and their financial requirement.
- The company generally tries to form a group of 3-5 people (between the age of 18-55 years).
- After identification of target groups, Continuous Group Training (CGT)of 3 days duration is arranged by CO in which intending loanee members are invited to participate. In this training programmed, participants are imparted a thorough idea about the loan procedures, interest rate, processing fees and other charges, repayment schedule, insurance benefits and other loan related information etc.
- Intending loanee members shall apply for loan, which shall contain purpose of the loan, loan amount. The CO shall ensure that the loan applications have been properly filled in along with KYC documents and confirm to the loan policy of the organization.
- Compulsory Group Training (commonly known as CGT) is a 3-level training programmed to make the clients aware of the products, rules and procedures. By the end of the 3 level training, clients must be well versed with all the terms of the product, rules and procedures related to their socially and economic development the loan application and repayment.
- Through CGT regular meeting becomes a habit of the clients.
- Timeliness and disciplines are systematically taught to clients through CGT which needs to be maintained through the entire programmed

For every group there is a group leader selected by the group to manage the operations of the group.

(c) **Overview of the process of origination of the asset being securitised and major underwriting practices concerning the asset being securitised.**

A dedicated team along with people from operations selects potential areas based on demographicand socio-economic profile.

The Credit Officer visits the local areas & villages, interacts with potential customers regarding VFS CapitalLtd.'s retail lending activity and their financial requirement.

(d) **Policies for collection and servicing**

Collections

As per VFS Capital Ltd.'s operational guidelines, at every collection meeting the credit officer (CO) goes to the field for instalment collection of the group from the group leader. All the members of the respective groups make the payment to the group leader on or before the due date of the repayment of loan and on the specific due date our CO visits the respective group leader and collects cash from her.

Cash is collected by the CO as per demand collection sheet and the same is entered in the passbook with the borrowers. Entry is done at individual level (individual passbook) and also at group level (group loan register).

(e) **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:

(A) collect, assist in and facilitate the collection of (including through its branch network), amounts constituting the Receivables and manage and remit/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;

(B) 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/deposit such amounts to the Collection and Payment Account, in the manner set out in the Servicing Agreement;

(C) 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;

(D) 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 Securitisation 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 Securitisation Document;

(E) 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;

(F) 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;

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

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

(ii) 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

(iii) (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;

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

(I) 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;

(J) monitor the performance of the Obligors of their obligations under the Underlying Documents and submit to the Trustee and the Rating Agency, on or prior to the 7th (seventh) day of each calendar month, the Monitoring Report(s), for the preceding Collection Period, inter alia, setting out the details mentioned in Annexure 7 and the following details:

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

(2) actual collections from Obligors towards such billed amounts;

(3) collections from Obligors towards Overdues;

(4) advance payments made by Obligors;

(5) ageing analysis of Overdues;

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

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

(8) revisions to the future cash flow schedules of the Pool and Investor Payouts,

if any;

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

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

(11) details of any default in respect of any other financial assistance/loans provided by the Servicer (in its capacity as the Seller) to any of the Obligors; and

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

(K) 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;

(L) provide information to the Trustee with respect to the occurrence and continuance of any EIS Trigger Event(s) (as defined in the Trust Deed), any Event(s) of Non-Compliance (in accordance with the Assignment Agreement), and/or any Servicer's Event(s) of Default;

(M) 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;

(N) 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);

(O) 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;

(P) 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;

(Q) 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 would jeopardize the Seller's interest, or otherwise;

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

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

(T) 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 Parties;

(U) 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 a certificate from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on quarterly basis;

(V) do all such acts, deeds, and things as may be required to institute/initiate, or, cause to be instituted/initiated, legal proceedings in respect of the bankruptcy/insolvency of any Obligor under Applicable Law (including, to the extent applicable, the Insolvency and Bankruptcy Code, 2016) in case of failure of any Obligor to make any payments under the Facilities or any other Underlying Documents on the due date (howsoever defined); and

(W) 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:

(A) 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 consent of the Trustee (acting on the instructions of all the Investors);

(B) 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

(C) 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 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) Unless specifically provided otherwise under any provision of the Servicing Agreement or the Securitisation Documents, all costs and expenses in the normal course of business related to servicing of the Receivables will be borne by the Servicer.

(vii) 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:

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

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

(C) 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

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

(viii) The Servicer shall:

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

(B) 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.

(ix) Until the redemption of all PTCs, the Servicer shall not take any action in relation to the items set out herein below, without the prior written consent of the Trustee (acting on the instructions of the Investors):

(A) **Change of business**

(1) Change the general nature of its business from that which is permitted as a "non-banking financial company - micro finance institution" by the RBI.

(2) Any change to its memorandum of association or articles of association that materially and adversely affects its ability to perform its obligations under the Servicing Agreement.

(3) Any reduction in the authorised capital of the Servicer that materially and adversely affects its ability to perform its obligations under the Servicing Agreement.

(B) **Control**

Any Change of Control, or permit any Change of Control to occur.

(C) **Disposal of Assets**

Sell, transfer, or otherwise dispose of in any manner whatsoever any assets of the Servicer (other than any securitisation/portfolio sale of the assets of the Servicer undertaken by the Servicer in its ordinary course of business) that materially and adversely affects its ability to perform its obligations under the Servicing Agreement.

(x) For the purposes of ensuring compliance with Clause 11 of the Securitisation Directions, each of the Seller and the Servicer undertake to do all such deeds, actions, and things so as to ensure that the rights of the Obligors are not contravened by the transactions contemplated under the Securitisation Documents.

(xi) For the purposes of ensuring compliance with Clause 65 of the Securitisation Directions, each of the Seller and the Servicer shall provide to the Trustee and the Investors, such performance information on the Pool as may be required, on an ongoing basis, including without limitation, the average credit quality through average credit scores or similar aggregates of creditworthiness, extent of diversification of the pool of loans, (to the extent applicable) volatility of the market values of the collaterals supporting the loans, cyclicality of the economic activities in which the underlying borrowers are engaged, exposure type, prepayment rates, (to the extent applicable) property types, and (to the extent applicable) occupancy.

(xii) For the purposes of ensuring compliance with Clause 68 and the other provisions of the Securitisation Directions, each of the Seller and the Servicer shall provide to the Trustee and the Investors such information as may be required to conduct stress tests in respect of the Facilities comprising the Pool.

(xiii) For the purposes of ensuring compliance with Clause 72 and Clause 115 and the other provisions of the Securitisation Directions (other than provisions in respect of simple, transparent and comparable (STC) securitisation), each of the Seller and the Servicer shall provide to the Trustee and the Investors the disclosures and information prescribed in Annex 2 of the Securitisation Directions, and such other information and details as may be prescribed by the Trustee and the Investors.

(xiv) It is hereby clarified that the Servicer shall initiate and undertake all necessary proceedings, suits, or actions of any manner whatsoever, whether initiated by way of notice, or whether in the nature of a judicial, quasi-judicial, administrative, attachment, injunctive or any other proceeding in accordance with its standard operating procedure, and in the ordinary course of its business. In case of any failure of the Servicer to initiate legal proceedings necessary for the purposes of recovery of the Facilities (including in respect of the underlying Security Interest), the Trustee (acting on the instructions of the Investors holding Majority Interest) may require the Servicer to undertake the necessary steps/action.

(f) **Servicer's Event of Default**

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

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

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

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

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

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

(vi) an order for suspension of business or winding up, liquidation, administration or resolution of the Servicer is made by any Governmental Authority;

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

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

(ix) without prejudice to paragraph (viii) above, any failure of the Servicer to remit/deposit amounts constituting the Receivables that have been collected in any Collection Period into the Collection and Payment Account in accordance with the Servicing Agreement;

(x) the discovery/detection of any default, misconduct, fraud, or negligence in respect of any transaction undertaken by the Servicer under the Servicing Agreement and the Securitisation Documents;

(xi) if an attachment or restraint has been levied on a material part of the Servicer's properties in India, or certificate proceedings have been taken or commenced for recovery of dues from the Servicer, and the Servicer does not take effective steps to the satisfaction of the Trust for cancellation of such attachment, restraint or certificate proceedings;

(xii) any action by a Governmental Authority which precludes the Servicer from undertaking its obligations under the Servicing Agreement or which would result in the obligations of the Servicer under the Servicing Agreement being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever or which may have a material adverse effect on the Servicer;

(xiii) the net worth of the Servicer (determined in accordance with the applicable directions and instructions of the RBI, the applicable accounting standards, and the Companies Act, 2013) falls below INR 50,00,00,000 (Indian Rupees Fifty Crore);

(xiv) any Underlying Document becoming unenforceable due to the failure of the Servicer to obtain any Authorisation required by or from any Governmental Authority, or due to deficient stamp duty being paid by the Servicer on the Underlying Documents;

(xv) any breach by the Servicer of any applicable directions of the RBI (including the Securitisation Directions); or

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

(g) **Replacement of the Servicer**

(i) **Servicer's Event(s) of Default**

(A) In the event of the occurrence of one or more Servicer Event(s) of Default, the Trustee will, upon receipt of written instructions from the Investors holding Majority Interest, serve a notice upon the Servicer calling upon it to remedy such Servicer Event(s) of Default, to the extent capable of remedy in the opinion of the Trustee, within a period of 7 (seven) days from the date of occurrence, or such other time period as may be set out in the notice referred in this paragraph (g)(i)(A) ("**Cure Period**")**.**

(B) If the Servicer fails to remedy the Servicer Event(s) of Default within the Cure Period, the appointment of the defaulting Servicer shall stand terminated, and all functions of the defaulting Servicer will stand transferred to such other servicer, acceptable to the Rating Agency, who may be appointed by the Trustee upon receipt of written instructions from the Investors holding Majority Interest in such Servicer's place. Such new servicer shall execute a deed of accession acceding to the terms of the Servicing Agreement or such other document as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest) to record the appointment of such new servicer and its obligations in respect thereof. It is clarified that the Servicer shall not be a party to the deed of accession or such other document as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest).

(C) The cost of appointment of such new servicer will be borne by the defaulting Servicer.

(D) Notwithstanding anything contained in the Securitisation Documents, in addition to other rights available to the Trustee, upon the occurrence of any Servicer Event(s) of Default, the Trustee may (but shall not be obligated to):

(1) direct all the Obligors to pay the Receivables directly into the Collection and Payment Account;

(2) instruct the Servicer to remit the Receivables in the Collection and Payment Account on a daily basis; and

(3) direct the Servicer to transfer the custody of all Facility Agreements and Underlying Documents to the Trustee or any such person as the Trustee may direct.

