

ICICI PRUDENTIAL CORPORATE CREDIT OPPORTUNITIES FUND

AIF – II

A scheme under ICICI Prudential Debt Fund - Category II AIF



Private and Confidential

Executive Summary

Performing Credit Market

USD 50 billion

- The Indian economy is poised to reach the USD 5tn mark and credit growth expected to remain buoyant
- Traditional sources of capital have dried up leading to dislocation in credit markets
 - Banks, NBFCs, and Mutual Funds have shifted away from wholesale lending
- Allowing Private Credit Alternative Investment Funds (AIFs) to carve out a niche as a capital provider
 - Transactions > USD 7.8bn were executed in India during 2023, attracting participation from both domestic and global funds

Scheme Overview

Objective

Aims to focus on performing credit opportunities

Fund Size

Rs. 2,000 crore
Green shoe option
Rs. 2,000 crore (~USD 480 mn total)

Tenor

4.5 years from the date of the first closing
(extendable by two extensions of 1 year each subject to the provisions of the PPM)

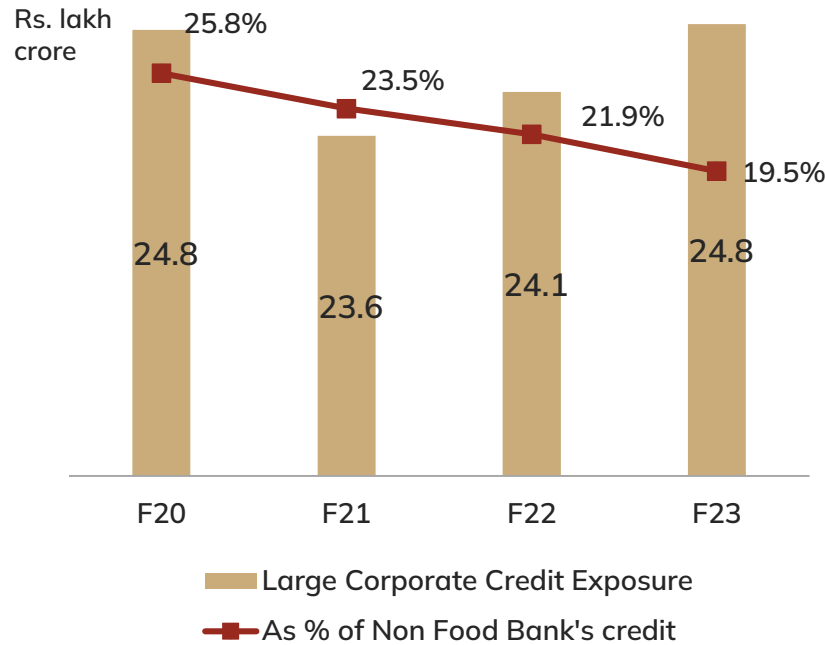


Private Credit: An Emerging Source of Capital

Credit Market Dynamics Have Changed

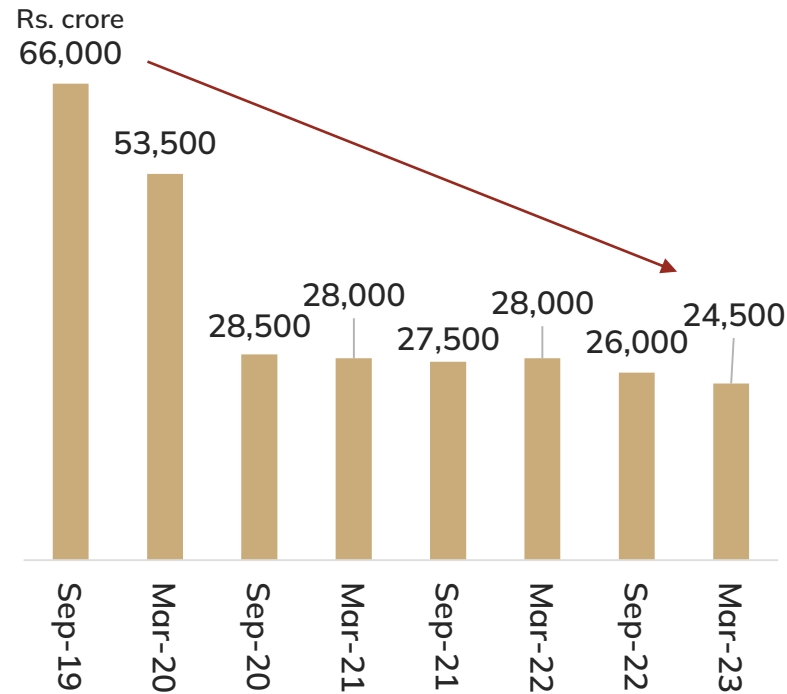
Traditional pools of credit are drying up...

