Gravitywell
Research

CREDIT RESEARCH
GWR-2026-IN-005
AUGUST 2026

INDIA PRIVATE CAPITAL · PRIVATE CREDIT

India’s Private Credit Is *Half* Domestic

Domestic managers now write three of every four rupees of large-ticket credit here, and did so in the same half-year that global private credit posted record defaults. But domestic investors supply only 53.3% of the capital those managers lend, against 48.2% two years ago. The handover is real, and slower than the number in circulation.

74% OF H1 2026 DEAL VALUE WRITTEN BY DOMESTIC MANAGERS ◐	**53.3%** OF CATEGORY II FUND CAPITAL COMES FROM DOMESTIC INVESTORS ◐	**−61%** H1 2026 DEPLOYMENT AGAINST H1 2025; −38% EX ONE MEGA-DEAL ◐	**6.1%** US PRIVATE CREDIT DEFAULT RATE, A RECORD, JUL 2026 ◐

CONTENTS

India's Private Credit

CONVENTIONS & DATA VINTAGE

₹1 crore = 10 million; ₹1 lakh crore = ₹1 trillion. USD as sourced; this desk converts at ₹87.5/US$ (22 Aug 2026). FY = April–March; H1 2026 = January–Jun 2026. Figures nominal. SEBI fund data as of 31 Mar 2026; deal data H1 2026; market levels 22 Aug 2026. Estimates are ranges. **Two words this report never confuses:** a **domestic manager** is a fund house domiciled in India, which is what deal-value shares count; a **domestic investor** is the source of the money that manager lends, which is what SEBI's fund tables count.

Tiers: ● filed ◐ modeled/derived ○ Gravitywell Research estimate. Independent research across Credit Research, Capital Markets, Industry & Sector Research, Economy & Policy and Risk & Analytics, for readers who allocate capital, underwrite risk or set policy. Not regulated ratings or investment advice. Executive Summary (p3) and Quick Read (p7) stand alone. Methodology, Sources, Glossary, Exhibits, Data Appendix and Disclosures run from p32.

EXECUTIVE SUMMARY · I

The thesis

Three of every four rupees of large-ticket private credit written in India in the first half of 2026 came from a domestic manager. Slightly more than half the capital those managers hold came from a domestic investor.[31] Both statements are true, and the market is only quoting the first. That gap is what this report is about. India's private credit is being described as having gone home just as the global asset class entered its first genuine stress. The weakest of the three available measures is carrying that description.

The strongest available measure of whose money it is sits in SEBI's own quarterly fund tables. It puts the domestic share of Category II capital at 53.3% on 31 Mar 2026, up from 48.2% two years earlier.[128] That is a drift of about two and a half points a year. It is real, it is in the right direction, and it is nothing like a regime change. The 74% figure is a share of deal value by the manager's domicile, above a US$10m cut, over a single half-year.[3] A manager in Mumbai lending money raised in Singapore counts as fully domestic on that measure and as roughly half foreign on SEBI's.

What makes the gap matter is the direction the two measures move in when foreign capital retreats. A domicile share is a ratio. It rises when the numerator grows or when the denominator shrinks, and this half it was mostly the denominator. Deployment fell to US$3.5bn from US$9.0bn a year earlier, which is 61% lower, or 38% lower once the single US$3.4bn financing that inflated the earlier half is stripped out.[35] Deals above US$120m dropped from 27% of value to 18%.[3] Domestic managers did not out-compete foreign ones for the same book. They kept writing at roughly their own pace while the largest cheques, which are the ones foreign funds write, stopped arriving.

> *India's private credit went home the way a room empties and the last people in it look like a majority.*
>
> GRAVITYWELL RESEARCH GLOBAL MACRO DESK

None of this makes the domestic build a fiction. Domestic commitments are growing faster than foreign ones. Two-thirds of the money added to Category II funds over the past year came from domestic investors.[128] In Jul 2026, after our data window closed, Shapoorji Pallonji raised about ₹151bn entirely from Indian subscribers. It is among the largest private credit financings the country has seen.[16] That deal is the best evidence against the caution in this report and we print it at full weight. The house view is that one financing is not a run rate, and that the capital behind the domestic bid is more promised than delivered: ₹8.30 lakh crore of Category II commitments were still uncalled at 31 Mar 2026, and the proportion actually drawn fell to 34.9% in the very quarter commitments hit a record.[128]

53.3%	65.8%	74%	34.9%
DOMESTIC SHARE OF CATEGORY II CAPITAL, MAR 2026 ◐	DOMESTIC SHARE OF THE PAST YEAR'S CAPITAL INCREMENT ◐	DOMESTIC SHARE OF H1 2026 DEAL VALUE ◐	OF CATEGORY II COMMITMENTS ACTUALLY CALLED ◐

