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The Quiet Architecture

What Really Powers India's Private Credit Story — the supporting infrastructure that makes the market scalable, enforceable, and investable.

The Quiet Architecture: What Really Powers India's Private Credit Story

India's private credit market has been one of the most talked-about asset classes of the past five years. But headline volumes are only the visible tip of a much larger structure. What makes the market genuinely investable — and increasingly, institutional — is the supporting infrastructure that sits underneath it.

CY2025 closed at roughly USD 12.4 billion deployed across 166 transactions — an all-time high, and over 2x the 2022 level. Equally telling is the prior year: CY2024 recorded **263 deals**, with an average ticket size of USD 29 million and a long tail spanning from sub-USD 10 million mid-market lending to USD 500 million-plus syndicated structures. The market is no longer a thin layer of marquee transactions; it now reaches across mid-corporate India with genuine breadth.

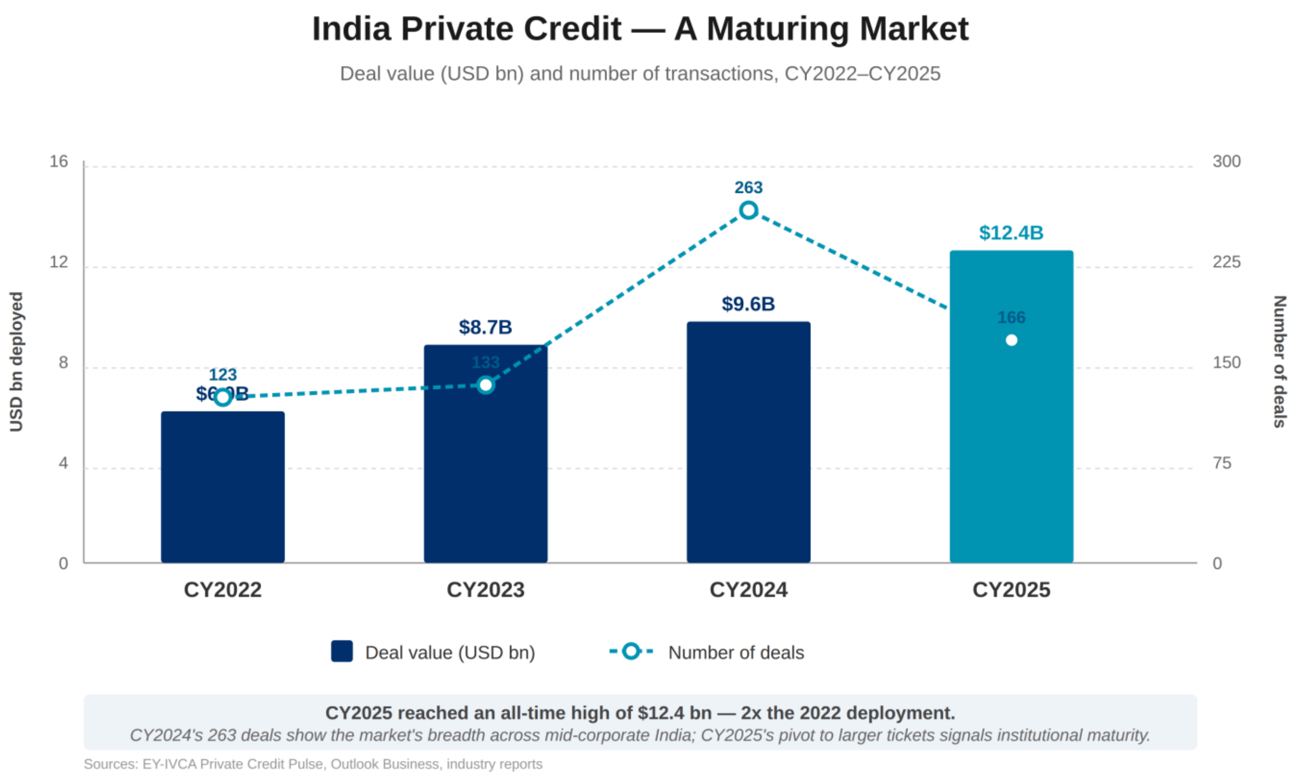

Fig 1. Combined deal value and number of transactions; CY2024's 263 deals indicate market breadth, CY2025's pivot to larger tickets signals institutional maturity.