Reduced Appetite for Wholesale lending¹



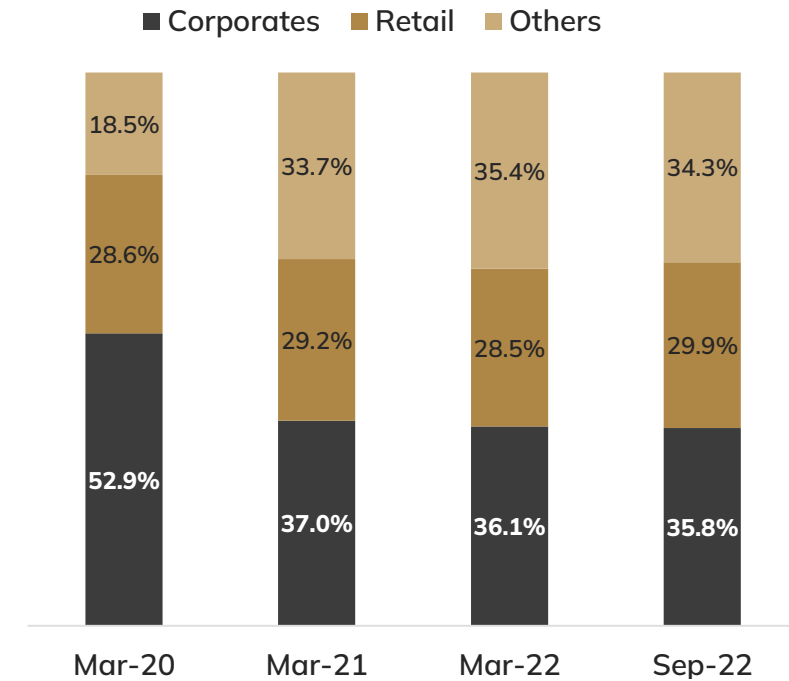
Risk aversion & regulatory restrictions limit Bank's play