EXECUTIVE SUMMARY · II

What we found

01 **The domestic share of Category II capital is 53.3%, not 74%.** SEBI's investor table puts ₹2,75,771 crore of gross Category II capital with domestic investors against ₹2,41,230 crore from foreign ones at 31 Mar 2026.[1] The largest single line in that foreign block, ₹2,27,720 crore, sits in a column SEBI labels only "Others" and never defines.[1]

02 **The drift is two and a half points a year and it only crossed half recently.** The domestic share ran 48.2% at Mar 2024, 50.8% at Mar 2025 and 53.3% at Mar 2026.[128] Category II capital passed the halfway mark between Dec 2024 and Mar 2025, which is eighteen months ago, not this year.

03 **Deployment fell by more than a third on any honest comparison.** H1 2026's US$3.5bn is 61% below H1 2025, and 38% below once the outsized financing in that base period is removed.[35] The widely-quoted "broadly in line" comparison is against H2 2025, the weaker half.

04 **Two-thirds of the domestic bid is a promise, not a payment.** ₹8.30 lakh crore of Category II commitments were uncalled at Mar 2026, and the drawn ratio fell to 34.9%, its lowest in the eight-quarter panel, in the quarter commitments jumped most.[128]

05 **Fund formation is at a record into a shrinking market.** 182 new Category II funds registered in FY2025-26 and 94 more in FY2026-27 to date, the two heaviest cohorts on record, while deployment fell.[228] More capacity chasing less paper is how a vintage goes bad.

06 **A third of the book went to the sector its own lenders rank riskiest.** Real estate took 35% of H1 2026 deal value and was ranked the highest perceived default risk by the same surveyed investors.[321]

07 **The reported real-estate record is substantially a reclassification.** AIF real-estate investment sat between ₹69,896 and ₹75,350 crore for five straight quarters, then jumped ₹53,587 crore in one. Meanwhile "Others" fell ₹32,745 crore and the total rose only ₹31,339 crore.[128] We cannot close this and do not.

08 **The institutional funding channel is capped and the offshore one is open.** RBI holds any regulated entity to 10% of an AIF scheme and all of them together to 20%, effective 1 Jan 2026.[6] Six weeks later it removed the all-in-cost ceiling on external commercial borrowing and set a US$1bn or 300%-of-net-worth limit instead.[9]

09 **The stress is real on the source side and invisible on the arrival side.** US private credit defaults hit a record 6.1% in Jul 2026; Apollo gated a fund against 17% redemption requests and Ares against 11.6%.[101514] No India private credit series shows a matching move.

10 **The transmission India has is slow and balance-sheet shaped.** Nothing in the Indian tape prices this in weeks. The channel runs through LP liquidity, offshore feeder redemptions and the pace of commitment calls, all of which show up in quarters.

2034	₹8.30L cr	276	US$34m
WHEN THE CAPITAL SHARE REACHES 74% AT THE OBSERVED PACE ○	CATEGORY II COMMITMENTS NOT YET CALLED ◐	NEW CATEGORY II FUNDS REGISTERED IN 18 MONTHS ◐	AVERAGE TICKET, DOWN FROM US$114M A YEAR EARLIER ◐

Two of these findings are about the market and two are about the measurement. We treat the measurement problems as findings, not caveats. The market is being described, priced and allocated to on the basis of the number they concern.

EXECUTIVE SUMMARY · III

What to do about it

The decisions this report is meant to change are about diligence questions and pacing, not about whether India private credit is a good asset class. It is structurally advantaged. Bank credit is constrained at the edges, borrowers pay 14–22% for speed and structure, and the domestic savings pool behind it is growing.[3] The risk is not the thesis. The risk is buying a capacity build at the top of a formation cycle on a mis-measured claim about who is funding it.

IF YOU ALLOCATE TO INDIA PRIVATE CREDIT FUNDS

Ask the manager for the LP split by source of capital, not by domicile of the feeder. Then ask what share of the fund's commitments has been called. The two numbers that matter are not published: the fund's own domestic share of capital, and its draw pace against vintage. A manager who cannot give you both quickly has not been asked before. Pace new commitments against called capital rather than headline fund size, because the industry's drawn ratio fell while commitments hit a record.[1]

IF YOU UNDERWRITE THE CREDIT

Price the real-estate concentration as a correlation problem, not a sector view. 35% of H1 deal value went to one sector, and it is the sector surveyed lenders themselves ranked most likely to default.[321] The book has also moved down-ticket, with US$10–60m deals now 61% of value against 51% a half earlier. That means more borrowers, thinner disclosure and less negotiating leverage per deal.[3] Underwrite for a developer refinancing failure that arrives without a public tape to warn you.