Recent landmark transactions illustrate the range of what private credit is now financing in India — four examples among many:

- **Reliance Logistics & Warehousing** — USD 697 million (the largest single private credit raise of H1 CY2024)
- **Reliance Power** — USD 500 million FCCB anchored by Varde Partners
- **Vedanta Semiconductors** — USD 301 million for semiconductor capex
- **GMR Airports** — USD 271 million for infrastructure financing

Current AUM sits at roughly USD 25–30 billion, with industry projections pointing to USD 60–70 billion by 2028. Mature credit markets are built on enforceability, transparency, professional intermediation, and the quiet certainty that comes from knowing the plumbing works. It is worth examining what that plumbing actually looks like in India today.

01 A deep, well-capitalised banking system

India's banking sector is large, robustly regulated, and at its best health in over a decade — providing the core debt-market infrastructure on which private credit operates and builds.

- **Total banking sector AUM is approximately USD 3.4 trillion** per the RBI Trend and Progress of Banking 2024-25 (public banks ₹171.4 trillion / USD 2.0 trillion; private banks ₹115.8 trillion / USD 1.36 trillion).
- **128 commercial banks** — 12 public sector, 21 private, 44 foreign, plus 28 regional rural banks, 12 small finance banks, and 6 payments banks.
- **Asset quality at multi-decadal best:** gross NPAs at 2.1% as of September 2025, down from above 11% in 2018. CRAR at 17.4% — well above the Basel III requirement of 11.5%.
- **Profitable and credit-active:** ROA at 1.4%, ROE at 13.5% in FY25. Bank credit growing in double digits; NBFCs at ~19% YoY.
- **Comprehensive rating coverage:** CRISIL alone rates over 19,700 issuers (~7,300 active); ICRA, CARE, India Ratings and Brickwork provide parallel coverage. The proportion of CRISIL-rated debt in BB or lower has fallen from ~76% in 2013 to 29% in September 2025.
- **Rating stability is the norm:** CRISIL's H1 FY26 credit ratio stood at 2.17x (499 upgrades, 230 downgrades), reaffirmation rate ~80%. ICRA's FY26 credit ratio of 3.1x with a default rate of just 0.4% underlines the same picture.

The base is mature. Private credit's role is to build bespoke covenants, flexible structures, and tailored capital solutions on top of this foundation — not to substitute for it. The institutions that price, syndicate, and document debt — SBI, HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank on the domestic side; Citi, Standard Chartered, HSBC, JPMorgan and Deutsche Bank on the foreign side — operate at scale, and the conventions of Indian debt documentation and security creation have been progressively refined over decades.

02 A specialised legal and regulatory ecosystem

India offers a robust and continuously evolving legal and regulatory ecosystem that effectively supports the entire private credit lifecycle — from capital raise and fund structuring to deployment, enforcement, and eventual exit. The framework enables seamless mobilisation of both domestic and offshore capital and provides significant flexibility in structuring transactions across instruments, allowing for efficient and targeted deployment. Importantly, deals can be structured with comprehensive security packages and strong collateral frameworks, ensuring meaningful downside protection and alignment with investor interests.

Over the past decade, a series of legislative reforms and regulatory developments — including the **Insolvency and Bankruptcy Code**, strengthening of the **SARFAESI** regime, **RERA**, **GST** implementation, progressive liberalisation of foreign exchange laws, and improvements in the **arbitration framework** — have materially enhanced creditor rights, enforcement efficiency, transparency, and predictability. To complement the legislative framework, the Indian judiciary has played a critical role in interpreting and shaping the law in a creditor-friendly way, including for private credit lenders. Through evolving judicial precedents and judge-made law, courts and tribunals have consistently reinforced lender rights, strengthened enforcement mechanisms, and enhanced legal certainty across key aspects of credit transactions.

Collectively, these measures have brought greater discipline across sectors, streamlined resolution mechanisms, and aligned India's legal environment more closely with global standards. As a result, the Indian private credit ecosystem today offers a high degree of legal certainty and institutional reliability, fostering strong confidence among both domestic and international investors.

> The regulatory framework supporting private credit is now comprehensive and well-categorised — not a patchwork of disparate rules, but a coherent stack across six clearly defined domains, reinforced by a creditor-friendly judicial approach.

