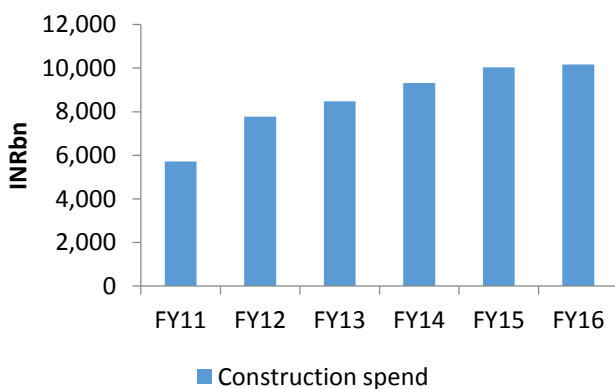


Infrastructure Sector

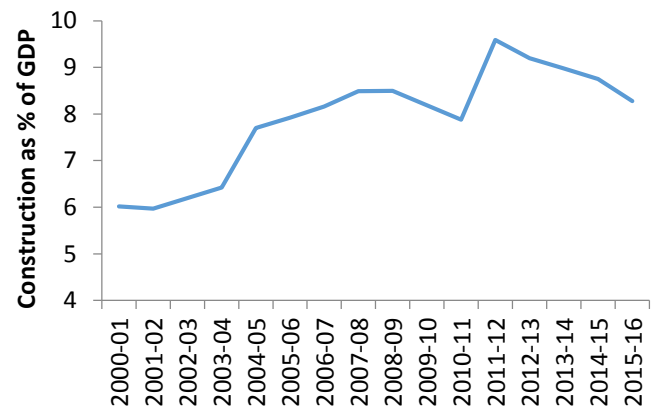
- Infrastructure creation remains the focus of the Government
 - Spend on infrastructure has increased from INR7.7trn¹ in FY12 to INR10.2trn in FY16.
 - The target for spend on infrastructure has been at 9% of the GDP² for the 12th plan period implying USD³1trn (or INR 68 trn) of which INR38trn has been spent over FY13-16, which is encouraging.

Construction Spend – on a rise



Source: NHAI, Antique

Construction as % of GDP at 8.3%



Source: NHAI, Antique

NHDP⁴ - Only 50% of national highways covered so far

Phase (Kms)	Total Length	Already 4/6 laned	Under Implementation	Balance to be awarded
Golden Quadrilateral	5,846	5,846	-	-
NSEW	7,142	6,464	421	257
Phase III	11,809	6,963	3,204	1,642
Phase IV	13,203	2,372	5,245	5,586
Phase V	6,500	2,414	722	3,364
Phase VI	1,000	-	165	835
Phase VII	700	22	98	580
Others	2,280	2,051	229	-
Total opportunities in NHDP				12,264

Source: NHAI, Antique

Roads

- Over 12,264 kms of projects are yet to be awarded under the National Highways Development Programme (NHDP). More projects are expected to be added as only ~50% of the national highways have been covered under the NHDP programme.
- Also, there is scope for new awards whenever the two and four lane projects come up for expansion to four and six lanes respectively. However, even today, only ~24% of the national highway network currently is four lane or higher.

¹ Trn - Trillion

² GDP - Gross Domestic Product

³ USD - United States Dollar

⁴ NHDP - National Highways Development Programme

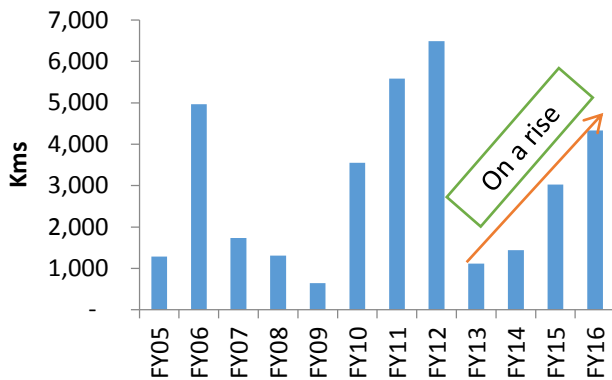
Opportunities in Infrastructure ICICI Prudential Infrastructure Fund



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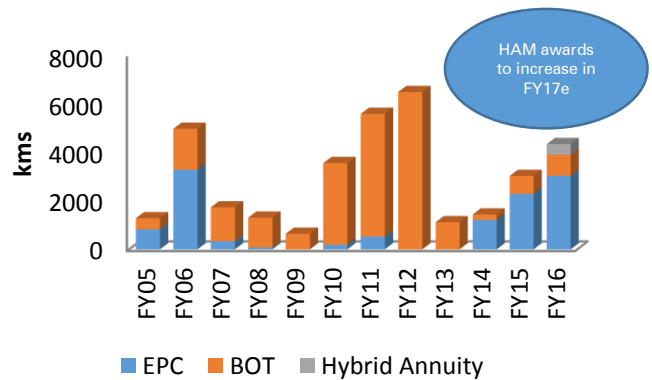
- Increase in traffics would necessitate expansion of these projects to four-lane and above. This comes to highlight the ample opportunities likely to come up in the sector over the longer run.

