CONFIDENTIAL

Ref No: ICRA/SF/NeoGrowth Credit Private Limited/27122023/1 December 27, 2023

Mr. Deepak Goswami
Chief Financial Officer
NeoGrowth Credit Private Limited,
503, Tower 2B, One Indiabulls Centre,
841, S.B. Marg,
Mumbai– 400 013

Dear Sir,

Re: ICRA Provisional Rating for the PTCs to be issued by Tauras Trust December 2023 [SPV under the ABS transaction originated by NeoGrowth Credit Private Limited (NeoGrowth)] backed by a pool of MSME business loan receivables

Please refer to your Rating Agreement dated December 22, 2023, between ICRA Limited (hereinafter referred as "ICRA") and your Company for carrying out the rating of Pass-through certificate (PTCs) under the securitisation programme mentioned above.

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

Description	Principal (Rs. Crore)	Rating	Definition
Series A PTC	59.34	Provisional [ICRA]A(SO)	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories AA(SO) to C(SO). The modifiers reflect the comparative standing within the category.
The Structured Finance ratings assigned by ICRA also factor in the estimate of the relative potential loss to the investor (taking into account credit enhancements, if any) over the tenure of the rated instrument.

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

Please note that the provisional rating(s) is subject to the fulfilment of all conditions under the structure (as mentioned in Annexure 1), review of documentation pertaining to the transaction by ICRA, confirmation of the yield on the PTC, your Company shall furnishing a legal opinion on the transaction documentation and the due diligence audit of the pool. This rating communication letter (together with Annexure 1) should be necessarily included in the issue documents / information memorandum of the proposed issue.

In any of your publicity material or other document wherever you are using the above ratings, they should be stated as **"Provisional [ICRA]A(SO)"** for Series A PTC. We would request if you can provide your acceptance on the above rating(s) by sending an email or signed attached acknowledgement to us latest by January 04, 2024,

as acceptance on the assigned rating(s). In case you do not communicate your acceptance/non-acceptance of the assigned credit rating(s) or do not appeal against the assigned rating(s) by the aforesaid date, the rating(s) will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the Securities and Exchange Board of India (SEBI) vide SEBI circular dated January 6, 2023.

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

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

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

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

With kind regards,

Yours faithfully,

For **ICRA Limited**

ABHISHEK DAFRIA Digitally signed by ABHISHEK DAFRIA
Date: 2023.12.27 21:05:48 +05'30'

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Abhishek Dafria

Senior Vice President and Group Head – Structured Finance

CC: **Catalyst Trusteeship Limited (Trustee)**

Annexure 1

Transaction structure

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

Structure details:	Catalyst Trusteeship Limited shall settle a trust and shall be appointed as Trustee for the transaction. NeoGrowth shall assign to the Trust, at par, the future receivables arising from the selected pool of 390 loans (principal outstanding of Rs. 67.44 crore as of cut-off date i.e. November 30, 2023) given for financing MSME small business loans. The Trust will issue one series of PTC backed by the receivables. The upfront purchase consideration to be paid by Series A PTC to the Trustee will be 88.00% of the initial pool principal i.e. Rs. 59.34 crore. Further the transaction has an equity tranche of 3.00% of the initial pool principal i.e. Rs. 2.02 crore and over collateralisation of 9.00% of the initial pool principal i.e. Rs. 6.07 crore. All the rights and remedies of the investors shall vest in and shall be exercised by the Trustee. The Trustee can be changed with the consent of investors.
Servicer/Collection Agent:	The Trustee will appoint NeoGrowth as the Servicer for the transaction. The investors shall have the right to appoint an alternate Servicer.
Receivables:	All amounts payable by the borrowers under the loan contracts including the loan installments, penal charges, any reimbursement of costs and any other payments shall be as per the terms and conditions of the underlying loan contracts. Collections from the overdue, if any, on the receivables as on the Commencement Date i.e., December 01, 2023, would be available for making payouts to investors, and the excess, if any, after meeting the claims of the investors, would flow to the Originator as indicated in the cash flow waterfall.
Compliance:	NeoGrowth (Originator) shall ensure that all the terms & conditions of the transaction structure, as stated herein (including the execution of transaction documents, setting up of fixed deposit account for cash collateral, obtaining legal opinion and due diligence audit), are complied with within 90 days from the transaction execution. The Trustee shall inform ICRA in writing about the fulfillment of all the said terms & conditions. ICRA shall assign the final rating post satisfactory compliance with the transaction structure by the Originator. The assignment proceeds will be available to the Originator on the date of assignment of receivables.
PTC Payouts	According to the transaction structure, the loan pool receivables will be assigned at par to the PTC investors. The promised cashflow schedule for PTC on a monthly basis will comprise interest (at the pre-determined yield) on the o/s PTC principal on each payout date and the entire principal on the final maturity date. The final maturity date for all PTCs is May 16, 2026. On each payout date, all excess cash flow, after meeting the promised interest payouts to Series A PTC, will be paid out to meet the expected the Series A PTC principal amortisation (to the extent of pool 100% of pool principal billing). The surplus EIS available after meeting the promised payouts to the PTCs shall flow back to the originator on every payout.