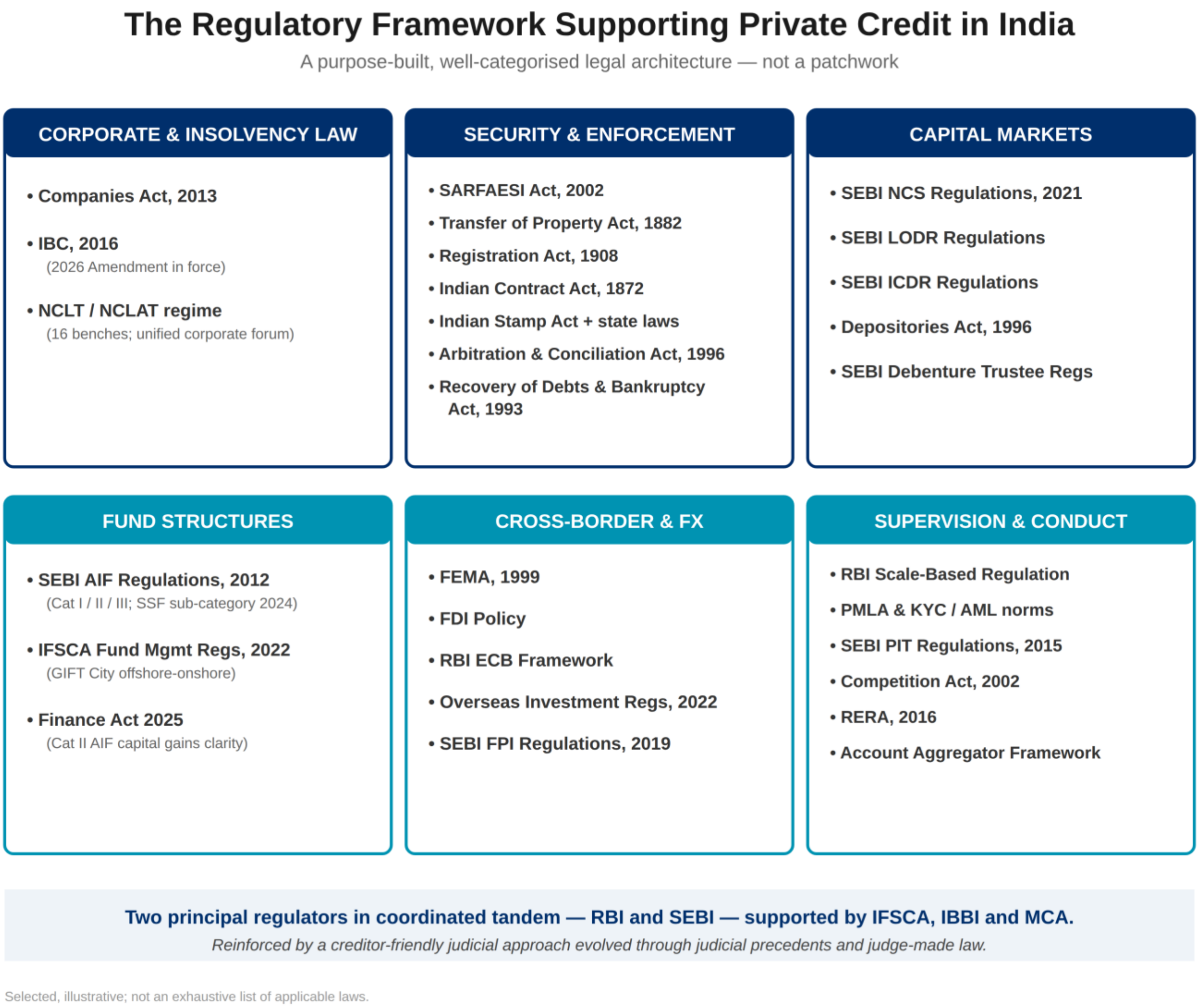

Fig 2. The legal and regulatory architecture organised across six purpose-built domains, supervised by RBI and SEBI in coordinated tandem, with IFSCA, IBBI and MCA in supporting roles — reinforced by an evolving body of creditor-friendly judicial precedents.

The advisory ecosystem matches this in depth, with leading banking, finance and restructuring practices at **tier 1 law firms**. Multi-jurisdictional transactions involving multiple private credit funds across onshore and offshore structures are now executed routinely.

03 Robust collateral valuation

Reliable valuation is foundational to any secured credit market. India now has a regulated, professional, and competitive valuer ecosystem.