Credit Risk MF's Average AUM²



Stagnant AUM coupled with preference for higher rated issues

NBFC AUM Composition (%)³



Shift in focus to Non-Wholesale segment

Making Way For Private Credit



Demand ↑

Sponsor Funding (IPO+LAS) – Rs. 45,000 crore

Capex Equity – Rs. 35,000 crore

Exits to PE & M&A Activities – Rs. 37,500 crore

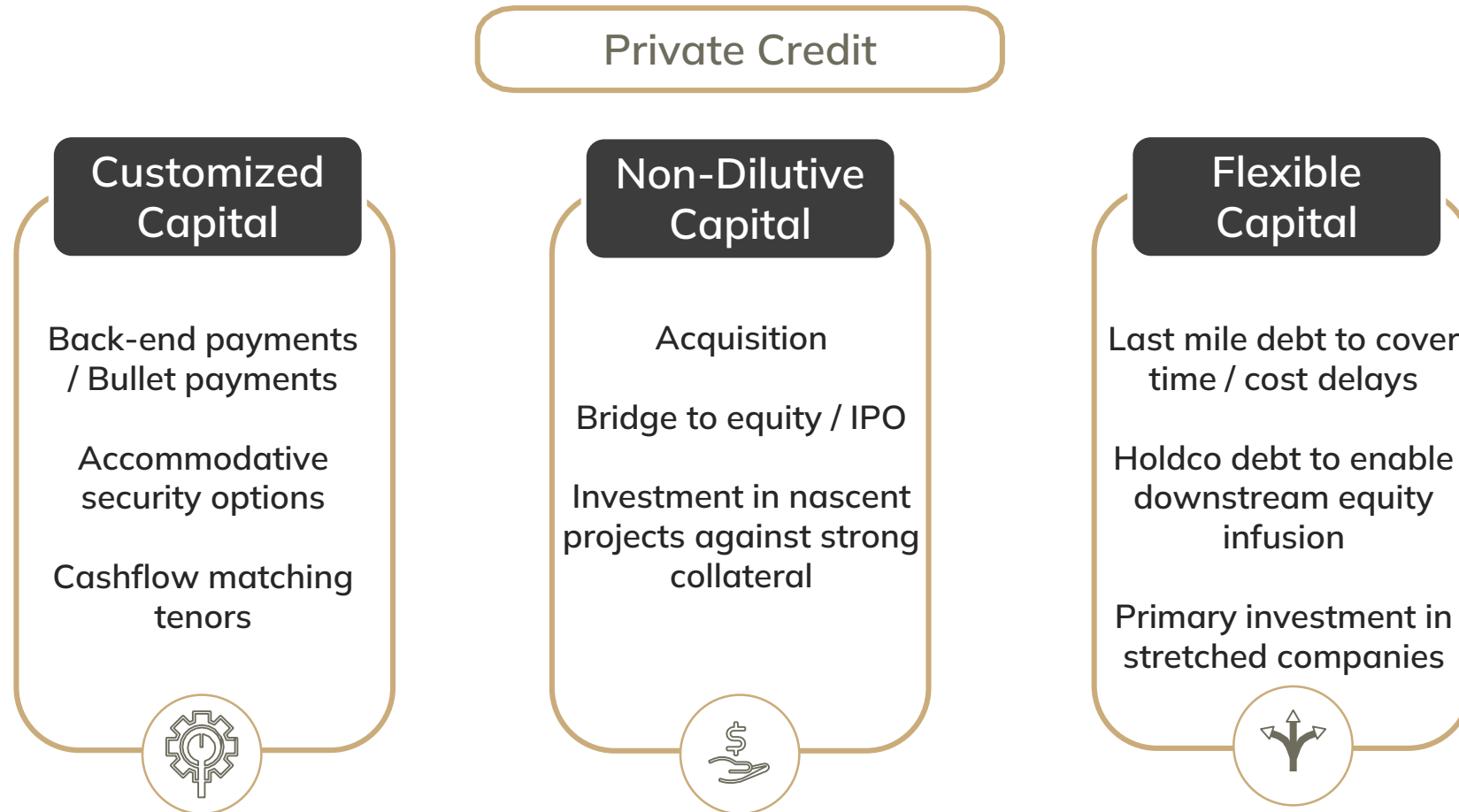
Supply ↓

Banks – Risk averse and more retail focused

NBFCs – Aversion to corporate credit

Mutual Funds – Shifting towards higher rated corporates

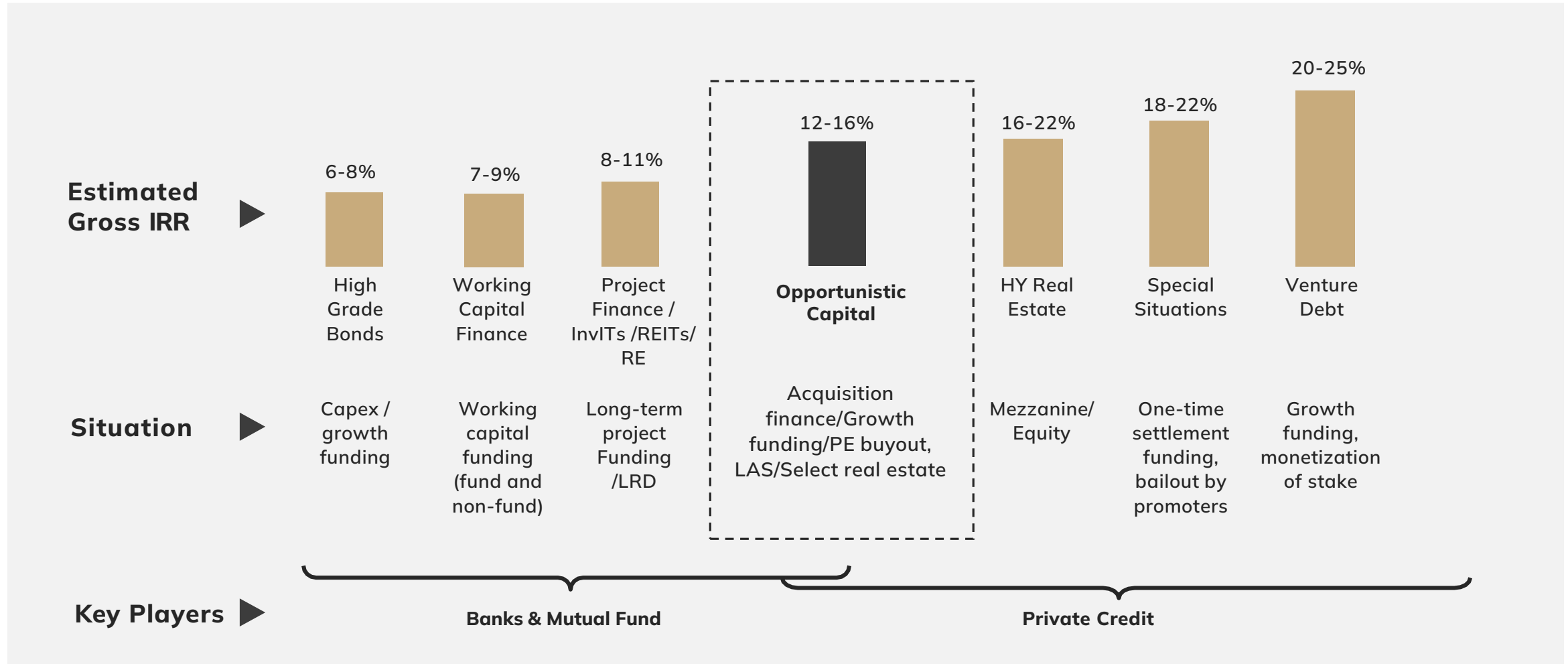
Private Credit: An Emerging Financing Solution