(ii) **Termination and Replacement of Servicer**

(A) Notwithstanding paragraph (g)(i) above, the Trustee (acting on the instructions from the Investors holding Majority Interest) and/or the Investors holding Majority Interest shall have the right terminate the appointment of the Servicer without any requirement to provide any cause or reason for such termination. The termination of the appointment of the Servicer shall take effect within such period as may be specified by the Trustee (acting on the instructions from the Investors holding Majority Interest), or alternatively, if the Trustee (acting on the instructions from the Investors holding Majority Interest) deems with, immediately on the delivery of the notice/communication terminating the appointment of the servicer (with or without notice). In the event of such termination, the Trustee (acting on the instructions of the Investors holding Majority Interest) may either appoint any other person acceptable to the Investors holding Majority Interest and the Rating Agency, to, or, alternatively, the Investors holding Majority Interest may direct/instruct the Trustee to nominate any one of the Investors, to (1) act as the servicer of the Assigned Assets and for the purposes of the Servicing Agreement and the other Securitisation Documents, and (2) perform the obligations of the Servicer in accordance with such terms as may be prescribed by the Investors holding Majority Interest.

(B) Such new servicer shall execute a deed of accession acceding to the terms of the Servicing Agreement or such other document as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest) to record the appointment of such new servicer and its obligations in respect thereof. It is clarified that the Servicer shall not be a party to the deed of accession or such other document as may be prescribed by the Trustee (acting on the instructions of the Investors holding Majority Interest).

(C) The terms of appointment of the new servicer will be determined by the Trustee in accordance with the instructions of the Investors holding Majority Interest.

(D) The cost of appointment of such new servicer will be borne by the Investors.

(iii) **Other consequences of termination**

In the event of the termination of the appointment of the Servicer in accordance with paragraph (g)(i) or paragraph (g)(ii) above:

(A) the outgoing Servicer will transfer to such new servicer or any other person as may be required by the Trustee, the custody of all the Underlying Documents and all such documents held by it with respect to or relating to the Receivables in its capacity as the servicer;

(B) deliver to the Trustee, all Underlying Documents, any documents received from any Obligors, books of accounts in respect of the Facilities, including but not limited to cheques, drafts, other instruments received from the Obligors, fund transfer mandates, demand promissory notes, guarantees, indemnities, insurance, correspondence and records relating to the Receivables;

(C) transfer to the Trustee all the electronic records/ data with respect to the Facilities (in such format as may be acceptable to the Trustee);

(D) the outgoing Servicer will have no further responsibility(ies) or liability(ies) towards

any Party following the termination of its appointment as a servicer. PROVIDED THAT the outgoing Servicer shall continue to remain liable in respect of all its acts as the servicer prior to such termination; and

(E) the Trustee shall intimate the Rating Agency of the appoint of any new servicer promptly upon such appointment.

(iv) **NACH Mandates**

(A) Following the occurrence of any Servicer Event(s) of Default or upon termination and replacement of the Servicer in terms of paragraph (g)(i) above, the defaulting/outgoing Servicer shall, within such time period as may be prescribed by the Trustee, ensure and procure from the Obligors, and furnish to the Trustee, mandates setting out National Automated Clearing House ("**NACH**") instructions, Electronic Clearing Service (ECS) instructions or any other electronic instructions, in a form and manner acceptable to the Trustee, such that these mandates will provide for payments to be made directly into the Collection and Payment Account (or such other account as may be prescribed by the Trustee) in respect of the Facilities.

(B) In the event of termination and replacement of Servicer, the outgoing Servicer shall provide all such assistance as may be required by the new servicer to transfer/revise the NACH mandates in accordance with paragraph (g)(iv)(A) above (including, executing such documents/instruments as may be required in respect of the foregoing).

(C) It is agreed that if any amounts are received in the Collection and Payment Account that are in excess of the amounts payable to the Investors, the relevant excess amounts shall be transferred by the Trust to the Residual Beneficiary in accordance with the Waterfall Mechanism.

(v) **Liability**

Neither the Servicer nor any of its directors, officers, employees or agents will be liable to the Investors or the Trustee for taking any action or for refraining from taking any action pursuant to any instructions received from the Trustee (acting on the instructions of Investors holding Majority Consent). It is clarified that the Servicer will act solely on the instructions of the Trustee.

(h) **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 (with a copy marked to the Investors) in the format required under the Securitisation Directions (specifically Annex 2 of the Securitisation Directions which is reproduced herein as **Annexure 4**).

(i) **Servicing Fees**

"**Servicing Fee**" means the servicing fee of INR 50,000 (Indian Rupees Fifty Thousand), plus applicable goods and services tax, to be paid to the Servicer in accordance with the Servicing Agreement and the Trust Deed.

(j) **Description of the Originator's business, market presence, market share, if any, experience etc. in relation to the asset class proposed to be securitized**

Please refer Sections 7.1(a), 7.1(b) and 7.1(d) above.

7.2 THE ISSUER/ SPV

(a) A brief description of the Issuer along with its history

The SPV and issuer for the transaction shall be a Trust settled by Beacon Trusteeship Limited under the Trust Deed. The SPV shall be called "Shivam - II". The Trust is a special purpose distinct entity within the meaning of Securitisation Listing Framework.

Objects of the Trust

(i) The Trust has been created with the following objects:

(A) to consider the Information Memorandum prepared by the Seller for the Investors pertaining to the securitisation of the Receivables and to discuss and finalise the Information Memorandum with the Rating Agency and the Seller;

(B) to purchase the Assigned Assets from the Seller and utilise the Credit Enhancement for the benefit of the Investors. For this purpose, the Trustee will be empowered to execute such deeds, documents, agreements and writings as may be required to acquire the complete right, title and interest in respect of the Assigned Assets;

(C) to receive subscription amounts from the Investors desirous of subscribing to the PTCs;

(D) to make payment of the Purchase Consideration to the Seller for the purchase of Assigned Assets from and out of the subscription amounts received from the Investors. PROVIDED THAT nothing in the Trust Deed will make the Trustee liable for making payment of the Purchase Consideration, until and unless the Trustee receives adequate subscription amounts from the Investors;

(E) to hold the Trust Property for the benefit of the Beneficiaries in accordance with the terms and conditions of the Trust Deed;

(F) to issue, in dematerialised form, Securitised Debt Instruments/PTCs in accordance with the Securitization Directions and Securitisation Listing Framework to the Investors evidencing their undivided beneficial right, title and interest in the Trust Property;

(G) to keep the amounts and assets representing the Trust Property with the Approved Bank and the Collection Bank, and to deposit and withdraw such amounts and assets as may be required from time to time;

(H) to open and operate the Collection and Payment Account, operate the account in which the Cash Collateral is maintained and supervise the cash flows into and from the Collection and Payment Account and the Cash Collateral;

(I) to execute the Accounts Agreement to set out the terms of the establishment, maintenance and operation of the Accounts to be maintained by the Trustee in accordance with the Trust Deed;

(J) to make Investor Payouts to the Investors from time to time in accordance with the

Waterfall Mechanism;

(K) to utilise the Credit Enhancement in accordance with the provisions of the Trust Deed and the other Securitisation Documents;

(L) to appoint and monitor the responsibilities of the Servicer or other servicer(s) (appointed in accordance with the Servicing Agreement) for the servicing of the Receivables and execute any and all documents and instruments for this purpose and in such event, to require such person to deposit the collections of the Receivables, prepare reports and take such other actions, on such terms and conditions as may be decided by the Investors holding Majority Interest;

(M) to appoint the Registrar and Transfer Agent, and to enter into agreements with the Registrar and Transfer Agent and the relevant depositories;

(N) to take all steps, including filing of all necessary applications and, if so required, obtaining any approvals from the SEBI and the relevant stock exchanges in relation to the listing of the PTCs;

(O) to direct the performance of Discretionary Audits on the Servicer, as and when required;

(P) to obtain a certificate from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on quarterly basis; and

(Q) to do all such other activities that may be incidental or ancillary to the objects set out above and as may be required for the purpose of securitisation of the Receivables in the manner contemplated in the Securitisation Documents. PROVIDED THAT the Trust will not carry out any other commercial activity (other than that permitted above) for the purpose of securitisation of the Receivables.

(ii) The objects of the Trust as stated in paragraph (i) above will be implemented in accordance with terms of the Trust Deed and the other Securitisation Documents, the Securitisation Directions, and the Securitisation Listing Framework.

(b) **A statement whether the issuer has been established as a special purpose vehicle or entity**

The SPV and issuer for the transaction shall be a Trust settled by Beacon Trusteeship Limited under the Trust Deed. The SPV shall be called "Shivam - II". The Trust is a special purpose distinct entity within the meaning of Securitisation Listing Framework.

(c) **Details of the settlor, initial corpus, place of registration, if any, along with any identification number**

The Trust has been settled by Beacon Trusteeship Limited with an initial corpus of INR 1,000 (Indian Rupees One Thousand) in India in accordance with the Indian Trusts Act, 1882.

(d) **Name of the person(s) who directly or indirectly controls the Issuer, along with the nature of such control and the measures in place to ensure that such control is not abused.**

The Issuer is established as a special purpose entity and is managed by Beacon Trusteeship Limited which is an independent corporate entity as a trustee and the Issuer is bound to follow the applicable SEBI regulations, provisions of the Indian Trusts Act, 1882 and the provisions of the Trust Deed.

(e) **Person(s) holding residual beneficial interest in the trust.**

Upon the redemption of the PTCs in full and all amounts drawn from the external Credit Enhancement has been repaid in full, in the event any surplus amounts are available in the Collection and Payout Account, such amounts shall be payable to the Residual Beneficiary in accordance with the Waterfall Mechanism.

(f) **Financial Information concerning the Issuer's assets and liabilities, financial position, and profits and losses, if any.**

There is no other financial information other than those mentioned in Chapter 7.

(g) **Names, Qualification, address, nationality, professional experience and academic qualifications of the trustees.**

Board of Directors

SANJAY SINHA INDEPENDENT DIRECTOR

Mr. Sinha is a veteran finance professional with a rich experience of over three decades in areas such as corporate finance, portfolio management, strategic planning to name a few. He is also actively involved in various regulatory and government committees contributing towards overall market development and policy matters. In his previous stint he was MD & CEO of Axis Trustee Services Limited. He has also been a part of various prestigious institutions such as Axis Bank and State Bank of India.

SANJAY BHASIN NON-INDEPENDENT DIRECTOR

With more than three decades in Financial Services and a penchant for diverse businesses in unfamiliar territories, Mr. Bhasin is an experienced leader who has run large and complex businesses in India, UK and West Africa. He has managed varied asset classes in these geographies as well as those domiciled in US and Europe. In his stint with JM Morgan Stanley, he set up the fixed income business, focussing on intermediation, syndication and corporate sales. He has managed a portfolio of diverse assets (real estate, insurance, etc) across various geographies as part of WestLB's 'Bad Bank'.

VASAN PAULRAJ INDEPENDENT DIRECTOR

With over three decades of experience in Investment Banking, Mr. Paulraj, a Chartered Accountant by qualification, specialises in raising capital for corporates. Having worked for almost two decades in Axis Capital (erstwhile Enam Securities) he rose to become Managing Director (Head of Financial Sponsors & Special Situations Finance). He has closed large marquee Private Equity deals, handled complex Special Situation Finance deals & several large IPOs of marquee Corporates and PSUs during the Disinvestments era. He has also served as ED & Head Investment Banking of Tourism Finance Corporation of India (TFCI).