	All prepayment amounts would be passed on to Series A PTC (till the Series A PTC principal is not fully amortized) every month and its future payouts revised accordingly.
Yield on PTC:	Series A PTC will earn a fixed yield every month.
Credit Enhancement:	The first line of support for Series A PTC in the transaction is in the form of subordination of 12.00% of the initial pool principal (i.e. the principal amount of equity tranche and over-collateralisation) and the entire Excess Interest Spread (EIS, around 15.69% of the initial pool principal, based on indicated PTC yield for Series A PTC. Additional support is provided in the form of cash collateral provided by NeoGrowth equivalent to 4.00% (Rs. 2.70 Crore) of the initial pool principal. The cash collateral will be in the form of fixed deposit maintained with a bank acceptable to ICRA. Cash collateral will be used if there is any shortfall in meeting the promised payouts to the PTCs as per the cashflow waterfall below and for meeting all principal payouts to Series A PTC on the Final Scheduled Maturity Date.
Expenses	All upfront costs and expenses (including upfront arranger fees, rating agency fees and legal expenses) incurred in connection with the proposed transaction shall be to the account of NeoGrowth. All collection and servicing expenses will be borne by the Servicer. The transaction does not envisage any recurring costs to be borne out of the pool cash flows, however fixed fee of INR 2,00,000 plus applicable taxes and cess, if any, to be paid to the Servicer on the first Payout Date in accordance with this Agreement and the Trust Deed, out of the Excess Interest Spread from the Receivables collected.
Collection and Payment Mechanism:	The Trustee shall open a no-lien Trust & Retention Account (Trust Account) with the Approved Bank. All monies credited in the Trust Account (including investment of such funds and returns thereon) shall be held in trust for the benefit of the investors. As the Servicer, NeoGrowth will collect the receivables from the pool accounts and transfer the collections to the Trust Account on a monthly basis, at least one day prior to each payout date In respect of collections of a particular month M, the payouts will be made on the 16th of every month M+1, with the first payout being on January 16, 2024. In case that day happens to be a non-business day, the payout will be made on the preceding working day. At least one day prior to each payout date, the Servicer shall prepare a summary report on the pool collections/pre-terminations on a monthly basis. The report will include the calculation of the utilisation of the credit enhancement. The Servicer will send the detailed monitoring report to the Trustee latest by T-2 (T being the payout date). If the collections in a particular month are inadequate to meet the scheduled PTC Payouts for that month, the Trustee will utilise the credit enhancement to meet such shortfall. In case withholding tax is deducted by any Obligor while making the loan installment payment to NeoGrowth, NeoGrowth will pass on the amounts collected, gross of tax deduction at source, to the Investor, and set off the tax deducted, against its other corporate income.
Waterfall mechanism:	From the Settlement Date, on each Payout Date, proceeds realised by the Trustee from the Receivables in the collection period immediately preceding the relevant Payout Date and deposited in the collection and payout account by the Servicer, together with any amounts then available in the collection and payout account and

