

# NEO SPECIAL CREDIT OPPORTUNITIES FUND

neo

Enhance your portfolio

Resilient • Regular Income • Sustainable

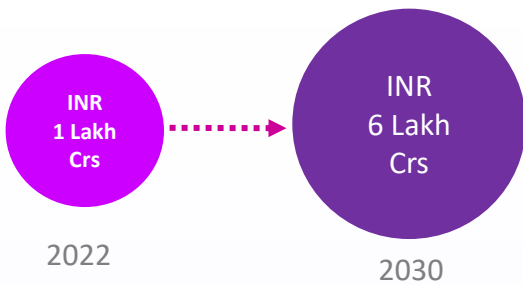


## Understanding Private Credit


Private Credit, like Private equity provides customized credit solutions to companies for growth, acquisition and other business purposes


### 1. India Private Credit Market : Huge Opportunity!

Huge runway for growth in India

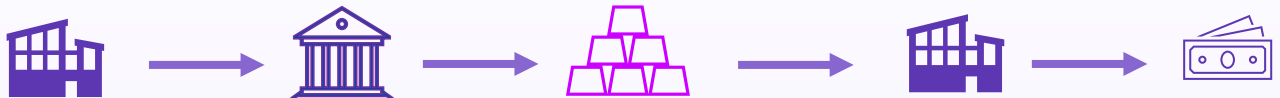


\*EY estimates

 Globally the world's largest funds are Private credit funds– like Oaktree, Blackstone and Blackrock

 Post Global Financial Crisis, decline in Bank lending has opened doors for Private Credit

### 2. Special Situations is a Safe Play!



An **operationally stable** company with **+ EBITDA** needs capital for

- Acquisitions
- Growth Capital
- Working Capital
- Any other special situation

Banks/NBFC facing ALM challenges are unable to lend to solve a special situation presents a unique opportunity for the fund to invest in the company

Credit funds **infuse capital at deep value prices** in good and stable operating assets. **More than 2x collateral cover provides principal protection**

Payback through

- **Cash flow**
- **Collateral**
- **Additional cushion of Equity**

Fund exits investments with estimated **IRR of ~20%**

**Estimated Gross IRR : ~20%**

#### Quick Comparison?

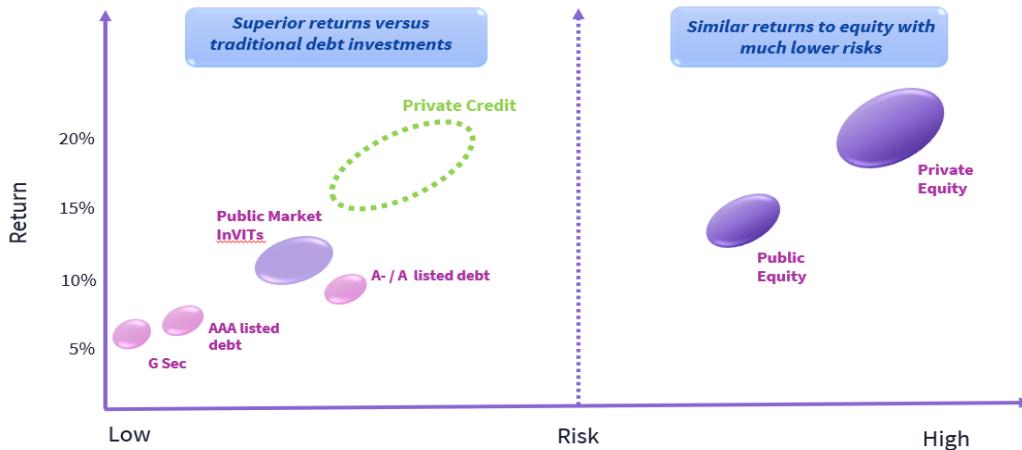
##### Private Credit

- Capital Protection through 2X collateral cover and asset replacement value
- Returns like equity with much lesser volatility
- Resilient to Market Cycles
- Cashflows with Regular payouts
- Strong Creditors rights



##### Equity

- Unsecured with no collateral cover
- Volatile Returns based on current market levels
- Affected by market cycles
- No regular cashflows with potential risk to capital