SATISH KALANI INDEPENDENT DIRECTOR

In a career spanning over 35 years, Mr. Satish Kalani has worked with reputed companies like Dawn Mills, Elphinstone Mills, Reliance Industries, Ambalal Sarabhai Enterprises and Tata Chemicals. His last stint was with Tata Chemicals as VP-Taxation where he developed impeccable knowledge in corporate taxation. He remains a trustee in many trusts of Tata Chemicals and is also a trustee in Keshav Shrushti's Uttan Krishi Sanshodhan Sanstha (UKSS). The team benefits from his advise on Legal and Tax related matters.

Management Team

PRATAPSINGH NATHANI CHAIRMAN & MANAGING DIRECTOR

Our Founder & Promoter, Mr. Pratapsingh Nathani, an ex-banker with over two decades in the Financial Services sector, has mapped the entire financial market's landscape during his successful stint beginning from Apple Finance distributing retail bonds / NCDs and FDs to individuals, raising debt for Public & State Level Undertakings via Non-SLR bonds and selling them to Provident Funds at Centrum & Darashaw. Later, he successfully set up the Loan Syndication Desk for JM Morgan Stanley (JM-MS). Post the JM-MS split, he continued with JM Financial on the Investment banking side and was involved in marquee transactions such as raising Leveraged Buyout Finance (LBO) for an Auto ancillary, raising Mergers & Acquisition (M&A) Finance for a large Indian telecom tower company . His last stint was with ING Bank in India wherein he successfully set up a Debt Capital Markets (DCM) & Loan Syndications desk and led it untill 2015 post which ventured onto his entrepreneural journey with multiple startups including LoanXpress - fintech marketplace for SME loans, Kratos - a Fund Admin & Accounting Company, Codium - a BFSI Tech solutions company and BeaconCorp - an Investment Banking Boutique.

ASHOK MOTWANI EXECUTIVE DIRECTOR

With over 35 years of banking experience with IDBI Bank in diverse areas such as Corporate Banking, Project Appraisal and Infrastructure funding, Investment Banking including advisory role on various M&A assignments, Structured Products, Debt Syndication, NPA Management, Trusteeship and Custodial Services. Mr Ashok Motwani is well versed with the trusteeship business; having worked as MD and CEO of IDBI Trusteeship Services Ltd. for 4 years during which the company emerged as one of the largest trusteeship companies in the country. His rich experience includes working as MD & CEO of Stock Holding Corporation of India Limited (SHCIL), one of the largest custodians in the country for over three years. He holds a Masters degree in Business Administration and is a respected figure in the industry and by the regulatory bodies.

KAUSTUBH KULKARNI EXECUTIVE DIRECTOR

With almost two decades of experience across Management Consulting in Financial & Operations Advisory, Research, Investment Banking & Debt Syndication, Mr. Kaustubh Kulkarni aka KK is a seasoned and versatile professional with a diversified & rich industry experience. By qualification, he is a Mechanical Engineer and holds a Post Graduate Diploma in Business Management. In his previous stint, he has successfully promoted a boutique Research and Consulting firm catering to various financial institutions and the industry at large. His thorough understanding of various sectors & analytic prowess comes in handy to provide our clients with efficacious & feasible solutions. At Beacon, he leads the operations for Debenture Trustee, Security Trustee, Securitization amongst other activities and is leading the Company to develop a single integrated platform for all Trustee processes and for enhancing their experience with better reporting tools, increasing access to data and reducing effort, time and costs.

JAYDEEP BHATTACHARYA EXECUTIVE DIRECTOR

Having worked for around two decades in the trusteeship industry, Mr. Jaydeep Bhattacharya has gained opulent experience in various facets of the trustee services along with business management verticals like Finance & Accounts, Audit & Taxation, Information Technology, Operations, Statutory & Compliance Reporting, Handling Board Meetings and General Office Administration. He began his journey with IDBI Trusteeship Services Ltd. where he worked for a span of 14 years as one of the founder member and a key position holder. He has also worked with Axis Trustee Services for 5 years following which he joined Beacon Trusteeship. His strength is his ability to understand the requirements of the organization and it's clients, and to devise, execute & optimize strategies to achieve them.

(h) **Management of the Issuer**

The Issuer is established as a special purpose entity and is managed by Beacon Trusteeship Limited which is an independent corporate entity as a trustee.

(i) **Trust Property**

(A) ***Trust Property***

(1) The Trustee will stand possessed of 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 (collectively referred to as the "**Trust Property**").

(2) All such Trust Property will be held in trust and is subject to the powers, declarations, directions, conditions and provisions herein declared, expressed and contained.

(3) The PTCs issued by the Trust are not insured and the PTCs do not represent deposit liabilities or debt obligations of the Seller, the Servicer, the Trust or the Trustee.

(B) ***Vesting of Trust Property***

Pursuant to the declaration made by the Trustee under the Trust Deed, the Trust Property will vest in the Trustee and the Trustee will hold the Trust Property upon trust and for the benefit of the Beneficiaries subject to the powers, provisions, agreements and declarations herein contained to be utilised in accordance with the Securitisation Documents.

(C) ***Expenses chargeable to the Trust Property***

In addition to the costs, charges, fees and expenses expressly provided herein and subject to the terms of the Trust Deed, the Trustee will be entitled to reimburse itself and defray in accordance with the provisions of the Trust Deed and satisfy all expenses as Senior Costs, in accordance with the Waterfall Mechanism, which the Trustee may reasonably have to incur pursuant to the exercise of its powers contained in the Trust Deed. Further, any expense exceeding INR 10,000 (Indian Rupees Ten Thousand) can only be incurred with Majority Consent.

7.3 THE TRUSTEE

(a) **Name of the trustee, organisational form, management of the Trustee**

Beacon Trusteeship Limited, a company incorporated under the Companies Act, 2013 with CIN U74999MH2015PLC271288, having its registered office at 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (East), Mumbai, Maharashtra - 400051, India.

Please refer below for the details of the management of the Trustee:

Refer to Section 7.2(g) above.

(b) **Experience of the Trustee**

Experience of Trustee is more than 8 (eight) years in handling securitization transactions.

(c) **Primary Duties of Trustee**

Duties and Obligations of the Trustee

(i) The Trustee will ensure that all investments of the Trust Property are in accordance with the Trust Deed.

(ii) The Trustee will, at all times, ensure that the Trust Property is kept segregated from the assets of the Trustee and any other asset for which the Trustee is or may be responsible.

(iii) The Trustee will act in the interest of the Investors and provide or cause to provide information and disclosures to Investors in the form and manner specified in the Trust Deed and the other Securitisation Documents.

(iv) The Trustee will exercise due diligence and care in carrying out its duties and will take all action whatsoever necessary for protecting the interest of the Investors.

(v) The Trustee will ensure that all transactions are properly entered into and performed in accordance with the Trust Deed.

(vi) The Trustee will fulfil all its obligations under the agreements, deeds and writings executed by the Trustee in relation to the Trust Property.

(vii) The Trustee will take all reasonable steps to realise the amounts due to the Trust.

(viii) Based on the reports given by the Servicer, the Trustee will, within a period of 3 (three) Business Days from each Payout Date, prepare and provide to each Investor, a new statement including:

(A) the amount of the Receivables realised;

(B) the amount of the Receivables outstanding;

(C) the details of any Defaults;

(D) details of any utilisation and/or replenishment/reimbursement (if any) of the Credit Enhancement;

(E) the details of any Prepayments; and

(F) if so required, 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 Facilities comprising the Pool), each adjusted for (1) the impact of Prepayments and/or Defaults on the Pool (if so required), and/or (2) any change in the Effective Date pursuant to the terms of the Securitisation Documents.

(ix) The Trustee agrees that it shall either by itself or through the Servicer:

(A) ensure timely Investor Payouts;

(B) make Cash Collateral available for the PTCs at all times; and

(C) ensure that services of ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) or other fund transfer mechanisms prescribed by the RBI are used for payment of the Investor Payouts as per applicable norms of the RBI.

(x) The Trustee shall ensure timely payment of interest and redemption amounts to the Investors in terms of issue of the PTCs out of the realisations from the Pool or Cash Collateral.

(xi) The Trustee shall monitor the internal processes of the Servicer and ensure that they are designed to avoid a conflict of interest. Without prejudice to the foregoing, the Trustee and the Trust shall adopt internal procedures designed to avoid conflict of interest.

(xii) The Trustee shall file such tax returns as may be required by Applicable Law in relation to the income arising from the Trust Property, and shall, as soon as practicable, provide evidence of such tax payments to the PTC Holders.

(xiii) [INTENTIONALLY LEFT BLANK]

(xiv) The Trustee shall submit such information, including financial information relating to the Trust, to the stock exchanges and the Investors and comply with such other continuing obligations as may be stipulated in the listing agreement entered into with a recognised stock exchange.

(xv) If so required under Applicable Law, every rating obtained by the Trustee in relation to the PTCs shall be periodically reviewed by the Rating Agency and any revision in the rating shall be promptly disclosed by the Trustee to the recognised stock exchanges where the PTCs are listed.

(xvi) The Trustee agrees that it will not forfeit unclaimed Investor Payouts and such unclaimed Investor Payouts shall, after a period of 7 (seven) years, be transferred to the Investor Protection and Education Fund set up as per the Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009.

(xvii) Where it proposes to change its management or control, the Trustee shall obtain prior approval of the SEBI for continuing to act as such after the change.

(xviii) The Trustee shall pay the registration fees and annual fees with respect to the Trust under the Securitisation Listing Framework.

(xix) The Trustee shall take adequate steps for redressal of grievances of the Investors within 1 (one) month of the date of the receipt of the complaint and keep the SEBI informed about the number, nature and other particulars of the complaints received.

(xx) The Trustee shall abide by the provisions of the Securities Contracts (Regulations) Act, 1956 and the Securitisation Listing Framework in respect of the regulated activities carried on by the Trustee.

(xxi) The Trustee shall forthwith inform the SEBI, if any information or particulars previously submitted to the SEBI is found to be misleading in any material respect or false.

(xxii) The Trustee shall forthwith inform the SEBI, of any material change in the information or particulars furnished, which may have a bearing on the certificate of registration granted to it.

(xxiii) The Trustee shall abide by the Code of Conduct specified in Schedule III of the Securitisation Listing Framework.

(xxiv) The Trustee agrees that credit to demat accounts of the Investors shall be made within the time period prescribed under the Securitisation Listing Framework.

(xxv) The terms of issue of the PTCs shall not be varied without the consent of all the Investors. The Investors shall be deemed to have given their consent to any variation only if 21 (twenty one) days' notice is given to them of the proposed variation and it is approved by a special resolution of the Investors. Sections 110 and 114 of the Companies Act, 2013 shall *mutatis mutandis* apply to such special resolution.