- A **registered valuer regime** under the Companies (Registered Valuers and Valuation) Rules, 2017, administered by the IBBI, governs valuation for IBC processes, M&A, and statutory purposes.
- Every CIRP requires **two independent registered valuers**, with documented methodology and reconciled fair and liquidation values.
- The dominant practices span the **Big Four (Deloitte, EY, KPMG, PwC)** and specialists **Kroll and BDO**; real-asset valuations are anchored by **Knight Frank, JLL, CBRE, Colliers, and Cushman & Wakefield**.
- The discipline is working: IBC resolution plans have delivered approximately **171.5% of liquidation value** and around **95% of fair value**.

04 Service-provider depth

The "back-office" of credit — depositories, trustees, registrars, fund administrators — is one of India's quietly impressive infrastructure stories.

Depositories. NSDL holds approximately ₹464 trillion (USD 5.6 trillion) in AUC with 39.5 million demat accounts; CDSL holds approximately ₹70 trillion (USD 840 billion) across 152.9 million accounts. India crossed 192 million total demat accounts by early 2025.

Debenture and security trustees. SBICAP Trustee, Axis Trustee, IDBI Trusteeship, and Catalyst Trusteeship administer the bulk of Indian corporate debt — handling security creation, covenant monitoring, voting administration, and enforcement coordination.

Registrars, transfer agents and fund administrators — Link Intime, KFin Technologies, CAMS, Apex, Vistra, IQ-EQ and Citco — round out the back-office layer.

05 RBI and SEBI in coordinated tandem

The dual regulatory architecture is one of the underappreciated strengths of the Indian system. The RBI regulates banks, NBFCs, payments banks, and ARCs. SEBI regulates AIFs, debenture trustees, depositories, mutual funds, FPIs, and the listed debt markets. IFSCA at GIFT City regulates the offshore-onshore IFSC. Rulebooks are public; consultation papers precede meaningful change.

- **RBI's Scale-Based Regulation** for NBFCs, effective October 2022, brought tiered supervision to NBFCs — institutions that originate much of the private credit pipeline.
- **The July 2025 refinement** of regulated-entity AIF investments capped individual and aggregate regulated-entity contributions at 10% and 20% of an AIF scheme respectively.
- **The Finance Act 2025** delivered long-awaited clarity on capital gains treatment for Category II AIFs.
- **SEBI's Special Situation Funds** sub-category created a dedicated regulatory pathway for stressed-asset investing.
- **IFSCA's 2024–25 enhancements** at GIFT City have made the offshore route materially more accessible. The GIFT City ecosystem now hosts over 30 international banks with assets exceeding USD 78 billion.

06 Industry bodies and market governance

Market governance is anchored by **IVCA — the Indian Venture and Alternate Capital Association**, the apex body for the alternate capital industry since 1993.

- **500+ members** representing approximately **USD 350 billion in combined AUM**.
- **46% of all SEBI-registered AIFs are IVCA members**; 410+ fund managers, representing ~30% of all India-investing fund managers.
- **Twelve dedicated councils** — including the Credit and Special Situations Council, LP & Family Office Council, Global Investors Council, and Regulatory Affairs Council, plus councils on PE, VC, Real Estate, Infrastructure, CAT III, Climate & Sustainability, Impact & ESG, and Gender Diversity — providing structured engagement with regulators on each major sub-asset class.
- The **IVCA Conclave**, in its 15th edition in March 2026, has become one of the most credible forums for alternate capital in Asia.

This is complemented by FIDC (NBFCs), AMFI (asset managers), FIMMDA (fixed income), and the IBA, alongside the IBBI's quarterly publication of CIRP and recovery statistics — a level of regulatory transparency unusual even in developed markets.

07 The IBC — the biggest enabler, now meaningfully stronger

If one piece of infrastructure deserves dedicated attention, it is the Insolvency and Bankruptcy Code. Nine years in, the IBC has reshaped how creditors and borrowers think about debt in India.