### 3. Private Credit Opportunities we see

#### Primary Financing

- Working Capital Loans and Last Mile financing
- Growth Capital
- One Time Settlement with Banks
- Acquisition of Assets

#### Secondary Financing

- Secondary debt buyout from banks and NBFCs
- Company bonds in secondary markets

#### Super Senior Funding

- Debt instruments which have priority over cash flow with respect to existing lenders

### 4. "We believe every asset at a price is AAA"



More than 2X Collateralized Debt



Consistent Cashflows

#### Special Situations



Buy with margin of safety  
-Typical debt EBITDA 5:1 to 3:1



Strong Lender Rights

Company	Investment Type	Book Value of Debt	Debt acquired at a value of	EBITDA (p.a.)		Collateral/ Plant replacement value	IRR (Estimated)
				Pre-Investment	Post-Investment		
Large Paper Manufacturer	Primary + Secondary Financing	7000	2500	650	~1000	5000 (2x)	~25%
Leading Steel Player	Secondary Financing	40000	20000	7000	~14000	45000 (2.25x)	~40%
Leading Distillery	Secondary Debt Buyout	350	220	100	~100	500 (2.3x)	~30%
Large Bangalore based developer	Super Senior Funding	550	550	60	~480	3000 (5.5x)	~23%

# 5. The Investing Team *Most Experienced & Capable Team for Private Credit*



### Hemant Daga

Co-Founder & CEO, Neo Asset Management

18+ years of Experience in Capital markets & Financial services, Ex-CEO Edelweiss Financial Services

MBA-IIM Bangalore



### Nitin Jain

Founder & Chairman, Neo Group

19+ years Experience in Wealth Management, Ex-CEO, PAG-Edelweiss Wealth Management Services

MBA-IIM Calcutta, B.Tech – IIT Kharagpur



### Puneet Jain

Co-Founder & CIO, Neo Asset Management

20+ years Experience in Special Situations Credit Investing & Equity Research, Ex-ED Goldman Sachs

MBA-IIM Ahmedabad, B.Tech – IIT Kanpur



### Sandeep Khemka

Managing Director, Neo Asset Management

17 +years of experience in Special Situations Investing and managing funds at SSG Advisors

MBA from IIM Indore, Chartered Accountant



### Bismillah Chowdhary

Managing Director, Neo Asset Management

16+ years of Experience in Credit, Investment Management & Debt Capital Markets

Harvard Alumni (GMP), MMS (Finance), CFA, FRM



### Vaibhav Agarwal

Vice President, Neo Asset Management

5+ years of Experience in Special Situations Investments & Resolution Deals

Rank Holder Chartered Accountant, CFA Level II Cleared USA

### 1 Lakh Crores

Credit Assets Managed

### Resilience

Experience of operating in multiple Market cycles in Private credit

### Best in the Field

Track record of delivering superior double-digit IRR

## 6. Fund Offer Details

Category	SEBI registered Category II AIF	A1	A2	A3	A4
Structure	Close ended	INR 1-5 Crores	INR 5-10 Crores	INR 10-25 Crores	>= INR 25 Crores
Inception Date	31 <sup>st</sup> March 2022	<b>Management Fee Classification</b>			
Fund Size	~ INR 2000 crores	1.25%	1.00%	0.85%	0.75%
Expected IRR	~ 20% p.a.	<b>Performance Fees</b>			
Fund Term	5 years from final close	15% with Catch-up		10% with Catch-up	
Return Profile	Interest Income + Capital Appreciation	<b>Hurdle Rate</b>		10% Pre-Tax, Post Expenses	
Drawdowns	5	<b>Fund Expenses</b>		At Actuals	
Estimated Number of Fund Investments	15	<b>Particulars</b>		<b>Description</b>	
Sector Focus	Sector Agnostic	Custodian		ICICI Bank	
Investment Manager	Neo Asset Management Private Limited	Fund Legal Counsel		IC Legal	
		Tax Advisors		PWC	
		Trustee		Orbis Trusteeship Services Pvt LTD	
		Registrar and Transfer Agent		Kfintech	

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