ICICI Prudential Corporate Credit Opportunities Fund - AIF II

Credit Landscape: Our Focus

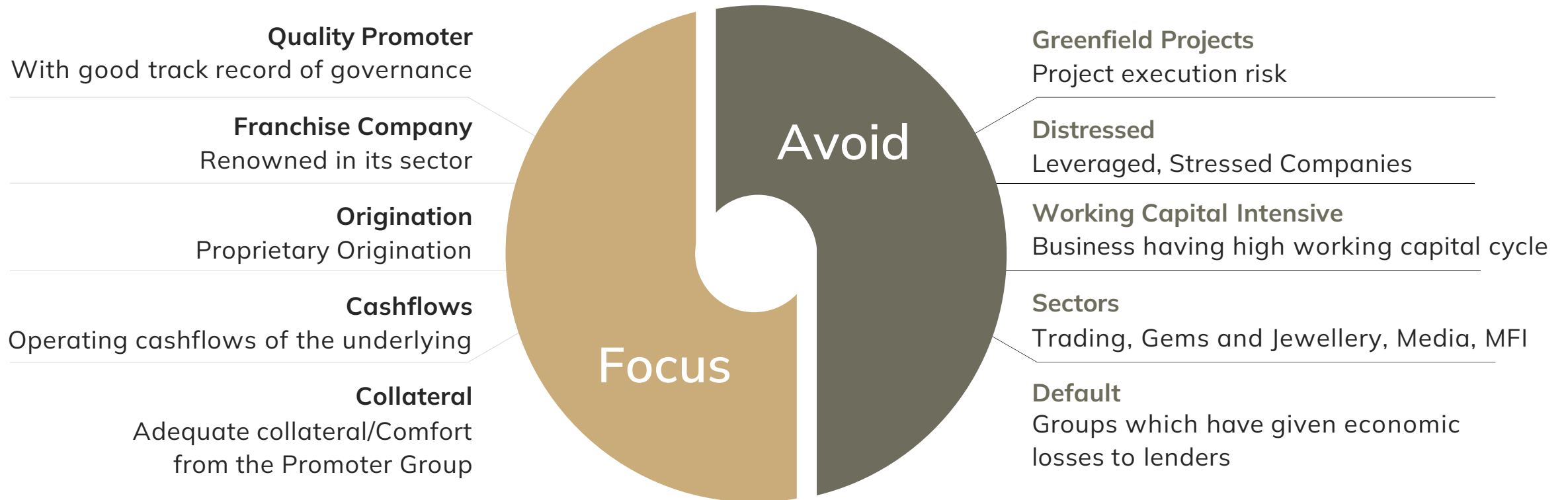


Source: Internal estimates | LRD- Lease Rental Discounting | LAS - Loan Against Shares | HY – High Yield | RE – Real Estate | Past performance may or may not be sustained in future. No assurance or guarantee of any return is being provided. The Security(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and strategy may or may not have any future positions in these Security(s)/Sector(s).IRR – Internal Rate of Return; PE- Private equity, M&A- Merger & Acquisition. Actual IRR for the investors would be net of fees and expenses/charges as per the provisions of PPM.