(xxvi) The Trustee agrees that no material modification shall be made to the structure of the PTCs in terms of coupon, conversion, redemption, or otherwise without prior approval of the recognised stock exchange where the PTCs are listed. The Trust shall make an application to

such exchange only after the approval of the Investors as required herein.

(xxvii) The Trustee agrees that unless the terms of issue provide otherwise, the Trustee shall not select any of its listed PTCs for redemption other than on a pro rata basis or by lot and shall promptly furnish to the recognised stock exchange (where the PTCs are listed) the details thereof.

(xxviii) Without prejudice to any Applicable Law, the Trustee shall maintain or cause to be maintained proper accounts and records to enable a true and fair view to be formed of its assets, liabilities, income and expenditure. The Trustee shall maintain the accounts in such a manner so as to disclose as on the most recent Payout Date the financial position of the Trust. The Trustee shall maintain the accounts of the Trust in accordance with generally accepted accounting principles and having regard to the guidance issued by the Institute of Chartered Accountants of India or as may be specified by the SEBI in respect of accounting for securitisation trusts.

(xxix) The Trustee shall maintain or cause to be maintained other records and documents, including a register of the Investors, for the Trust so as to explain its transactions and its accounts. The Trustee shall intimate to the SEBI the places where the records and documents maintained under this paragraph (xxix) are kept. PROVIDED THAT the register of Investors maintained by a depository in respect of the PTCs held in dematerialised form with it shall be deemed to be the PTC Register.

(xxx) The Trustee shall maintain its books of account, records and other documents in respect of the Trust for a minimum period of 8 (eight) years from the redemption of all the PTCs issued by the Trust.

(xxxi) The Trustee shall furnish annual report(s) about the Pool performance and the Investor servicing to the Investors at such times as may be prescribed by the Investors.

(xxxii) The Trustee shall ensure that the covenants in the Trust Deed and any other Securitisation Document are complied with by the relevant parties.

(xxxiii) The Trustee shall act in the interest of the Beneficiaries and shall provide or cause to provide such information and disclosures to Beneficiaries and SEBI as may be specified by SEBI.

(xxxiv) The Trustee shall take reasonable and due care to ensure that the funds raised through the issue of the PTCs by the Trust are in accordance with Applicable Law (including the provisions of the Securitisation Listing Framework).

(xxxv) The Trustee shall promptly inform the Investors of (A) any change in the Trustee's registration status, (B) any administrative, civil or penal action taken by SEBI against the Trustee, and/or (C) any material change in financial position of the Trustee which may adversely affect the interests of Investors.

(xxxvi) The Trustee shall procure the beneficiary positions statement (BENPOS) and any other related information from the Registrar and Transfer Agent, and shall provide it to Grip Invest Technologies Private Limited (in its capacity as the representative of the Series A1 PTCs Holder(s) (as of the Effective Date)), within such timelines as may be agreed with Grip Invest Technologies Private Limited (in its capacity as the representative of the Series A1 PTCs Holder(s) (as of the Effective Date)).

Powers of the Trustee

The Trustee is, subject to the directions and instructions to be provided by the Investors in accordance with the provisions of the Trust Deed and the other Securitisation Documents, absolutely vested with the general superintendence, direction and management of the affairs of the Trust, and, subject to the provisions of the Trust Deed, has all powers, authorities, authorisations (including consents) and discretion to perform the objects of the Trust and all objects appurtenant to or incidental to the purpose of the Trust.

Without prejudice to the generality of the powers, authorities and discretions conferred above and under any provision(s) in the Securitisation Documents, it is hereby declared that the Trustee has the following powers to further the objects of the Trust:

(i) to issue the Information Memorandum, and to invite applications for subscription to the PTCs;

(ii) to accept the subscription amounts (including advances thereon) from the Investors from time to time and pay the Purchase Consideration to the Seller towards the purchase of the Assigned Assets on the Effective Date;

(iii) to utilise the Trust Property, in accordance with the provisions of the Trust Deed and the other Securitisation Documents;

(iv) to issue, redeem, consolidate, sub-divide, re-issue or cancel the PTCs, in accordance with the provisions of the Securitisation Documents;

(v) to acquire, hold, deal with and manage the Trust Property in accordance with the Securitisation Documents;

(vi) to open the Collection and Payment Account with the Collection Bank for the deposit of the issue proceeds and utilise such issue proceeds in the manner provided herein and the other Securitisation Documents;

(vii) to make Investor Payouts and payments to the Residual Beneficiary, if any, in accordance with the Trust Deed and the other Securitisation Documents;

(viii) to keep the amounts representing the Trust Property in the Collection and Payment Account and to deposit and withdraw such amounts as may be required from time to time in accordance with the Securitisation Documents;

(ix) to collect all amounts due to the Trust and acknowledge and give effectual and valid receipts and discharges for such amounts;

(x) to obtain listing of the PTCs on one or more stock exchanges in accordance with the Securitisation Documents, and in accordance with Applicable Law;

(xi) to exercise all rights and remedies and take all consequential action under the Securitisation Documents;

(xii) to grant consents and approvals as may be required under any Facility Agreement to enable the Servicer to carry out its functions in accordance with the Securitisation Documents;

(xiii) to institute, conduct, defend, compound, settle, withdraw or abandon any legal proceedings in the name of the Trust or the Trustee together with the Seller if so required, and to submit any proceedings or differences for settlement by arbitration, if required;

(xiv) to request withdrawals from and make refunds/reimbursements in respect of the Credit Enhancement in accordance with the Securitisation Documents;

(xv) to compromise, settle or abandon any debt or claim due to the Trust unless the Investors have otherwise required the Trust to take actions to recover the debts or claims in the manner provided in the Securitisation Documents;

(xvi) to open one or more accounts, including the Collection and Payment Account, for the purpose set out in the Securitisation Documents and to operate such accounts;

(xvii) to monitor the cash flows into and from the Collection and Payment Account;

(xviii) to execute and perform the Securitisation Documents;

(xix) to keep all Underlying Documents as handed over to it by the Seller and the Securitisation Documents in safe custody for the benefit of the Investors, and to exercise custody over all Receivables in respect of the Assigned Assets and hold these in trust for the benefit of the Investors;

(xx) to enter into all arrangements and contracts in relation to the objects of the Trust;

(xxi) to appoint and employ agents and other persons to assist the Trustee in the administration of the Trust and to determine their fees and emoluments and at its discretion, to remove such agents and persons and appoint others in their place;

(xxii) to appoint any third party service providers such as brokers, advocates, auditors, credit rating agencies, registrars, agents, valuers and other persons for the purpose of fulfilling any of the objectives of the Trust, after obtaining Majority Consent;

(xxiii) to incur and pay all reasonable costs, charges and expenses incidental to the management, administration and execution of the Trust, including the registration of the Trust with any Governmental Authority;

(xxiv) to sign, seal, execute, deliver and register all deeds, documents and assurances in respect of or relating to the Trust and the due performance and execution of the purpose and objects hereof;

(xxv) to constitute committees consisting of such persons as may be approved by the Investors holding Majority Interest, to guide and advise the Trust and to delegate suitable powers to them and impose appropriate regulations on them as approved by the Investors holding Majority Interest;

(xxvi) to review the reports prepared/certifications provided pursuant to the Discretionary Audits and take any action(s) thereon. The Trustee shall ensure that aforementioned reports are obtained from the Auditors within 30 (thirty) days from the Effective Date;

(xxvii) to obtain a certificate from the auditor(s) of the Seller regarding the disclosures made by the Seller in respect of the Assigned Assets on quarterly basis;

(xxviii) to review the reports prepared by the Auditor and take any action(s) thereon;

(xxix) to compromise or settle any dispute in relation to or pertaining to the Trust Property, as approved by all Investors holding Majority Interest;

(xxx) to modify, alter, add to or amend any of the provisions of the Securitisation Documents with the consent of all the Investors holding Majority Interest;

(xxxi) to enable and assist any Investor in conducting any due diligence of the Servicer or of any of the Facilities comprising the Pool;

(xxxii) to accept the Clean Up Purchase Consideration in terms of the Trust Deed and the other Securitisation Documents subject to compliance with Applicable Law;

(xxxiii) to 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; and

(xxxiv) to generally do all acts, deeds, matters and things which are necessary for the objects or purpose of or in relation to the Trust or are incidental or conducive to the proper exercise of the power of the Trustee under the Trust Deed.

(d) **Remuneration of Trustees**

The Trustee is entitled to a fee payable on or before the Settlement Date, as mutually agreed between the Trustee and the Seller as remuneration for it providing services as the trustee of the Trust under the Trust Deed. The fee will be paid to the Trustee by the Seller as per the fee letter provided by the Trustee. The Trustee's remuneration will not be paid from the Receivables.

(e) **Resignation of the Trustee**

The Trustee may voluntarily resign from its office of Trustee hereunder at any time without assigning any reason and without being responsible for any loss or costs occasioned by such resignation. PROVIDED THAT the Trustee will have given at least 3 (three) months prior written notice to the Investors in that regard and the Investors have found a suitable trustee to replace the Trustee. Until the Investors do not find such a suitable trustee to replace the Trustee, the Trustee will not be entitled to resign from its responsibilities. In the event of such resignation from its office by the Trustee, the Trustee will forthwith return to the Investors or the Seller, as the case may be, on a *pro rata* basis, the remuneration received under the fees mentioned in paragraph (d) above for the period of services remaining. If so required by Applicable Law, the consent of the Governmental Authorities (including the SEBI) shall be obtained prior to any such resignation.

(f) **Discharge of the Trustee**

The Trustee will stand discharged from its office if the Trustee passes a resolution to be wound up or any order of winding up or insolvency is passed against the Trustee by any court or tribunal. PROVIDED THAT the Trust Property will not be deemed to be the property of the Trustee in any such winding up or insolvency proceedings.

(g) **Substitution of the Trustee**

The Investors holding Majority Interest may at any time during the term of the Trust, remove and substitute the Trustee with another trustee. If so required by Applicable Law, the consent of the Governmental Authorities (including the SEBI) shall be obtained prior to any such removal and substitution.

(h) **Appointment of a new Trustee**

In the event of termination of the services of the Trustee under paragraphs (e), (f) or (g) above, the

new trustee will be appointed by the Investors holding Majority Interest.

PROVIDED THAT no person will be appointed as a trustee if:

(i) such person has been found to be insolvent;

(ii) such person has voluntarily filed bankruptcy or insolvency proceedings with appropriate authorities; and

(iii) if any winding up, insolvency or similar proceedings has been initiated against such person by any third party, which proceeding has been continuing for a period beyond 1 (one) year from the date of such proceeding being admitted into any court, tribunal or any other Governmental Authority.

On such appointment, all actions will be taken as are required to vest the legal ownership in the Trust Property with the new trustee. All costs, charges and expenses incurred/to be incurred in vesting the Trust Property in favour of the new trustee will be reimbursed from the Trust Property.

(i) **Name of the Compliance Officer of the Trustee**

Mr. Kaustubh Kulkarni with over 3 years of post-qualification experience in handling compliance portfolio.