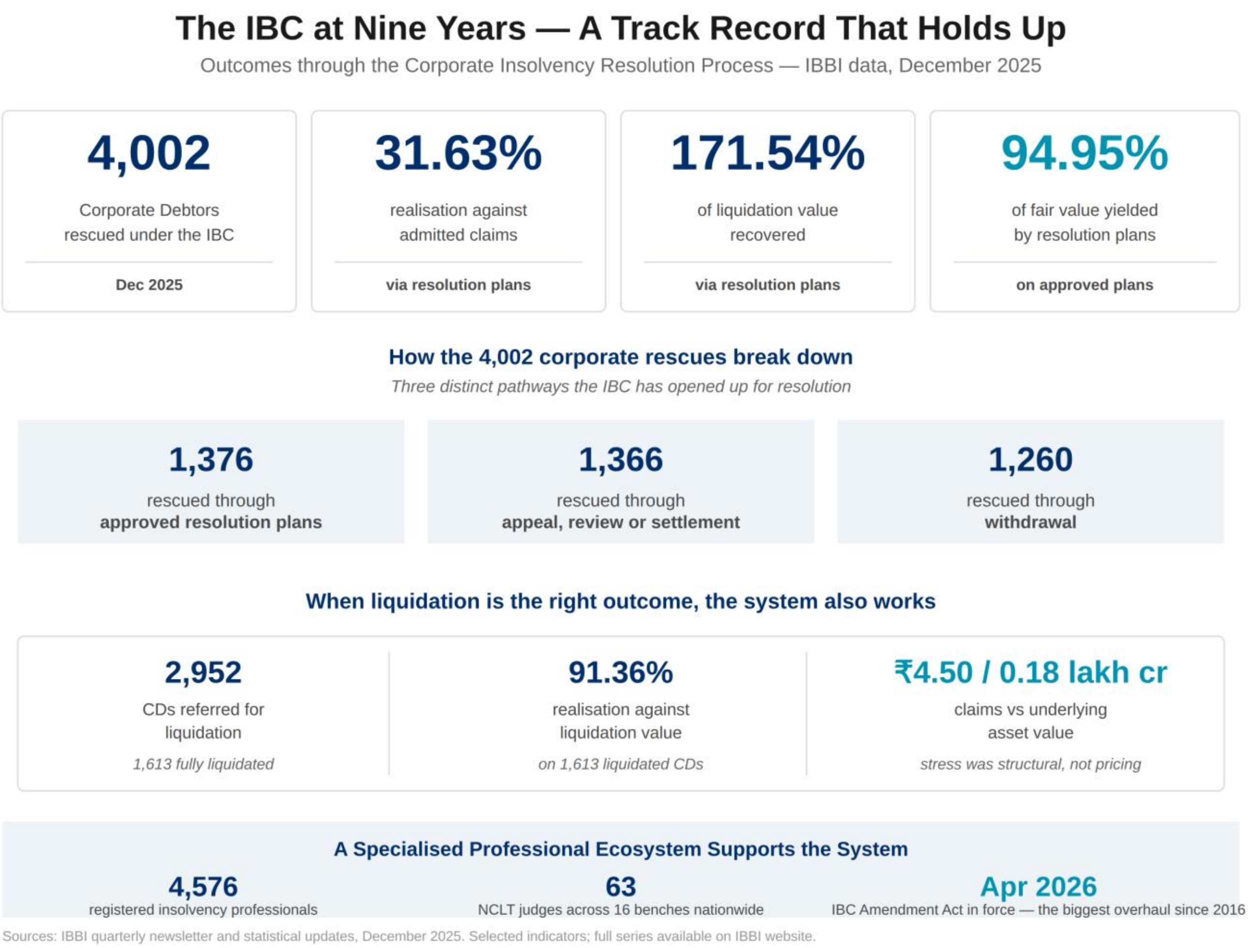

Fig 3. The IBC at nine years — outcomes through the Corporate Insolvency Resolution Process. IBBI data, December 2025.

Behind these numbers sits a specialised professional ecosystem: the Big Four (EY, Deloitte, PwC, KPMG), BDO, Grant Thornton, and Alvarez & Marsal house the major Insolvency Professional Entities; Edelweiss ARC, JM Financial ARC, Phoenix ARC and ARCIL provide secondary-market liquidity for stressed paper.