Road Awards – on a rise



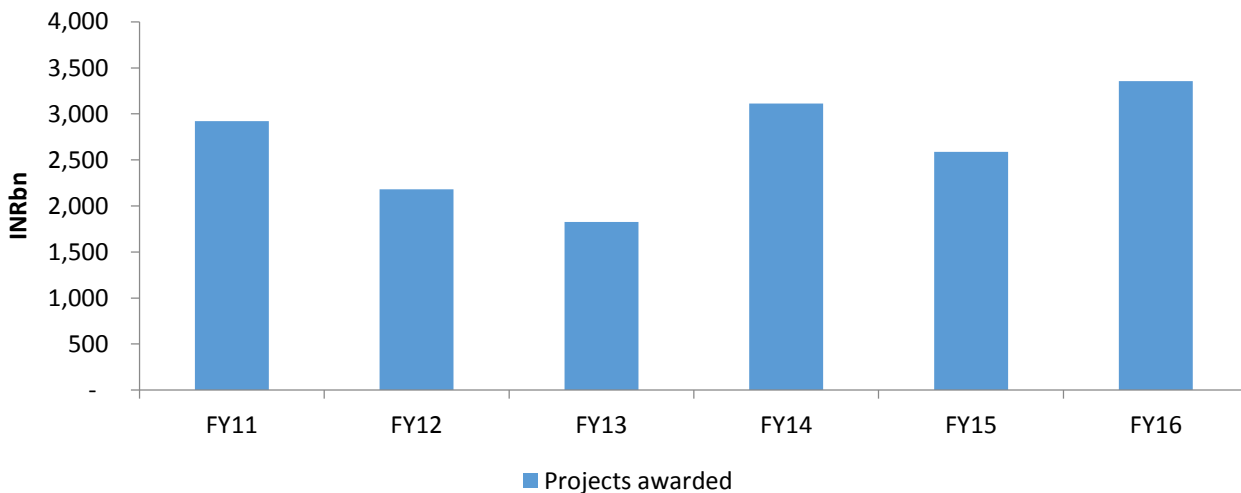
Source: NHAI, Antique

NHAI⁵ award break-up



Source: NHAI, Antique

Projects awarded over INR0.5bn



Source: Projectstoday, Antique

Irrigation

- Similarly, for irrigation, the targeted spend has been increased over 2x to INR 170bn for FY17e. A total of 81 stranded projects are to be revived in the irrigation sector and the total spend over the next five years to complete these projects is estimated at INR 853 bn.
- In railways, the targeted spend for FY17e⁶ has seen an increase of 17% from INR1,000bn in FY16 to INR1,170bn.

Policy Support

- Policy level changes to improve regulatory environment
- Over the last three years, several measures have been taken by the central government to improve the regulatory environment for the infrastructure sector.

⁵ National Highways Authority of India

⁶ e-estimates

Opportunities in Infrastructure

ICICI Prudential Infrastructure Fund



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- Formation of a dispute resolution committee to resolve the issues between developers and the awarding authority in a timely manner, faster clearances for projects, awarding of projects only once more than 80% land available, new forms of project awarding and easing exit norms are some of the effective measures taken.

Key Policy Measures to Improve Regulatory Environment

Year	Measure taken	Impact
FY13	Delinking forest and environment clearance	To fasten clearance process
FY14	Concessionaire substitution allowed	To start stuck projects
FY15	One time fund infusion by NHAI	To start stuck projects
FY16	Formation of dispute resolution committee on roads	To clear disputes between developers and authority
FY16	100% exit from projects allowed	To improve finances of developers
FY16	Hybrid annuity model formulated	To improve viability of PPP

Source: Company, Antique

Improving Funding Environment

- The central government along with the Reserve Bank of India (RBI) has taken measures to improve the funding environment for the infrastructure sector.
- With easing liquidity constraints in the Indian financial system, we have seen many infrastructure players raising equity through either Qualified Institutional Placement (QIP) or rights issue or IPOs.