7.4 REGISTRAR AND TRANSFER AGENT

(a) The Registrar and Transfer Agent will maintain a PTC Register wherein a record of PTCs issued, and transfers made from time to time will be entered including relevant details such as the dates of such issue or transfer respectively. PROVIDED THAT, from an operational perspective, the register of Investors maintained by a depository in respect of the PTCs held in dematerialised form with it shall be deemed to be the PTC Register.

(b) It will be lawful for the Trustee to make payments of the amounts due and payable under the respective PTCs to the Investors whose name appears in the records of the Registrar and Transfer Agent as the Investor on the Record Date, notwithstanding that the PTCs have already been transferred, assigned, sold or disposed of by such Investor unless the transferee/acquirer of such PTCs, who claims payments thereunder, appears as the Investor in the records of the Registrar and Transfer Agent.

7.5 COLLECTION BANK

ICICI Bank Limited, acting through its branch located at ICICI Bank Towers, Bandra Kurla Complex, Mumbai, Maharashtra, India shall be the Collection Bank. Accordingly, the CPA shall be maintained with the Collection Bank at its branch at ICICI Bank Towers, Bandra Kurla Complex, Mumbai, Maharashtra, India.

CHAPTER 8: LEGAL AND TAX ISSUES

8.1 LEGAL DOCUMENTS

Legal documents for the transaction i.e., the Securitisation Documents have been finalised in consultation with Legal Counsel, Phoenix Legal.

The following legal documents shall be executed for the proposed assignment:

(a) the Trust Deed;

(b) the Assignment Agreement;

(c) the Servicing Agreement;

(d) the Accounts Agreement;

(e) this Information Memorandum; and

(f) the Power of Attorney by the Seller in favour of the Trustee.

In addition to the above, the Pass Through Certificates will also be issued, and the Investor shall also receive the legal opinion of the legal counsel of the Seller that the transactions contemplated under the Transaction Documents are in compliance with the requirements of the Securitisation Directions.

8.2 STAMP DUTY

(a) **Securitisation Documents**

The Securitisation Documents are required to be stamped at the rate of stamp duty applicable in relation to such instruments in the State in which such documents are executed. In the event that the Securitisation Documents are taken outside the state in which it is executed for any purpose, including for the purposes of taking any enforcement action, additional stamp duty will have to be paid on the Securitisation Documents, in the event that the stamp duty payable on the Securitisation Documents in the State in which it is taken to, is higher than the stamp duty payable on the Securitisation Documents in the State in which it has been executed.

(b) **Pass Through Certificates**

The issue of PTCs through a depository or otherwise will require payment of stamp duty at the rate specified in Schedule I of the Indian Stamp Act, 1899, which is currently specified as 0.005% of the issuance amount. Further, any transfer of PTCs made through a stock exchange or by a depository or otherwise will require payment of stamp duty at the rate specified in Schedule I of the Indian Stamp Act, 1899, which is currently specified as 0.0001% of the consideration amount.

8.3 RIGHTS IN THE CONTRACT

The Seller will sell, assign and convey to the Issuer, in trust for and for the benefit of the Investors, except as otherwise provided in Securitisation Documents, without recourse to the Seller all the rights, title and interest of the Seller in and to the Assigned Assets in return for the payment of the Purchase Consideration. Consequentially these contracts will be marked as sold in the records of the Seller and hence will not form part of the properties or the assets of the Seller. The Issuer, in turn, will transfer undivided beneficial interest in the Assigned Assets on the Deemed Date of Allotment to the Investors by issuing the Certificates.

8.4 [INTENTIONALLY LEFT BLANK]

8.5 WITHHOLDING TAXES

The Issuer or the Seller will not be obliged to pay additional amount if the Investor Payouts on the Investors are subject to withholding taxes.

8.6 TAX DEDUCTED AT SOURCE

The tax regime for the "securitisation trusts" is such that, though the income of the "securitisation trust" would be exempt: (i) the income of an investor from the "securitisation trust" would not be exempt and any income from a "securitisation trust" would be taxable in the hands of an investor in the same manner and to the same extent as it would have happened had the investor made the investment directly and not through the "securitisation trust"; and (ii) the "securitisation trust" will have to deduct tax at source while making payments to the investors. The tax deduction at source shall be effected by the securitisation trust at the rate of 25% in case of payment to resident investors which are individuals or HUF and at the rate of 30% in case of others. In case of payments to non-resident investors, the deduction at source shall be at rates in force. In case of those investors to whom payments are to be made without deducting tax at source or after deducting tax at a lower rate, either pursuant to the provisions of the Income Tax Act, 1961 or pursuant to a certificate obtained in this regard from the tax department, the said investors should inform the Trustee of the same so that the Trustee can take appropriate steps in this regard.

8.7 TAXATION OF TRUST

Pursuant to Section 115TCA of the Income Tax Act, 1961, any securitisation trust set up under the Reserve Bank of India guidelines on securitization of standard assets shall be a ‘securitisation trust' for the purposes of the Income Tax Act, 1961. As per Section 10(23DA) of the Income Tax Act, 1961, any income of the securitisation trust shall be exempt from taxation.

However, as per Section 115TCA of the Income Tax Act, 1961, any income accruing or arising to, or received by, a person, being an investor of a securitisation trust, out of investments made in the securitisation trust, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person, had the investments by the securitisation trust been made directly by him. Therefore, the income earned in the hands of the investors in the PTCs would be subject to taxation which would normally be applicable to their income.

Further, as per Section 194LBC of the Income Tax Act, 1961, income payable by the securitisation trust to the investors, shall be paid subject to deduction of tax at source at the rates stipulated therein.

8.8 LEGAL STATUS OF THE TRUST

The Trust shall be settled under the provisions of the Indian Trust Act, 1882 by way of the Trust Deed. The Trust shall be entitled to carry on the business as set out in the objects of the Trust under the Trust Deed.

8.9 APPLICABILITY OF THE SECURITISATION ACT

The proposed securitisation of loan Receivables would fall outside the purview of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**Securitisation Act**") as the proposed transaction envisages transfer of standard receivables to a trust and does not involve sale of receivables to a securitisation company as provided in the Securitisation Act.

CHAPTER 9: SPECIAL CONSIDERATIONS AND RISK FACTORS

The Series A1 PTCs have been given a provisional rating of A (SO) by the Rating Agency. However, holding of the Series A1 PTCs is not free of risk. The Issuer believes that the risks described below are the principal ones inherent in this transaction for prospective investors and does not represent that the statement of risks set out hereunder is exhaustive.

9.1 RISKS IN RELATION TO RECEIVABLES AND BORROWERS

The Investor Payouts are dependent on the timely payments of the amounts due under the Loan Agreements and in the event the Borrower defaults to make such payments, the Investor Payouts may get delayed or considerably reduced or become NIL.

9.2 MATERIAL CHANGES IN REGULATIONS TO WHICH THE BORROWER IS SUBJECT COULD IMPAIR THE BORROWER'S ABILITY TO MEET PAYMENTS OR OTHER OBLIGATIONS.

The Borrower is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Borrower or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

9.3 GENERAL ECONOMIC CONDITIONS

The Borrower operates within India and, accordingly, its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Borrower has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition. Currently, the spread of COVID-19 has affected millions across the globe and has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors economically. Further, the loan repayment capacity of the Borrowers may be impacted because of the factors such as pay cuts, lay-offs or complete shut-down /disruption of their businesses caused due to the COVID-19.

9.4 POTENTIAL LIABILITIES OF TRUST

There could be certain liabilities that may arise during the tenor of the Series A1 PTCs which will have to be discharged by the Trust utilising the Trust Property and which may impact the cashflows to the Investors. These liabilities may include the costs to be incurred in replacing the Servicer in terms of the Securitisation Documents, it should however be noted that the Securitisation Documents do provide that the outgoing Servicer would be liabile to pay all the costs and expenses incurred by the Trust in replacing the Servicer following the occurrence of a Servicer Event of Default. Further, currently the cost of servicing is being borne by the Servicer. However, upon change in servicer, such servicing costs may fall on the Trust to be discharged from the Trust Property if the new servicer does not undertake to bear the same. Other potential liabilities that may arise to the Trust which will have to be discharge by the Trust from the Trust Property may include fees of third party service providers, expenses in connection with any disputes with the Servicer, audit of the Servicer, costs and expenses for any additional documents to be executed pursuant to any change in law etc.

9.5 RISKS IN RELATION TO RECEIVABLES AND BORROWERS

The Investor Payouts are dependent on the timely payments of the amounts due under the Loan Agreements and in the event the Borrower defaults to make such payments, the Investor Payouts may get delayed or considerably reduced or become nil. However, the Originator is of the opinion that the Receivables upon realisation are sufficient to meet the repayments of the Series A1 PTCs.

9.6 LIMITED LIQUIDITY & PRICE RISK

There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the Investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

9.7 LIMITED RECOURSE, DELINQUENCY AND CREDIT RISK

The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying Assets and do not represent an obligation of either the Issuer or the Seller or the Originator, or the parent of the Seller, Issuer and Originator (other than to the limited extent of the Credit Enhancement provided herein). No financial recourse is available to the Investors against the Trustee. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the monthly Investor Payouts to the Investors may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall.

9.8 SERVICER RISK

VFS Capital Limited shall act as Servicer for the assigned contracts and continue to monitor the Pool and make collections of the Receivables. In the unlikely event that VFS Capital Limited is unable to perform its functions as a Servicer satisfactorily, the appointment of VFS Capital Limited as the Servicer may be terminated under the circumstances set out in the Servicing Agreement. In such an eventuality, the Trustee is required to appoint an alternate Servicer or to function as the back-up Servicer. The cost of servicing in that case may be recovered from the Receivables, which may cause a shortfall in the monthly Investor Payouts to Investors.

9.9 RISKS DUE TO POSSIBLE PREPAYMENTS

There could be Prepayments under any of the Loan Agreements. The Investors are subject to the risk of changes in the average tenor of the respective PTCs on account of prepayments.

9.10 CLEAN-UP CALL

The Clean Up Call Option may be exercised in accordance with the terms of the Securitisation Documents.

9.11 BANKRUPTCY

(a) **Bankruptcy of the Originator / Seller**

If VFS Capital Limited becomes subject to bankruptcy proceedings and the court or tribunal in the bankruptcy proceedings concludes that the sale from VFS Capital Limited to the Trust was not a valid and absolute sale, then an Investor could experience losses or delays in the payments. All possible care has been taken in structuring the securitisation transaction so as to minimise the risk such that the sale to the Trust will be comply with the requirements set out in the Securitisation Directions. The legal counsel to the Issuer has agreed to opine that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute an absolute and valid sale.