Investment Strategy



Investing in fundamentally good businesses, run by an experience management team



Transaction Types

Sponsor Level

Application

- Exercise of warrants
- Family settlements
- New business ventures
- Takeout of Private Equity investors
- Secondary markets acquisition

Company Level

- Acquisition finance
- Equity investment in subsidiaries / Joint venture companies
- Capital expenditure for new project

Indicative Deal Terms

Tenor:

- ~3 years
- Amortizing repayment structure

Exit source:

- Operating cash flows
- Proceeds from liquidity events
- Refinance

Collateral:

- Tangible assets
- Share pledge
- Personal guarantee

Coupon:

- Periodic payment
- Redemption premium

Investment Process

1. Deal Origination & Preliminary Credit Evaluation



Source investment opportunities that fit the predefined framework

2. Initial Approval



Name clearance & in-principle approval on deal structure / security

3. Transaction Due Diligence



In-depth Due Diligence – Financial/Legal/Tax, site visits, industry feedback; negotiation on key terms

4. Final Approval



Consultation with the Expert Panel, final documentation

5. Periodic Review & Exit



MIS analysis, periodic reviews, covenant tracking, regular meeting; planning for exits

Key Risks



Major Risks	Impact
Credit Risk	Although the Scheme will attempt to limit its investments to counterparties which are established and creditworthy, the Scheme may be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, inadequate security or other causes
Concentration Risk	The Scheme may hold only a limited number of investments, which could mean a lack of diversification and higher risk. The Scheme aims to reduce concentration risk, by avoiding over exposure to specific sectors/promoter entity.
Liquidity Risk	Investments made by the Scheme are expected to be illiquid. The secondary market for these investments are not well-developed & also there may be regulatory restrictions on transfers of the portfolio investments.
Interest Rate Risk	A change in interest rates may impact the potential to earn returns. Constructing portfolio with held-to-maturity approach would help to mitigate the interest rate volatility of the overall portfolio to an extent
Regulatory Risk	The returns and net asset value of the Scheme may be affected by changes or developments in the legal, tax and regulatory climate in India.



Overview of the Investment Manager & Team

Overview of ICICI Prudential AMC Ltd

One of the leading
asset management
company in the
country

MUTUAL FUND

AUM (Rs.)

7.2+

lakh crore
As on March 31, 2024

NO. OF INVESTORS

~9.4

million
As on March 31, 2024

PMS & AIF*

AUM (Rs.)

~ 23,160

crore
As on March 31, 2024

NO. OF ACCOUNTS

~27,000+

As on March 31, 2024

ICICI Prudential Corporate
Credit Opportunities Fund – AIF I

COMMITMENT (Rs.)

~1,580 crore

(as on March 31, 2024)

ICICI Prudential Corporate Credit
Opportunities Fund – AIF II

COMMITMENT (Rs.)

~720 crore

(as on March 31, 2024)

Strong Leadership Team



Nimesh Shah

Managing Director & Chief Executive Officer

Three decades of experience in banking and financial services industry. Under his leadership, the AMC has transformed into India's premier investment manager. Nimesh is a Chartered Accountant by qualification.



Sharzad Sethna

Principal – Business Development – Alternate Investments

Nearly two decades of industry experience. He is responsible for defining and executing strategies to grow business for PMS & AIF products across various asset classes. An MBA from NMIMS, Mumbai.



Shekhar Daga

Head – Private Capital

A Chartered Accountant with more than two decades of investment management experience across corporate lending, structured finance, private equity, special situation and distressed debt.

Private Capital Team



Shekhar Daga

Head – Private Capital



Jagan Appasamy

Fund Manager – Private Capital

17 Years of experience in DCM, credit investments

Ex- IDFC Bank, L&T Finance

MBA from IIM, CFA (USA) & FRM



Paresh Mali

Fund Manager – Private Capital

16 Years of experience in finance, banking & structured credit

Ex- ICICI Bank

MBA from IIM



Piyush Chande

Fund Manager – Private Capital

17 Years of experience in structured credit, distress investments, IB

Ex- Aditya Birla Capital – Varde JV, ILFS

MBA from SP Jain



Harshil Sanghavi

Sr. Manager – Private Capital

6+ yrs of experience in structured credit

Ex- Clix Capital, Northern Arc Capital

CA, CFA (USA), FRM (GARP, USA)



Hitesh Anil Makhija

Analyst – Private Capital

Responsible for credit analysis, transaction execution, portfolio monitoring

Chartered Accountant



Mohit Nagdev

Analyst – Private Capital

Responsible for credit analysis, transaction execution, portfolio monitoring

Chartered Accountant

Cumulative Experience of more than 75+ years

Expert Panel



K M JAYARAO

Over three decades of experience with ICICI Bank Ltd

Vast expertise in corporate banking, restructuring and risk management

Part of CDR Empowered Group

Ex – Director of ARCIL

Ex - Vice Chairman Ambit Flowers ARC



SRINIVASAN VARADARAJAN

Over three decades of experience in financial services space

Non Exec Chairman of Union Bank of India

Ex - Deputy MD, Axis Bank

Ex - CEO, J P Morgan Chase Bank in India



Track Record

ICICI Prudential Corporate Credit Opportunities Fund – AIF I (CCOF-I)