The 2026 Amendment Act — the biggest overhaul since 2016

The **Insolvency and Bankruptcy Code (Amendment) Act, 2026**, in force from 6 April 2026, addresses nearly every persistent ask from creditors and private credit funds:

- **Creditor-Initiated Insolvency Resolution Process (CIIRP)** — an out-of-court mechanism that reduces dependence on tribunal benches.
- **Mandatory admission of petitions** once default is proved — removing the single largest source of delay.
- **A formal group insolvency framework** — enabling simultaneous resolution of companies under common management.
- **A cross-border insolvency framework** aligned with the UNCITRAL Model Law — improving recovery prospects on offshore assets.
- A **two-year look-back** for avoidance transactions, **penalties for frivolous filings**, **enhanced CoC control over liquidators**, and **time-bound NCLAT appeals**.
- **Recognition of inter-creditor arrangements** in resolution and liquidation.
- **Secured claims** recognised only to the extent of **security value**.

These shift the IBC from a framework that primarily formalised haircuts to one designed to maximise value at speed.

08 Credit bureaus and the data layer

Credit information infrastructure is the final piece — and it is genuinely deep.

- **Four RBI-licensed credit bureaus** — TransUnion CIBIL (2000), Experian, Equifax, and CRIF High Mark (each from 2010).
- **CIBIL alone draws data from over 5,000 financial institutions** and has tracked credit behaviour for 119 million+ self-monitoring consumers, a 51% YoY rise.
- **RBI mandates that lenders update bureau data every 15 days** — more frequent than the monthly cadence common in developed markets.
- The **CIBIL MSME Rank (CMR)** is now embedded in underwriting workflows across banks, NBFCs, and increasingly private credit funds.
- The **Account Aggregator framework** has built a purpose-designed, consent-based data sharing layer across GST, banking, and credit records — accelerating underwriting for the mid-market segment private credit serves.

09 The capital pool — global LPs and a thriving GP ecosystem

A robust market also requires committed capital and professional intermediation, and both have arrived in force.

General Partners — domestic and global

Private credit arms of domestic banks or financial services groups include Kotak Alternate Asset Managers, Edelweiss Alternative Asset Advisors (EAAA), 360 ONE Credit, amongst others.

India-focused independent private credit pioneers include **Ascertis Credit** (formerly BPEA Credit) — a pioneer in performing private credit in Asia, with c. USD 2 billion deployed across five funds since inception in 2014. Fund IV announced a USD 520 million first close in November 2025 (one of the largest-ever first closes for an India private credit fund, targeting USD 1 billion in total).

Global private credit managers active in India include KKR (which raised a USD 2.5 billion APAC private credit fund in January 2025 with India centrally on its map), Apollo Global Management, Ares Management (via Ares SSG), Oaktree, and Bain Capital Credit.

Limited Partners — institutional, deep and diverse

The investor base has broadened dramatically. Domestic LPs are now anchored by **financial institutions and family offices**. Large family offices are typically allocating 10–25% to alternatives. Insurance companies, banks (within RBI caps), and EPFO participate within their regulatory bands.

Global LP participation includes, and is not limited to, the major sovereign wealth funds — **GIC and Temasek (Singapore), ADIA and Mubadala (Abu Dhabi), PIF (Saudi Arabia), and DFIs** — alongside Canadian pension funds **CPPIB and OTPP**, and Norway's pension funds. ADIA's planned USD 4–5 billion India fund via GIFT City, reported by Reuters in February 2024 and operationalised when ADIA's GIFT City subsidiary commenced operations in October 2024, illustrates how India has become a structural allocation, not a tactical one.

S&P Global's 2025 upgrade of India's sovereign rating to BBB — the first upgrade in 18 years — has validated this institutional shift.

THE POINT

India's private credit market is not growing in a vacuum. It is growing on top of a financial infrastructure that is increasingly mature, professionally intermediated, and regulatorily coherent. The components are mutually reinforcing — a robust banking system with multi-decadal-low NPAs and strong rating stability; a unified corporate-law adjudication forum in the NCLT; an IBC framework with proven outcomes and a 2026 Amendment that materially strengthens it further; an SEBI and RBI architecture that runs coordinated, consultative regulation; depositories, trustees, valuers, IPCs and credit bureaus at institutional scale; and a global cohort of GPs and LPs that has built deep, recurring exposure to the market.

The projected path — toward **USD 60–70 billion in AUM by 2028** — is not a leap of faith. It is the natural consequence of capital meeting an ecosystem built to absorb it.

Yields will compress, and deals will get more competitive, and the market will continue to expand. **What endures is the infrastructure** — and on that score, India is delivering quietly, consistently, and at a pace that the rest of the world is only beginning to notice.

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