Key measures to improve funding environment

Year	Measure taken	Impact
FY14	Loan to road BOT projects classified secured	Improve funding to the roads sector
FY15	RBI allows banks to refinance project loans through full or partial take out financing	Improve liquidity for projects
FY15	RBI comes up with the 5/25 scheme	Availability of long term funds
FY15	InVITs & REITs - double taxation removed	To improve finances of developers
FY16	Setting up National Infrastructure Investment Fund	Provide funding for infrastructure project

Source: Company, Antique

Why ICICI Prudential Infrastructure Fund?

India is the fastest growing country in the world among the developed and major emerging economies. India being a net importer of commodities has benefitted from low prices, thus helping the country improve current account deficit (CAD) & fiscal deficit. In this time frame the inflation has moved from 10% to 5%. While the global economic environment has remained challenging, India remains a bright spot. With high emphasis by the government in budget on India infrastructure, the ICICI Prudential Infrastructure Fund is a choice that investors may consider to participate in this infrastructure theme.

Opportunities in Infrastructure ICICI Prudential Infrastructure Fund

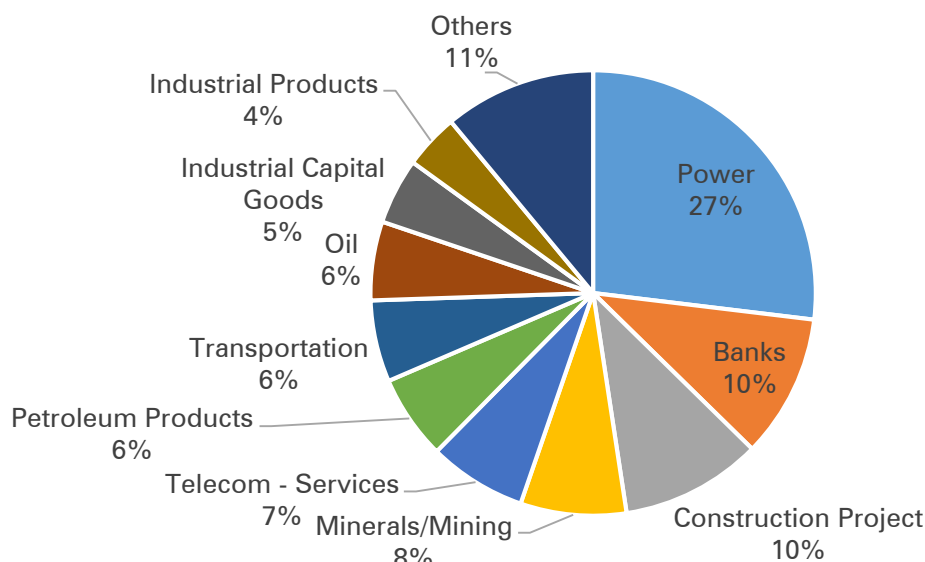


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Current Investment Strategy

The fund is heavily invested in the power sector with 27% weight; the position will benefit from the various reforms led by the government in this sector. Similarly, banks and construction project companies have 10% each allocation. Among the Banks, the fund has positioned to benefit from growth in private banks. Whereas companies from the construction project sector may benefit from the government's emphasis on this segment.

ICICI Prudential Infrastructure Fund Portfolio (As on July 31, 2016)



Features of the Fund

Type of Scheme	Open-ended equity fund	
Plans	ICICI Prudential Infrastructure Fund & ICICI Prudential Infrastructure Fund – Direct; Options: Growth & Dividend	
Minimum Application Amount	Rs. 5,000 (plus in multiple of Re.1)	
Minimum Additional Application Amount	Rs. 1,000 (plus in multiple of Re. 1)	
Minimum Redemption Amount	Rs. 500 & in multiples thereof	
Entry Load	Nil	
Exit Load	Up to 1 year from allotment	1% of applicable NAV
	More than 1 year	Nil
Fund Manager	Sankaran Naren has been managing this fund since Dec 2015, and has 26 years of experience. Atul Patel, managing this fund since Aug, 2016 & overall 7 years of experience	
Benchmark Index	Nifty Infrastructure Index	
SIP / SWP / STP	Available	

Opportunities in Infrastructure ICICI Prudential Infrastructure Fund

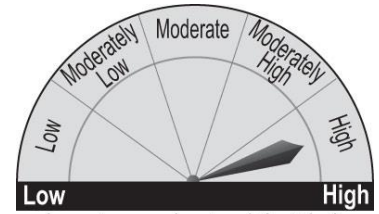
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This Product is suitable for investors who are seeking*:

- Long term wealth creation solution
- An equity fund that aims for growth by primarily investing in securities of companies belonging to infrastructure and allied sectors.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



Investors understand that their principal will be at high risk

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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