A scheme under ICICI Prudential Debt Fund - Category II AIF

CCOF-I - Overview and Key Investors

Data as of May 2024

Fund Type	<ul style="list-style-type: none"> - Category II AIF - Closed ended
Key Dates	<ul style="list-style-type: none"> - Initial Closing – February 2022 - Final Closing – June 2023
Capital	<ul style="list-style-type: none"> - Commitments – ~Rs. 1,580 crore - Drawdown – 100%
Investments	<ul style="list-style-type: none"> - No of deals – 15 (Exited: 2) - Weighted Average Gross Yield*: 14.2%
Tenure	<ul style="list-style-type: none"> - 4 (four) years, extendible by 2 years (1+1) - Maturity Date: June 2027

Key Investors

<p>2</p> <p>Private Sector Banks</p>	<p>6</p> <p>Insurance Companies</p>
<p>20</p> <p>Family Offices</p>	<p>380+</p> <p>HNIs</p>

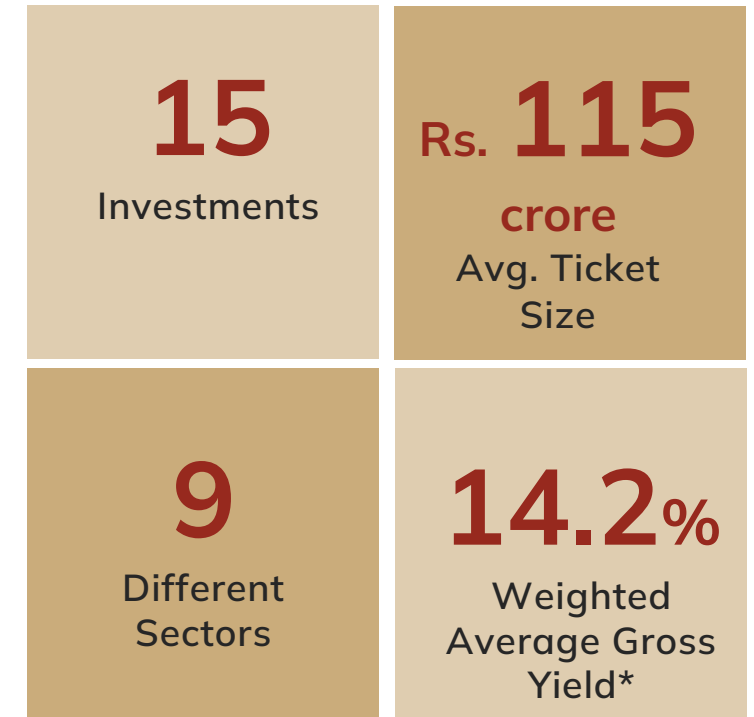
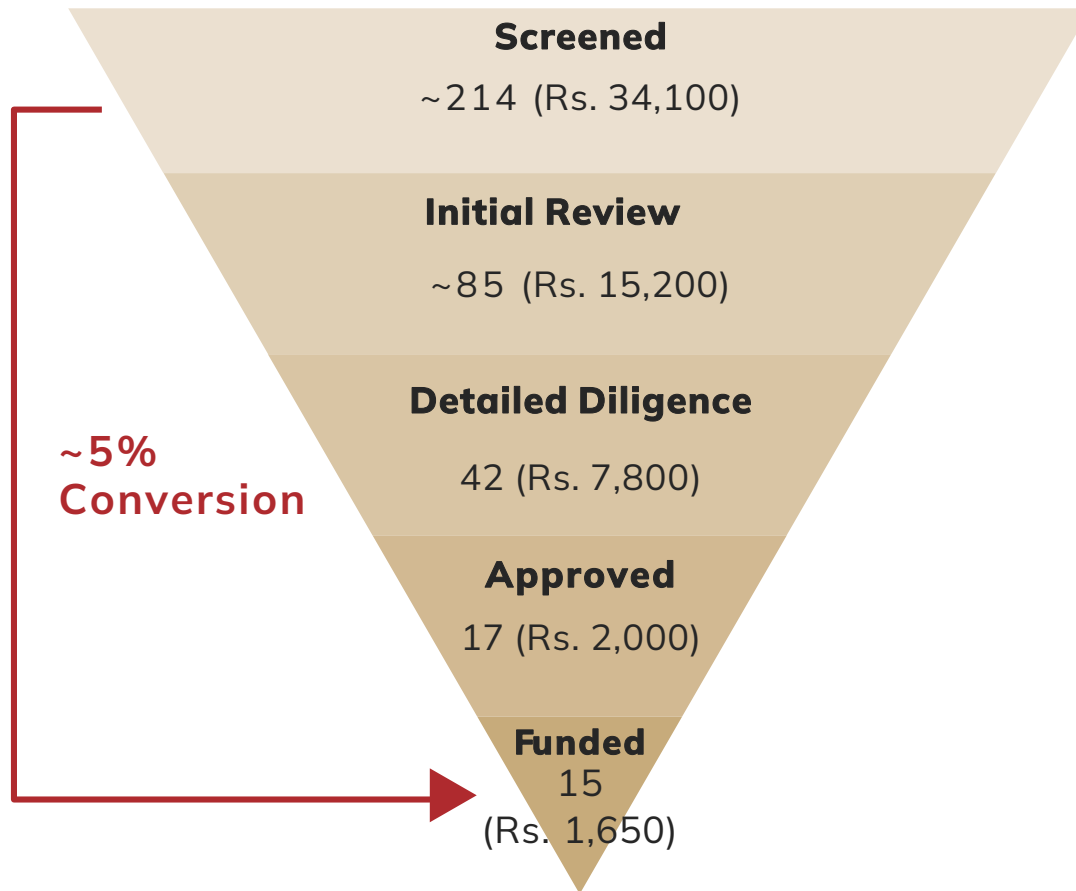