(b) **Bankruptcy of the Servicer**

In the event the Servicer becomes subject to bankruptcy proceedings, given that the Servicer has been specifically permitted to retain the Receivables collected by the Servicer till the date by which the Servicer is required to deposit such amounts in the Collection and Payout Account in accordance with the Transaction Documents, the creditors of the Servicer may lay claim over the said Receivables on the grounds that the Servicer has been permitted to utilise the Receivables till such date and the obligation of the Servicer to make payment of the Receivables is a normal contractual obligation. However, such claim may be countered by the fact that the Servicing Agreement provides that the Receivables collected by the Servicer are to be held by the Servicer in trust for the Trust, for the benefit of the Beneficiaries, till deposited in the Collection and Payout Account.

There might however be delays in recovering any such Receivables which are retained by the Servicer till the time that any such claim by the Servicer's creditor is not dismissed by a court/tribunal given that the court may issue moratorium/injunction with respect to the said Receivables.

The bankruptcy of the Servicer is a ground for termination of the services of the Servicer and the Trustee (acting on the instructions of the Investors holding Majority Interest) may terminate the services of the Servicer as per the terms of the Securitsiation Documents.

(c) **Bankruptcy of the Trust**

The acquirer of the Receivables is a Special Purpose Vehicle (SPV) set up in the form of the Trust. The Trust does not have any creditors and is not permitted to take any additional liabilities without consent of the Investors, and hence it is unlikely that the Trust would be subjected to voluntary or involuntary bankruptcy proceedings.

(d) **Bankruptcy of the Trustee**

For creation of any trust while there is transfer of ownership of the trust property to the trustee. The trustee's ownership however is qualified by the annexed obligation and is not absolute ownership under law. The Trustee is placed under an obligation to use the ownership rights for the benefit of the Beneficiaries. Thus, the Receivables acquired by the Trust will be bankruptcy remote from the properties of the Trustee. Bankruptcy of the Trustee may however affect the administration of the Trust till the time a new trustee is appointed which may take some time.

The Investors holding Majority Interest shall be entitled to remove the Trustee in accordance with the Trust Deed by passing a resolution for the same at any time.

9.12 RATING OF THE CERTIFICATE

The rating is not a recommendation to purchase, hold or sell the Receivables in as much as the credit opinion does not comment on the market price of the Certificate or its suitability to a particular Investor. There is no assurance either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the Rating Agency. In the event of deterioration in the financial health of the Obligor, there is a possibility that the Rating Agency may downgrade the rating given to the Series A1 PTCs. In such cases, the Investor may have to take loss on re-valuation of their assets or make provision towards sub-standard/ non-performing assets as per their usual norms.

9.13 RISK OF CO-MINGLING

The Servicer will deposit all payments received from the Obligors into the Collection and Payout Account. However so long as VFS Capital Limited is the Servicer of the Loan Agreements, there could be a time gap between collection by the Servicer and depositing the same into the Collection and Payout Account especially considering that some of the collections may be in the form of cash. Moreover, the pool consists of a large number of retail contracts which are generated all over the country and in this interim period, collections from

the Loan Agreements may not be segregated from other funds of VFS Capital Limited. If VFS Capital Limited in its capacity as Servicer fails to remit such funds into the Collection and Payout Account, the Investors may be exposed to a potential loss. However, under the Securitisation Documents, as the Servicer would be providing an express undertaking that all collections received/realised by it would be held by VFS Capital Limited in trust for and on behalf of the Trust and for the benefit of the Beneficiaries.

9.14 LEGAL AND TAX ISSUES

For Legal and Tax Issues please refer to Chapter 8 of the Information Memorandum.

9.15 [INTENTIONALLY LEFT BLANK]

9.16 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Prospective investors are urged to consult with their own accounting advisors to determine implications of this

9.17 MATERIAL CHANGES IN REGULATIONS TO WHICH THE BORROWER IS SUBJECT COULD IMPAIR THE BORROWER'S ABILITY TO MEET PAYMENTS OR OTHER OBLIGATIONS.

The Borrower is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Borrower or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

9.18 INDUSTRY RISK: GENERAL ECONOMIC CONDITIONS

The Borrower operates within India and, accordingly, its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Borrower has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

9.19 CURRENCY, INTEREST AND OTHER RISKS

The functional currency of the Borrower and/or the Servicer is the Indian rupee. The Borrower and/or the Servicer may be incurring expenses and sell its products and services in various countries outside India. Moreover, it may have outstanding foreign currency-denominated debt and credit facilities in a few jurisdictions. Hence, they may be sensitive to fluctuations in foreign currency exchange rates. Adverse changes in exchange rates may have a material adverse effect on its revenue, other income and cost of services sold, gross margin and net income, and hence may have an impact on the Borrower's and/or the Servicer's business, operating results and financial condition. Therefore, the Borrower and/or the Servicer expects to continue to experience foreign exchange losses and gains on transactions denominated in foreign currencies in respect of its foreign currency assets and liabilities due to currency fluctuations in the future as well. Derivative financial instruments aimed at reducing the risk of losses from foreign exchange fluctuations may not be able to offset in full the foreign exchange losses, if at all. In addition, the Borrower's and/or the Servicer's hedging activities may also result in losses due to volatility in foreign currency markets and the timing of hedging activity. These fluctuations may have an impact on the Borrower's and/or the Servicer's business, operating results and financial condition. All fixed income securities, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities

fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Series A1 PTCs.

9.20 DILUTION RISK

The Series A1 PTCs are backed by Receivables which are to be repaid in relation to the Loans taken by the Borrowers. Most dilution risks are caused by future claims that are yet to emerge at the moment of purchase. This means that various factors can decrease the original volume of the claim, including rebates, bonuses or objections raised by the customers of the Originator. In the event of any insolvency of the Borrower or on the wilful default by the Borrower, the credit strength of the Pool would get diluted and therefore there is a dilution risk attached to the Series A1 PTCs.

9.21 LEGALITY OF PURCHASE

Prospective Investors will be responsible for the lawfulness of the acquisition of the Series A1 PTCs, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that prospective contributor with any law, regulation or regulatory policy applicable to it.

CHAPTER 10: MISCELLANEOUS

10.1 JURISDICTION

The Certificates and the Securitisation Documents are governed by and will be construed in accordance with existing Indian laws and will be subject to the exclusive jurisdiction of the courts and tribunals at Mumbai, India.

10.2 TERMINATION OF THE OBLIGATION OF THE PARTIES

The respective obligations and responsibilities of the Seller, the Issuer, the Servicer and the Trustee created by the Securitisation Documents shall terminate upon payment of all the monthly Investor Payouts payable to the Investors. Upon payment of the final Investor Payout, the Certificates shall stand cancelled. If the Investor has not collected any monthly Investor Payout for more than 3 (three) years after the same shall have become due and payable, the Servicer shall open an account in the name and style of "***Unpaid Investor Payout Account***" with the Collection Bank and the Collection Bank may, after making such investigation and after calling for such information as it may consider appropriate, make payment of that monthly Investor Payout to the person entitled thereto, with or without indemnity, as may then be considered appropriate by the Collection Bank.

10.3 AMENDMENTS TO THE SECURITISATION DOCUMENTS

The Securitisation Documents may be amended by the relevant parties in accordance with the terms thereof.

CHAPTER 11: DECLARATION

A. By the Trustee

We, Beacon Trusteeship Limited, being the trustee of the issuer namely: Shivam - II accept responsibility for the information contained in this offer document, which is to the best of our knowledge and belief. We have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true, fair and adequate and does not omit anything likely to affect the import of such information. In our opinion, the issuer does not have any debts, liabilities or other claims which may increase the likelihood of the issuer being subjected to dissolution, voluntary or compulsory winding up or insolvency proceedings. In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments.

For Beacon Trusteeship Limited,

(as the Trustee for Shivam - II)

P.R. Bhagat.

Beacon Trusteeship Limited

Authorised Signatory

Date: September 15, 2023

Place: Mumbai, India

B. By the Originator

I, Piyali Deb, being the Authorised signatory of the originator namely: VFS Capital Limited accept responsibility for the information contained in this offer document.

To the best of our knowledge and belief and we have taken all reasonable care to ensure that the information contained in this document is in accordance with facts which are true, fair and adequate and does not omit anything likely to affect the import of such information.

In our opinion, the originator is a going concern. In our opinion, the expected cash flow from the asset pool is sufficient to meet the obligations on the securitised debt instruments.

For and on behalf

For **VFS Capital Limited**

Piyali Deb.

VFS Capital Limited Kolkata

Name: Piyali Deb

(as authorised pursuant to the resolution of the Borrowing & Investment Committee dated 07.09.2023)

Date: September 15, 2023

Place: Kolkata, India

ANNEXURE 1: TERMS OF THE Series A1 PTCs

Issue Opening Date	September 15, 2023
Issue Closing Date	September 15, 2023
Deemed Date of Allotment	September 15, 2023
First Payout Date	October 15, 2023
Last Payout Date (Expected) in relation to Series A1 PTCs	November 15, 2024
Expected Maturity in relation to Series A1 PTCs	November 15, 2024
Final Maturity in relation to Series A1 PTCs	May 15, 2025
No. of Series A1 PTCs	1,600 (one thousand and six hundred)
Price Per Series A1 PTC	INR 1,19,500 (Indian Rupees One Lakh Nineteen Thousand and Five Hundred)
Series A1 Interest Rate/Yield	12% (twelve percent) per annum per month
Pool Cut Off Date	August 11, 2023
Transfer Date/Commencement Date	August 12, 2023
Expected Yield in relation to Series A1 PTCs	12% (twelve percent) per annum per month
Redemption Value per Series A1 PTC	INR 1,19,500 (Indian Rupees One Lakh Nineteen Thousand and Five Hundred)

ANNEXURE 2: INVESTOR PAYOUTS

The payout schedule described below is indicative in nature and may undergo alterations as per the provisions of the Transaction Documents. Further, the amounts indicated herein are the scheduled Investor Payouts and the actual amounts to be paid to the Investors shall be net of tax deducted at source in accordance with the provisions of the Income Tax Act, 1961, and such deduction shall not be considered as a default in making payment on the PTCs.