	amounts drawn, to the extent necessary, from the Credit Enhancement and transferred to the collection and payout account in accordance with the Transaction Documents shall be utilized by the Trustee in the orders of priority provided below: A. Till such time as the Series A PTCs are outstanding: a) for payment of all statutory and regulatory dues; b) for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents; c) for payment of overdue interest payouts due to Series A PTCs; d) for payment of interest payouts due to the Series A PTCs; e) payment of expected Series A Principal (For the avoidance of doubt, it is clarified that Series A Principal in this instance will include any unpaid expected Series A Principal pertaining to earlier periods, payable to Series A Investors); f) any prepayments on the Pool would be utilized for payment of Series A Principal; g) for reinstatement of the First Loss Credit Enhancement (to the extent drawn on any Payout Date and not reimbursed already); h) For payment to the Residual Beneficiary B. On redemption of the Series A PTCs in full and reimbursement of the First Loss Credit Enhancement to the extent drawn down all the collections realized by the Trustee from the Pool in a Collection Period shall be applied in the following priority: a) for payment of all statutory and regulatory dues; b) for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents; c) towards expected payment for redemption of the Equity Tranche PTCs; d) for payment to the Residual Beneficiary Equity Tranche PTC payouts are completely subordinated to Series A PTC payouts and Equity Tranche principal payments are not promised at every payout. On payment of Series A PTCs in full, the principal payments on Equity Tranche PTCs will happen. C. Upon redemption of the Series A PTCs and Equity Tranche PTCs in full: a) for payment of all statutory and regulatory dues; b) for the payment of any fees and expenses incurred by the Trustee or any fees payable to service providers and/ or any other amounts expressly provided for in the Transaction Documents; and c) for payment to the Residual Beneficiary. For the avoidance of doubt, it is clarified that any redemption of Equity Tranche PTCs shall be fully subordinated to the Series A PTCs payments.
Foreclosures:	The amount collected upon pre-termination of a contract will be paid to Series A PTC. Following such prepayment or following the acceleration of PTC Payouts out of the excess available after meeting the scheduled payouts, the future payment schedule to PTC will be revised to the extent of acceleration of principal amortisation owing to pre-terminations. Since the receivables are being transferred on par value, pre-terminations will not result in yield compression for the PTC Investors.
Monitoring:	The Servicer shall prepare a summary report on the pool collections/pre-terminations on a monthly basis, at least two days prior to each payout date. The report will include the calculation of the utilisation of the credit enhancement and

	the revision in the PTC payouts schedule. The Servicer will send the detailed monitoring report to the Trustee latest by T-2 (T being the payout date).
Event of shortfall:	Based on the Monthly Collection Report, the Trustee shall immediately determine the adequacy of funds to make payments to the investor. In the event of shortfall in meeting the PTC Payouts during any month, the Trustee will utilise the credit enhancement to meet such shortfall.
Selection criteria:	Receivables comprising the Receivables shall be identified on the basis of criteria specified below: • Minimum Holding Period (MHP) of the Receivables should meet the criteria set under the Securitization Guidelines; • Loans are existing at the time of selection, and have not been terminated or prepaid; • Compliance with "know your customer" norms specified by the RBI; • no Facility must be overdue; • no Facility should have been "restructured" or "rescheduled" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller; • no Facility should be classified as a "non-performing asset" (determined in accordance with the criteria prescribed by the RBI) in the books of the Seller; • no Facility comprising the Pool has a residual maturity of less than 365 (three hundred and sixty-five) days; • each Facility should have a minimum credit score (as maintained/provided by TransUnion CIBIL Limited) of 700 (seven hundred); • no facility in the pool have tenor ranging greater than equal to 12 months and less than 18 months. • no Facility comprising the Pool has been provided to an Obligor engaged in the business of "Caterers", "Footwear" and "FMCG". • no Facility comprising the Pool has a ROI greater than 35%. • no Facility comprising the Pool has an original tenor of greater than 36 months. • no Facility comprising the Pool has a Ticket size of less than 5 lakhs and greater than 60 lakhs.
Warranties and representations by NeoGrowth:	NeoGrowth is expected to provide the following representations and warranties in respect of the transaction: a) All information provided to ICRA on the portfolio performance and the pool characteristics are correct. b) All receivables in the aforementioned pool are free from all encumbrances, and NeoGrowth, before the assignment thereof to the investors was the sole legal and beneficial owner of the assets and receivables thereof and has full right to transfer and assign such loan receivables to the investors. c) Each of the underlying documents has been duly executed and is legally valid and enforceable in accordance with the terms thereof. The Originator shall fully recompense the investors, on demand, for any losses that may arise due to any imperfections in documentation. d) Any fiscal levies, including any stamp and other duties, sales tax, service tax and other levies, imposts and taxes imposed in relation to the receivables, on the investors shall be fully paid for/compensated by NeoGrowth. All expenses and charges incurred in relation to the transaction, including rating agency fees, trustee fees, stamp duties and other fiscal levies shall be fully paid for/compensated by NeoGrowth.