*The yield mentioned above is the current yield to maturity of the portfolio and there is no guarantee or assurance that the same would be achieved. It would vary based on various market factors and adherence to the contractual obligations.

Portfolio Construction – CCOF-I

Data as of May 2024

Number of Deals (Value Rs. Crore)



*The yield mentioned above is the current yield to maturity of the portfolio and there is no guarantee or assurance that the same would be achieved. It would vary based on various market factors and adherence to the contractual obligations.

Portfolio Holdings – CCOF-I

Portfolio Holdings	Promoter Group	O/s Amount (Rs. in crore)	Tenor	Current Yield*
T.S.Rajam Rubbers Private Ltd (Tranche I)	TVS Group (R. Dinesh)	85.97	42 months	14.12%
T.S.Rajam Rubbers Private Ltd (Tranche II)		150.00	36 months	13.90%
Shilpa Pharma Lifesciences Ltd & Shilpa Biologicals Private Ltd	Shilpa Medicare	225.00	45 months	14.30%
SAMHI Hotels (Ahmedabad) Pvt Ltd	SAMHI Hotels	200.00	42 months	13.52% ¹
Arcalis Technologies Private Ltd	Mr LC Singh (Nihilent Ltd)	135.00	40 months	15.00%
Shapoorji Pallonji Infrastructure Capital Company Private Ltd	Shapoorji Pallonji Group	130.00	36 months	15.50%
Purva Good Earth Properties Pvt Ltd	Puravankara Group	115.00	36 months	13.75%
Apeejay Infra-Logistics Private Ltd	Apeejay Surrendra Group	100.00	42 months	14.28%
GMR Airports Limited	GMR Airports Ltd	92.76	31 months	13.20%
Horizon Impex Private Ltd	Mr Amit Jatia (Westife Foodworld)	90.00	45 months	13.80%
Zuari International Ltd	Adventz Group	89.00	36 months	14.35%
Kadavanthara Builders Private Ltd	Pacifica Group	50.49	36 months	14.74%
Precot Ltd	Precot Ltd	54.25	45 months	12.96%

Exited Investment	Promoter Group	Investment Amount	Yield
Worldone Private Limited	Naveen Jindal Group	67.06	14.25%
Subh Ashish Exim Private Ltd	Westlife Foodworld	60.00	13.80%

*The Yield mentioned in the document is the current yield of the respective investments and there is no guarantee or assurance that the same would be achieved at the time of exit from the investment. The Yield would vary based on various market factors and adherence to the contractual obligation of the investment by the Parties. O/s – Outstanding. ¹Yield to Put (15 months from investment date). All data and information disclosed in this report is for the quarter ended March 2024 or unless specified. ²Distributions have been paid out to the Contributors of the Scheme in proportion to their respective beneficial interest.