Pool Cashflows*

COLLECTIONS START DATE	COLLECTIONS END DATE	PAYIN DATE	PAYOUT DATE	PRINCIPAL (in INR)	INTEREST (in INR)	CASHFLOWS (in INR)
12-Aug-23	30-Sep-23	14-Oct-23	15-Oct-23	1,88,84,117	70,22,453	2,59,06,570
01-Oct-23	31-Oct-23	14-Nov-23	15-Nov-23	1,22,45,022	41,32,328	1,63,77,350
01-Nov-23	30-Nov-23	14-Dec-23	15-Dec-23	1,25,46,913	39,03,527	1,64,50,440
01-Dec-23	31-Dec-23	14-Jan-24	15-Jan-24	1,23,45,735	35,09,905	1,58,55,640
01-Jan-24	31-Jan-24	14-Feb-24	15-Feb-24	1,35,35,396	34,81,224	1,70,16,620
01-Feb-24	29-Feb-24	14-Mar-24	15-Mar-24	1,27,11,430	29,54,230	1,56,65,660
01-Mar-24	31-Mar-24	14-Apr-24	15-Apr-24	1,29,03,191	26,98,099	1,56,01,290
01-Apr-24	30-Apr-24	14-May-24	15-May-24	1,38,11,052	25,66,298	1,63,77,350
01-May-24	31-May-24	14-Jun-24	15-Jun-24	1,49,68,012	24,20,068	1,73,88,080
01-Jun-24	30-Jun-24	14-Jul-24	15-Jul-24	1,31,05,882	18,12,118	1,49,18,000
01-Jul-24	31-Jul-24	14-Aug-24	15-Aug-24	1,52,53,361	17,63,259	1,70,16,620
01-Aug-24	31-Aug-24	14-Sep-24	15-Sep-24	1,49,13,872	13,92,895	1,63,06,767
01-Sep-24	30-Sep-24	14-Oct-24	15-Oct-24	1,37,42,828	10,57,276	1,48,00,104
01-Oct-24	31-Oct-24	14-Nov-24	15-Nov-24	1,36,76,024	8,65,143	1,45,41,167
01-Nov-24	30-Nov-24	14-Dec-24	15-Dec-24	94,18,888	5,50,405	99,69,293
01-Dec-24	31-Dec-24	14-Jan-25	15-Jan-25	75,08,199	3,77,204	78,85,403
01-Jan-25	31-Jan-25	14-Feb-25	15-Feb-25	63,30,429	2,43,698	65,74,127
01-Feb-25	28-Feb-25	14-Mar-25	15-Mar-25	40,38,665	1,11,480	41,50,145
01-Mar-25	31-Mar-25	14-Apr-25	15-Apr-25	26,60,200	42,001	27,02,201
01-Apr-25	30-Apr-25	14-May-25	15-May-25	3,16,266	3,002	3,19,268

** The above schedule sets out the expected payments assuming (a) the Effective Date as September 15, 2023, and (b) that there are no Prepayments and/or Defaults. In the event of any change in the Effective Date and/or any Prepayments and/or Defaults, the schedule of payments to the Investor(s) will be updated by the Trustee pursuant to the Trust Deed.*

Cashflows on Series A1 PTCs **

COLLECTIONS START DATE	COLLECTIONS END DATE	PAYIN DATE	PAYOUT DATE	SERIES A1 PRINCIPAL (in INR)	SERIES A1 INTEREST (in INR)	SERIES A1 INVESTOR PAYOUT (in INR)
12-Aug-23	30-Sep-23	14-Oct-23	15-Oct-23	1,88,84,117	18,85,808	2,07,69,925
01-Oct-23	31-Oct-23	14-Nov-23	15-Nov-23	1,22,45,022	17,56,206	1,40,01,228
01-Nov-23	30-Nov-23	14-Dec-23	15-Dec-23	1,25,46,913	15,78,781	1,41,25,694
01-Dec-23	31-Dec-23	14-Jan-24	15-Jan-24	1,23,45,735	15,03,532	1,38,49,267
01-Jan-24	31-Jan-24	14-Feb-24	15-Feb-24	1,35,35,396	13,77,707	1,49,13,103
01-Feb-24	29-Feb-24	14-Mar-24	15-Mar-24	1,27,11,430	11,59,773	1,38,71,203
01-Mar-24	31-Mar-24	14-Apr-24	15-Apr-24	1,29,03,191	11,10,205	1,40,13,396
01-Apr-24	30-Apr-24	14-May-24	15-May-24	1,38,11,052	9,47,127	1,47,58,179
01-May-24	31-May-24	14-Jun-24	15-Jun-24	1,49,68,012	8,37,939	1,58,05,951
01-Jun-24	30-Jun-24	14-Jul-24	15-Jul-24	1,31,05,882	6,63,279	1,37,69,161
01-Jul-24	31-Jul-24	14-Aug-24	15-Aug-24	1,52,53,361	5,51,816	1,58,05,177
01-Aug-24	31-Aug-24	14-Sep-24	15-Sep-24	1,49,13,872	3,96,357	1,53,10,229
01-Sep-24	30-Sep-24	14-Oct-24	15-Oct-24	1,37,42,828	2,36,476	1,39,79,304
01-Oct-24	31-Oct-24	14-Nov-24	15-Nov-24	1,02,33,189	1,04,294	1,03,37,483

*** The above schedule sets out the expected payments assuming (a) the Effective Date as September 15, 2023, and (b) that there are no Prepayments and/or Defaults. In the event of any change in the Effective Date and/or any Prepayments and/or Defaults, the schedule of payments to the Investor(s) will be updated by the Trustee pursuant to the Trust Deed.*

ANNEXURE 3: APPLICATION FORM

Serial No._____
Date: _____/ _____/ ___

To,
Beacon Trusteeship Limited,

Registered Office: 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (East), Mumbai, Maharashtra - 400051, India

Kind Attn: _____

Ref: Application for / _____/ number of PTCs

Dear Sirs,

In connection with our application for the Series A1 PTCs, we confirm that (a) we have received and reviewed a copy of the enclosed Information Memorandum ("**Information Memorandum**") relating to the said Certificates and reviewed the documents referred to therein (b) we have had the opportunity to ask question of and receive answers from Beacon Trusteeship Limited, the trustee (the "**Trustee**") of Shivam – II (the "**Trust**") concerning the Series A1 PTCs and all matters relating thereto and such additional information as deemed necessary by us to take the decision to apply for the Series A1 PTCs, and (c) we have not relied upon Trust or the Trustee or upon any information or materials prepared or furnished by Trustee or the Trust or its agents or counsel in determining whether our investment in the Series A1 PTCs is permissible under applicable law.

On the basis of the Information Memorandum, I/we hereby apply to you for such number of Series A1 PTCs as identified in this Application. I/We hereby agree to accept the Certificates applied for or such smaller number as may be allotted to me/us, subject to the terms of the said Information Memorandum and this Application Form. I/we undertake that I/we will sign all such other documents and do all such other acts, if any, necessary on my/our part to enable me/us to be registered as the holder(s) of the Certificates which may be allotted to me/us. I/we authorise you to place my/our name(s) on the register of Investors of The Trust that may be so allotted and to register my/our address(es) as given below. I/we note that the Trust is entitled in their absolute discretion to accept or reject this Application in whole or in part without assigning any reason whatsoever.

I/We confirm that we have understood and we accept:

(a) that our investments do not represent deposits or other liabilities of the Originator, the Trustee or the Issuer, and that the same are not insured;

(b) that the Originator, the Trustee, the Issuer do not guarantee the capital value of the securities and/or performance of the securities to be issued, or the collectability of Receivables pool; and

(c) that our investments can be subject to investment risk, including interest rate risk, credit risk, possible delays in repayment and loss of income and principal invested.

THE INVESTORS HAVE IRREVOCABLY AGREED THAT EACH OF THEM WOULD GET THEIR INCOME FROM PAYOUT UNDER THE CERTIFICATE ASSESSED BY INCOME TAX AUTHORITIES AND SUBMIT EVIDENCE THEREOF WHENEVER SO REQUIRED BY THE TRUST.

Yours faithfully,
For

(Name and Signature of authorised signatory)

	PTCs		
PTCs	**No. of PTCs**	**Investment Amount per PTC (Rs.)**	**Total Amount (Rs.)**
Series A1 PTCs			

(Application must be made for a minimum of One Certificate only and in multiples of one thereof.)

We are applying as (Tick (√) whichever is applicable)

1	Body Corporate	2	Commercial Bank	3	Financial Institution
4	Insurance Company	5	Mutual fund	6	Others

Applicants Details

SOLE/FIRST APPLICANT'S NAME IN FULL	AUTHORISED SIGNATURE
SECOND APPLICANT'S NAME	AUTHORISED SIGNATURE
THIRD APPLICANT'S NAME	AUTHORISED SIGNATURE
ADDRESS (Do not repeat name) (Post Box No alone is not sufficient)	
PINCODE	PHONE / FAX
E-mail:	

Details Of Bank Account

Bank	
Branch	
Account No	
Nature of Account	
IFSC Code	

Dematerialisation Details

Depository Name	
Depository Participant Name	
DP ID No	
Client ID No	
Beneficiary Account Name	

Tax Deduction Status: (Please Specify)

Tax Payer's PAN or GIR		IT Circle / Ward/ District	

Fully Exempt (Please furnish exemption certificate):
Rate of Tax to be deducted at source:

TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION		
Name of the Authorised Signatory(ies)	**Designation**	**Signature**
1	**1**	**1**
2	**2**	**2**

ACKNOWLEDGEMENT SLIP

(TO BE FILLED IN BY THE APPLICANT)
Date: / / Serial No.

	Received from (Investor Name):					
				Number of Certificates applied for		**Amount In Rs**
	PTCS	**No. of PTCs**	**Issue Price per PTC (a)**	**In figures: (b)**	**In words:**	**(a) x (b)**
I	Series A1 PTCs					

An application for ___ PTCs along with Cheque/Demand Draft No. _____ dated _____
Drawn on _____ _____ for Rs_____
Rupees (in words)

Note: Cheques & Drafts are subject to realisation

All future communication in connection with the Application should be addressed to _____ (quoting full name of the Applicant, Serial Number of the Application Form, Number of Certificates applied for date of application) at the following address: _____.

INSTRUCTIONS:

1. Application Form must be completed in full in block letters in English. Applications, which are not complete in all respects or are made otherwise than as herein required are liable to be rejected.

2. An applicant should submit only one application (and not more than one) for the total number of Certificates required.

3. The applicant should mention the Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income-Tax Circle/Ward/District. In case neither the PAN nor the GIR Numbers has been allotted, the fact of non-allotment should be mentioned in the Application Form. Applications without this will be treated as incomplete and will be liable to be rejected.

4. In case of applications under Power of Attorney or by Limited Companies or Bodies Corporate, the relevant Power of Attorney or the relevant Resolution or Authority as the case may be, to make the application together with a duly certified copy thereof must be lodged separately quoting the Serial Number of the Application Form simultaneously with the submission of the Application Form failing which the application made is liable to be rejected.

5. Payment should be made by Cheques or Bank Draft drawn on any Bank which is situated at and is a member or sub-member of the Banker's Clearing House located at the place where the application is submitted.

6. All Cheques/Drafts must be crossed "A/c Payee only" and made payable to "Shivam - II".

7. Application Forms duly completed along with the cheques/demand draft payable high value on the Issue Closing Date must be delivered before 10.00 a.m. on the Issue Closing Date to “Shivam - II”.

8. In case of payments through RTGS, the payments may be made as follows, and such payment will have to reach the CPA at least by 4.00 p.m. on the Issue Closing Date:

   Beneficiary Name: Shivam - II

   Account No: 055505013590

   Bank Details: ICICI Bank limited

   Branch: ICICI Bank Towers

   IFSC Code: ICIC0000555

9. The Trustee's reserve their full, unqualified and absolute right to accept or to reject any application in whole or in part and in either case without assigning any reasons therefore.

