



Religare Credit Opportunities Fund



Private and Confidential
April 2014

 **RELIGĂRE** | CREDIT ADVISORS
Values that bind

Religare Credit Opportunities Fund

Private Debt Fund from an Experienced team with strong Investment Track record

High Return, Short Tenure Debt Fund

- Investments in Private Secured Debentures
- 3y term Target gross IRR ~21% p.a. on the portfolio

Track record, Specialized Risk team

- Specialized Credit and Risk team
- Strong track record on a managed debt portfolio

Invested & Committed Deals

- Invested portfolio at ~20% provides immediate income
- Diversified portfolio of vintage brownfield businesses

25% Sponsor Contribution

- One of the highest sponsor contributions
- Religare Group – diversified Financial Services group

Investment Opportunity

- ✓ Private Enterprise in India has grown steadily & significantly despite changing political regimes, varying investment climates and global uncertainties
- ✓ Helped by liberalization reforms and increasing investment from foreign and domestic sources, private enterprises today account for a bulk of the enterprises across industrial sectors
- ✓ This corporate segment however remains constrained for structured debt capital
- ✓ PSU Bank loans make up significant part of the debt funding in India – the same is however, restricted largely to the working capital and term loan requirements
- ✓ While capital markets issuances have increased, it still represents a fraction of the loan market and more importantly, access is limited to Financial Institutions / large corporates and highly rated (AA- or better) issuers only (90%+ of the market)

“ Investment in carefully selected and actively managed portfolio of diversified debt investments issued by businesses with good vintage and track record, thus represents an attractive investment opportunity ”

Key Investment Terms

| Type of Fund | Units in SEBI registered Category II Private Debt Fund |
|------------------|---|
| Fund Investments | Secured Debentures with periodic coupons and short tenure |
| Fund Size | INR 750 cr with a green shoe option of INR 250 cr |
| Tenure | 3 years with a option to extend by 1+1 years |
| Distributions | Quarterly |
| Target Gross IRR | 21% p.a. on the portfolio |

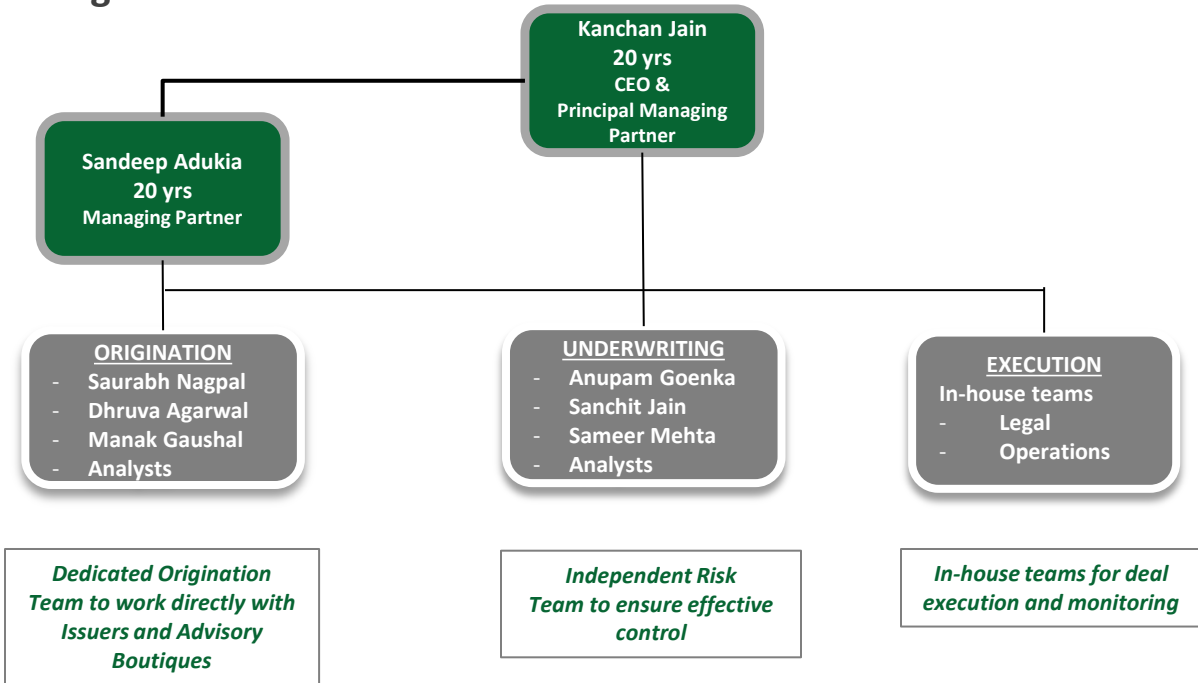
| Sponsor | RGAM Investment Advisors Private Limited |
|---------------|--|
| Manager | Religare Credit Advisors LLP |
| Trustee | IL&FS Trustee Services Limited |
| Legal Counsel | Khaitan & Co |
| Accountant | Pricewaterhouse Coopers |
| Custodian | ORBIS Financial Corporation |