Deal Updates

ICICI Prudential Corporate Credit Opportunities Fund – AIF I (CCOF-II)

A scheme under ICICI Prudential Debt Fund - Category II AIF

CCOF-II - Overview

Fund Type	<ul style="list-style-type: none">- Category II AIF- Closed ended
Key Dates	<ul style="list-style-type: none">- Initial Closing – October 2023- Final Closing – Expected by June 2024
Capital	<ul style="list-style-type: none">- Commitment received till date ~Rs. 800 crore- Drawdown – 45%
Investments	<ul style="list-style-type: none">- No of deals – 2
Tenure	<ul style="list-style-type: none">- 4.5 (four and half) years, extendible by 2 years (1+1)- Maturity Date: March 2028



CCOF – II - Portfolio Holdings

Portfolio Holdings	Promoter Group	O/s Amount (Rs. in crore)	Tenor	Current Yield*
Shiram Value Services Limited	Shiram Group	78.00	~48 months	12.30%
T.S.Rajam Rubbers Private Ltd	TVS Group (R. Dinesh)	47.28	~39 months	14.06%

*Yield after reset date. The Yield mentioned in the document is the current yield of the respective investments and there is no guarantee or assurance that the same would be achieved at the time of exit from the investment. The Yield would vary based on various market factors and adherence to the contractual obligation of the investment by the Parties. O/s - Outstanding

Key Risks

Major Risks	Impact
Credit Risk	Although the Scheme will attempt to limit its investments to counterparties which are established and creditworthy, the Scheme may be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, inadequate security or other causes
Concentration Risk	The Scheme may hold only a limited number of investments, which could mean a lack of diversification and higher risk. The Scheme aims to reduce concentration risk, by avoiding over exposure to specific sectors/promoter entity.
Liquidity Risk	Investments made by the Scheme are expected to be illiquid. The secondary market for these investments are not well-developed & also there may be regulatory restrictions on transfers of the portfolio investments.
Interest Rate Risk	A change in interest rates may impact the potential to earn returns. Constructing portfolio with held-to-maturity approach would help to mitigate the interest rate volatility of the overall portfolio to an extent
Regulatory Risk	The returns and net asset value of the Scheme may be affected by changes or developments in the legal, tax and regulatory climate in India.

Key Terms

Scheme	ICICI Prudential Corporate Credit Opportunities Fund - AIF II (Scheme)			
Scheme Structure:	Close-ended Category II AIF			
Investment Objective	The investment objective of the Scheme is to carry on the activity of a Category II AIF as permissible under the AIF Regulations. The Scheme shall accept Capital Commitments to make investments primarily in debt securities of Investee Entities across various stages of business in India either in primary or through secondary market purchase. The Scheme may also invest in listed and unlisted securities as permissible under the AIF Regulations. The Scheme is sector agnostic and as such, there are no specific sector allocation limits for Portfolio Investments of the Scheme. The Scheme will primarily focus on making Portfolio Investments in India. All Investments made or to be made by the Scheme shall be subject to the investment restrictions, if any, as specified in AIF Regulations.			
Target Size:	Rs. 2,000 crore with green shoe option of Rs. 2,000 crore.			
Investment Manager Contribution	Rs. 5 crore or 2.5% of the aggregate Capital Commitments, whichever is lower.			
Term of the Scheme	4 (four) years & 6 (six) months from the date of the First Closing, extendable by 2 extensions of 1 (One) year each, with prior approval of 2/3rd of the Contributors in value and in accordance with the Scheme Documents.			
Commitment Period	36 (thirty six) months from the date of the First Closing, unless terminated sooner or extended by the Investment Manager. The Commitment Period may be extended by up to 12 (twelve) months, by the Investment Manager, at its sole discretion.			
Management Fee	Class	Type of Qualified Contributors	Minimum Capital Commitment	Management Fee p.a.
	B1	Prospective Investors	Rs. 1 crore	1.75%
	B2	Prospective Investors	Rs. 2 crore	1.50%
	B3	Prospective Investors	Rs. 10 crore	1.25%
	B4	Prospective Investors	Rs 20 crore	1.00%
Performance Fees	Nil			
Operating Expenses	Expenses shall range between 0.10% up to 1% based on the AUM of the AIF - II (these expenses are estimated at an AUM of Rs.200 crore)			

General Risk Factors and Disclaimers

- Contents of this note have been prepared for initial discussions only, this may undergo change in the future. All data/information used in the preparation of this material is dated and may or may not be relevant any time after the issuance of this material. The Investment Manager/the AMC takes no responsibility of updating any data/information in this material from time to time. The recipient of this material is solely responsible for any action taken based on this material. The information contained herein are strictly confidential and proprietary and are meant solely for the benefit of the addressee and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of the AMC. Further, the information contained herein should not be construed as forecast or promise. Each recipient agrees to promptly return this document at the AMC's request. By accepting delivery of this document, the recipient shall be taken to have agreed to such responsibility. The recipient of this material is urged to read the Private Placement Memorandum (PPM) as and when it will be made available to the potential investor and is advised to consult their own legal and tax consultants/advisors before making any investment in the Alternative Investment Fund.
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General Risk Factors and Disclaimers

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Thank You