ANNEXURE 4: RATING RATIONALE

(*Annexed separately*)

ANNEXURE 5: FORMAT OF SEMI – ANNUAL REPORT

Name/Identification No. of securitisation transaction:

	Nature of disclosure	**Details**			**Amount / percentage / years**
1.	Maturity characteristics of the underlying assets (on the date of disclosure)	i)	Weighted average maturity of the underlying assets (in years)		
		ii)	Maturity-wise distribution of underlying assets		
			a)	Percentage of assets maturing within one year	
			b)	Percentage of assets maturing within one to three year	
			c)	Percentage of assets maturing within three to five years	
			d)	Percentage of assets maturing after five years	
2.	Minimum Holding Period (MHP) of securitised assets	i)	MHP required as per RBI guidelines (years / months)		
		ii)	a)	Weighted average holding period of securitised assets at the time of securitization (years / months)	
			b)	Minimum and maximum holding period of the securitised assets	
3.	Minimum Retention Requirement (MRR) on the date of disclosure	i)	MRR as per RBI guidelines as a percentage of book value of assets securitised and outstanding on the date of disclosure		
		ii)	Actual retention as a percentage of book value of assets securitised and outstanding on the date of disclosure		
		iii)	Types of retained exposure constituting MRR in percentage of book value of assets securitised (percentage of book value of assets securitised and outstanding on the date of disclosure)		
			a)	Credit Enhancement (i.e. whether investment in equity / subordinate tranches, first / second loss guarantees, cash collateral, over collateralisation	
			b)	Investment in senior tranches	
			c)	Liquidity support	
			d)	Any other (pl. specify)	
		iv)	Breaches, if any, and reasons there for		
4.	Credit quality of the underlying loans	i)	Distribution of overdue loans (post securitisation)		
			a)	Percentage of loans overdue up to 30 days	
			b)	Percentage of loans overdue between 31-60 days	
			c)	Percentage of loans overdue between 61-90 days	
			d)	Percentage of loans overdue more than 90 days	
		ii)	Details of tangible security available for the		

	Nature of disclosure	Details			Amount / percentage / years
				portfolio of underlying loans (vehicles, mortgages, etc.)	
			a)	Security 1 (to be named) (% loans covered)	
			b)	Security 2……..	
			c)	Security 'n'	
		iii)		Extent of security cover available for the underlying loans	
			a)	Percentage of loans fully secured included in the pool (%)	
			b)	Percentage of partly secured loans included in the pool (%)	
			c)	Percentage of unsecured loans included in the pool (%)	
		iv)		Rating-wise distribution of underlying loans(if these loans are rated)	
			a)	Internal grade of the bank / external grade (highest quality internal grade may be indicated as 1)	
				1/AAA or equivalent	
				2	
				3	
				4…….	
				N	
			b)	Weighted average rating of the pool	
		v)		Default rates of similar portfolios observed in the past	
			a)	Average default rate per annum during last five years	
			b)	Average default rate per annum during last year	
		vi)		Upgradation / Recovery / Loss Rates of similar portfolios	
			a)	Percentage of NPAs upgraded (average of the last five years)	
			b)	Amount written-off as a percentage of NPAs in the beginning of the year (average of last five years)	
			c)	Amount recovered during the year as a percentage of incremental NPAs during the year (average of last five year)	
		vii)		Frequency distribution of LTV ratios, in case of housing loans and commercial real estate loans)	
			a)	Percentage of loans with LTV ratio less than 60%	
			b)	Percentage of loans with LTV ratio between 60-75%	
			c)	Percentage of loans with LTV ratio greater than 75%	
			d)	Weighted average LTV ratio of the	

	Nature of disclosure	Details			Amount / percentage / years
				underlying loans (%)	
		viii)	Frequency distribution of Debt-to-Income (DTI) ratios, as per applicable and/or available		
			a)	Percentage of loans with DTI ratio less than 60%	
			b)	Percentage of loans with DTI ratio between 60-75%	
			c)	Percentage of loans with DTI ratio greater than 75%	
			d)	Weighted average DTI ratio of the underlying loans (%)	
		ix)	Prepayment Rates		
			a)	Prepayment rate observed in the current portfolio	
			b)	Prepayment rate observed of similar portfolio in the past	
5	Other characteristics of the loan pool	i)	Industry-wise breakup of the loans in case of mixed pools (%)		
			Industry 1		
			Industry 2		
			Industry 3....		
			Industry n		
		ii)	Geographical distribution of loan pools (state-wise) (%)		
			State 1		
			State 2		
			State 3		
			State 4		

* The above format should be considered as a baseline disclosure. Based on the product characteristics and market expectation, adequate disclosure, in addition to items mentioned above, must be made to reflect the true picture of securitised pools at all times.

ANNEXURE 6: DETAILS OF THE RECEIVABLES

Pool Principal (in Rs. Cr)	22,49,15,482
Pool Cashflows (in Rs. Cr)	26,58,22,095
Number of Loans	6207
District Wise Concentration (Top 3) %	18.50%
Branch wise Concentration (Top 5) %	17.35%
Top State Concentration%	39.12%
Wt. Avg. Original Tenor (months)	24.00
Wt. Avg. Seasoning (months)	6.02
Wt. Avg. Balance Tenure (months)	17.98
Wt. Avg. IRR (in %)	24.18

A. State wise Pool Cuts State wise Pool Cuts

State Wise	Principal O/s	Interest O/s	Cashflows O/s	Principal O/s (%)
WEST BENGAL	8,79,97,141	1,43,94,326	10,23,91,467	39.12%
TRIPURA	3,43,18,952	63,62,424	4,06,81,376	15.26%
ODISHA	3,38,44,070	65,50,654	4,03,94,724	15.05%
BIHAR	2,07,35,118	39,72,043	2,47,07,161	9.22%
JHARKHAND	1,37,31,658	27,67,814	1,64,99,472	6.11%
UTTARAKHAND	1,12,36,316	22,57,932	1,34,94,248	5.00%
CHATTISGARH	81,23,308	15,71,886	96,95,194	3.61%
MADHYA PRADESH	78,88,949	15,26,618	94,15,567	3.51%
HARYANA	21,53,846	4,58,406	26,12,252	0.96%
MEGHALAYA	17,64,807	3,82,033	21,46,840	0.78%
ASSAM	16,62,782	3,56,339	20,19,121	0.74%
SIKKIM	7,60,473	1,61,731	9,22,204	0.34%
UTTAR PRADESH	6,98,062	1,44,407	8,42,469	0.31%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

B. District wise Pool Cuts

District Wise	Principal O/s	Interest O/s	Cashflows O/s	Principal O/s (%)
JAJPUR	1,53,63,807	29,62,760	1,83,26,567	6.83%
BHADRAK	1,34,43,144	25,41,645	1,59,84,789	5.98%

HOOGHLY	1,28,13,353	19,13,197	1,47,26,550	5.70%
PURNIA	1,26,04,226	24,35,525	1,50,39,751	5.60%
SOUTH 24 PARGANAS	1,14,64,086	17,35,802	1,31,99,888	5.10%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

C. Concentration of Top- 20 Branches in the Pool

Branch	Principal Outstanding	Interest_Outstanding	Sum of Total Outstanding	POS %
BELURI	94,95,612	17,92,106	1,12,87,718	4.22%
DHAMNAGAR	93,73,687	17,57,391	1,11,31,078	4.17%
ADRA	77,29,192	14,28,960	91,58,152	3.44%
CHHATIA	67,63,360	13,25,776	80,89,136	3.01%
PANIKOILI	56,60,020	10,64,203	67,24,223	2.52%
DHARMANAGAR	50,51,566	9,09,567	59,61,133	2.25%
DUMKA	48,92,320	9,41,425	58,33,745	2.18%
DEHRADUN	42,69,859	8,44,684	51,14,543	1.90%
KALYANI	41,11,913	6,44,491	47,56,404	1.83%
AMTA	40,23,655	6,08,633	46,32,288	1.79%
EGRA	38,84,913	7,41,817	46,26,730	1.73%
BARSOI	37,19,930	6,43,151	43,63,081	1.65%
VIDISHA	35,52,357	6,76,973	42,29,330	1.58%
CHANDITALA	34,74,562	5,25,641	40,00,203	1.54%
BUDGE BUDGE	34,32,719	5,16,743	39,49,462	1.53%
KUMARGHAT	32,09,324	5,92,963	38,02,287	1.43%
KAILASHAHAR	32,04,055	5,79,207	37,83,262	1.42%
BIRSHIBPUR	31,82,680	4,79,933	36,62,613	1.42%
AGARTALA CENTRAL	30,39,751	5,49,469	35,89,220	1.35%
SILIGURI	29,90,581	4,63,416	34,53,997	1.33%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

D. Seasoning Wise Pool Cuts

Seasoning wise (No. of Instalments already paid)	Principal O/s	Interest O/s	Total Cashflows O/s	Principal O/s (%)
3	5,27,21,290	1,14,13,455	6,41,34,745	23.44%
4	2,23,47,748	45,79,256	2,69,27,004	9.94%
5	2,46,41,204	47,88,928	2,94,30,132	10.96%
6	1,92,87,182	35,03,866	2,27,91,048	8.58%
7	2,80,42,280	47,55,723	3,27,98,003	12.47%
8	4,32,65,042	68,73,801	5,01,38,843	19.24%
9	2,13,17,188	31,95,091	2,45,12,279	9.48%

10	1,32,93,548	17,96,493	1,50,90,041	5.91%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

E. Balance Tenure wise Pool Cuts

Balance Tenure (Residual Maturity / Remaining Instalments)	Principal O/s	Interest O/s	Total Cashflows O/s	Principal O/s (%)
14	1,32,93,548	17,96,493	1,50,90,041	5.91%
15	2,13,17,188	31,95,091	2,45,12,279	9.48%
16	4,32,65,042	68,73,801	5,01,38,843	19.24%
17	2,80,42,280	47,55,723	3,27,98,003	12.47%
18	1,92,87,182	35,03,866	2,27,91,048	8.58%
19	2,46,41,204	47,88,928	2,94,30,132	10.96%
20	2,23,47,748	45,79,256	2,69,27,004	9.94%
21	5,27,21,290	1,14,13,455	6,41,34,745	23.44%
Grand Total	**22,49,15,482**	**4,09,06,613**	**26,58,22,095**	**100.00%**

ANNEXURE 7: FORMAT OF THE MONTHLY REPORT

The Monitoring Report to be submitted by the Servicer in accordance with the Servicing Agreement will, *inter alia*, contain:

(a) Client ID

(b) Loan ID

(c) Number of installments remaining

(d) Principal outstanding beginning of the relevant Collection Period

(e) Principal due during the relevant Collection Period

(f) Principal paid during the relevant Collection Period

(g) Principal overdue

(h) Number of days overdue

(i) Current principal outstanding

(j) Interest outstanding beginning of the relevant Collection Period

(k) Interest due during the relevant Collection Period

(l) Interest paid during the relevant Collection Period

(m) Interest overdue

(n) Number of days overdue

(o) Current interest outstanding

(p) Prepayments during the relevant Collection Period