RE PE Funds / Other Debt Funds – A Comparison

| | RCOF | Other Debt Funds* | PMS Schemes* | Real Estate PE Funds |
|---------------------------|--|-----------------------------|--|---|
| Investments | Secured Debt | Secured Debt | Secured / Mezz. Debt | Preferred Equity / Secured / Mezz. Debt |
| Underlying Risk | Brownfield, Low | Brownfield, Low | Medium (can include Greenfield projects) | High (Typically early stage) |
| Tenure | 3 years (+1+1) | ~4 years (+1+1) | 3-4 year (+1-2) | ~6-8 years (+ Extn.) |
| Distributions | Quarterly | Quarterly | Quarterly | Back-ended Returns |
| Sponsor Comm. | High : 25% of Fund | Medium (typically 10%) | Nil | Medium (typically 10%) |
| Seed assets | High : Approximately 45% | Medium : Typically 25% | Nil | Nil / Low |
| Management Fees | Only on invested capital | Only on invested capital | On committed amount | On committed amount |
| Origination Fees | Fully shared with investors | Fully shared with investors | Usually charged by placement agent | NA |
| Carry | Without any catch up | With 100% Catch Up | Nil | With Catch up |
| Portfolio Diversification | High ~ 10-15 investments | Moderate ~ 7-10 investments | Low: Up to 5 investments | Low : Typically 5-7 investments |
| Team Strength | High 14 member dedicated team with origination, credit and risk monitoring skills | High: 7-8 member team | Typically small deal teams | Typically small deal teams |

* Typical Schemes

Management Team



Kanchan Jain
CEO & Principal Managing Partner

- Kanchan has 20 years of experience across financial markets in India, Asia and Europe across diverse functions of deal origination, structuring, underwriting, portfolio and risk management and fund raising.
- Kanchan was most recently Chief Risk Officer for Religare Finvest Limited (RFL), responsible for Risk across all businesses –(INR 14,134 Cr Balance Sheet as on 31 March 2013) and setting up the Structured Finance business. RFL is a NBFC with presence in 25 cities across India and 20,000+ customer base.
- Prior to her stint in India, Kanchan was Managing Director at HSBC in London, responsible for the Credit Structuring for EMEA, where she led the structuring team and worked on several underlying financial assets and structured finance transactions. She has also worked with Barclays Capital in London as Director in the Structured Credit business and Peregrine Fixed Income Limited in Hong Kong.
- Kanchan started her career with The ICICI Limited in Delhi as a part of the Project Finance team and was responsible for originating business, evaluating credit proposals and risk monitoring loan portfolio.
- Kanchan is an Electronics Engineer and has done her MBA from Indian Institute of Management, Calcutta.



Sandeep Adukia
Managing Partner

- Sandeep brings over 20 years extensive experience in various facets of Financial Services business, including wholesale lending, promoter funding and capital markets. Sandeep has specialized knowledge of Indian capital markets, key relationships with corporate customers and a significant track record of having worked in the Indian markets. He has successfully managed the business and risk for large capital market exposures.
- Most recently, Sandeep was heading the Capital Markets business at RFL and responsible for all aspects of wholesale and retail lending for capital markets. During this stint, Sandeep was responsible for managing a book of up to Rs. 3500 cr across a diverse set of customers from both wholesale and retail lending.
- Prior to this, Sandeep was working with Citigroup as Head, Capital Market Finance and was responsible for significantly increasing the business volumes and product breadth. Sandeep has also worked with HDFC Bank and was instrumental in launching the first Retail product for the Bank in 1998.
- Sandeep has completed his MBA from Mumbai University.

Subscription Plan

Three Classes of Units offered with two Draw-down options

| Particulars | Class A1 | Class A2 | Class A3 |
|--|----------------|----------------|----------------|
| Minimum Investment | 1 cr | 5 cr | 10 cr |
| One-time Set-up Fees | 2% | 1.75% | 1.5% |
| Management Fees (on Deployed Capital) | 2% p.a. | 1.75% p.a. | 1.50% p.a. |
| Expenses [^] | As per actuals | As per Actuals | As per Actuals |
| Hurdle IRR | 12% p.a. | 12% p.a. | 12% p.a. |
| Carried Interest (without Catch-up) | 15% | 15% | 15% |

Final fee structure shall be at the discretion of the Investment Manager

[^]Includes Custody charges, Audit charges, Fund Accountant charges etc.

[#]Actual draw-downs will be at the discretion of Investment Manager

| Particulars [#] | Phased | Immediate |
|--------------------------|------------------|-----------|
| Draw-down at Closing | 25% | 100% |
| Subsequent draw-downs | 25% periodically | - |

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