	e) With respect to each contract in the pool, there is only one original set of documents with the borrower, which is in the possession of NeoGrowth. f) In its capacity as the Servicer, NeoGrowth shall not make any distinction in its collection efforts and follow-up actions on the assigned pool from that of its own portfolio of similar contracts. g) Upon execution of the agreement specified herein above, NeoGrowth, in any capacity, shall not modify any of the underlying loan agreements without the consent of the investors if such modification may have an adverse impact on the pool cash flows. h) NeoGrowth shall also ensure that all rights enjoyed by the Originator as per the terms of the underlying loan agreements shall stand transferred to the investor. i) The executant of the legal documentation on behalf of NeoGrowth has been duly empowered and authorised to execute the same and to perform all obligations in accordance with the terms set out herein. j) NeoGrowth shall not disburse any top-up loan in respect of any borrower, the primary loan on which has been included in the assigned pool. In case such a top-up loan is offered, either the primary loan will be closed and correspondingly the principal outstanding on such loan will be pre-paid to the investors or the top-up loan would carry a subordinate charge on the underlying collateral (senior charge with the parent/assigned loan).

Schedule A

Monthly Scheduled Cashflow for Series A PTC (in Rs. Lakh)[1]

	Payout Date	Initial Series A PTC cashflow schedule		Payout Date	Initial Series A PTC cashflow schedule
1	16-Jan-24	33.22	16	16-Apr-25	57.21
2	16-Feb-24	57.21	17	16-May-25	55.36
3	16-Mar-24	53.52	18	16-Jun-25	57.21
4	16-Apr-24	57.21	19	16-Jul-25	55.36
5	16-May-24	55.36	20	16-Aug-25	57.21
6	16-Jun-24	57.21	21	16-Sep-25	57.21
7	16-Jul-24	55.36	22	16-Oct-25	55.36
8	16-Aug-24	57.21	23	16-Nov-25	57.21
9	16-Sep-24	57.21	24	16-Dec-25	55.36
10	16-Oct-24	55.36	25	16-Jan-26	57.21
11	16-Nov-24	57.21	26	16-Feb-26	57.21
12	16-Dec-24	55.36	27	16-Mar-26	51.67
13	16-Jan-25	57.21	28	16-Apr-26	57.21
14	16-Feb-25	57.21	29	16-May-26	5989.73
15	16-Mar-25	51.67			
Total					**7537.98**

[1] *refers to the scheduled tenure, the actual tenure is likely to be much shorter owing to prepayments and accelerated principal amortisation, as described in this letter*

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

	Payout Date	Initial Series A PTC cashflow schedule
1	16-Jan-24	348.20
2	16-Feb-24	337.83
3	16-Mar-24	359.98
4	16-Apr-24	353.30
5	16-May-24	366.59
6	16-Jun-24	362.03
7	16-Jul-24	375.45
8	16-Aug-24	378.73
9	16-Sep-24	375.98
10	16-Oct-24	389.70
11	16-Nov-24	386.30
12	16-Dec-24	400.39
13	16-Jan-25	392.58
14	16-Feb-25	349.12
15	16-Mar-25	350.57
16	16-Apr-25	331.89
17	16-May-25	328.28
18	16-Jun-25	27.50
Total		**6214.42**