IF YOU SET POLICY

The current settings push credit supply offshore and call it de-risking. Capping regulated entities at 10% of a scheme protects bank balance sheets. It also removes the steadiest, most supervised source of domestic capital from the market you want domestically funded.[6] Meanwhile the Feb 2026 borrowing reform makes the offshore route cheaper and more flexible than it has ever been.[9] The measurement gap is also fixable at no cost: SEBI already collects a credit-only cut of Category II and does not publish it. Publishing it would end this argument.

THE HOUSE VIEW

Medium conviction, Cautious. We are not calling a break in India private credit and we do not expect one on a two-quarter horizon. We are saying the decoupling case rests on a measure that flatters itself when foreign money leaves. The capital behind the domestic bid is 53% domestic and two-thirds uncalled. And the sector taking the largest share of it is the one its own lenders rank riskiest. Underwrite the vintage, not the narrative.

VARIANT

Where we sit against the street

TAKEAWAY · WE AGREE THE DOMESTIC BUILD IS REAL; WE DISAGREE THAT A DEAL-VALUE SHARE IS EVIDENCE OF IT.

TABLE 0.1 · THE FOUR ROWS, STATED PLAINLY

ROW	CONTENT
The consensus	India's private credit market is buoyant and increasingly self-funded. EY's H1 2026 report puts domestic funds at 74% of deal value and nearly 79% of deal count, records the half at US$3.5bn as "broadly in line" with H2 2025's US$3.4bn, and reports that roughly 73% of surveyed investors expect strong activity over the next one to two years, with 60% outright bullish.[3] The read in the trade press is maturation and insulation from a stressing global asset class.[21]
The house delta	Domestic *investors* supply 53.3% of Category II capital, not 74%, and that share has moved 48.2% → 50.8% → 53.3% over two years: about 2.5 points a year.[128] On the flow rather than the stock the house is closer to consensus, at 65.8% of the past year's capital increment.[28] We are not at consensus on direction. We are far from it on pace, and we read the H1 print as a contraction the framing hides: US$3.5bn against US$9.0bn a year earlier, or a 38% fall once the base period's single US$3.4bn financing is removed.[35]
Why the gap persists	Manager domicile is published and capital source is not. SEBI collects the capital-source split every quarter and publishes it as a static table per quarter, never as a series, so nobody runs it. The deal-value measure also has a mechanical bias in exactly this environment: it is a ratio, and foreign funds write the largest cheques, so when large tickets stop the share rises without any domestic manager winning anything. Deals above US$120m fell from 27% of H1 value to 18% in this very half.[3]
What proves consensus right	Domestic Category II capital and India private-credit fundraising hold their run-rate through two consecutive quarters of rising US private-credit defaults, with no widening in India private-credit pricing. Concretely: if the Category II domestic share gains more than 4 points in the year to Mar 2027 *and* deployment recovers above a US$10bn annualised pace, the substitution is real at pace and this report is wrong. We will score it in public.

THE STRONGEST CASE AGAINST THIS REPORT, PRINTED AT FULL WEIGHT

In Jul 2026, after our data window closed, Shapoorji Pallonji raised about ₹151bn (US$1.6bn) in rupee bonds subscribed by a domestic group including InCred Capital, DSP Finance and IIFL Capital.[16] It is among the largest private credit financings ever completed in India and it carried no foreign anchor. If the domestic book can absorb a ticket that size unaided, the capacity constraint this report emphasises is looser than the capital-source panel implies. Our answer is that one financing is not a run rate, and that the same deal in 2025 was foreign-led. The reader now has both facts and can weigh them.

WHERE WE ARE AT CONSENSUS

On the medium-term direction we hold no variant view. India's private credit will keep getting more domestically funded, because the savings pool is growing and the rules favour onshore vehicles. The disagreement is entirely about how far along that path the market currently is, and about what would move us. One quarter of domestic-share gain above 2 points would move us toward consensus faster than any deal-value print could. It would most likely come from insurers, or from a widening of the regulated-entity caps.

QUICK READ

Five calls, five risks

HIGH-CONVICTION CALLS

The capital share, not the deal share, is the number to underwrite
HIGH

53.3% domestic at Mar 2026 against a quoted 74%. The two measure different things and only one of them is about money.[1]

Deployment contracted; the share rose around it
HIGH

US$3.5bn against US$9.0bn a year earlier, or −38% ex the base period's mega-deal. Large tickets left first.[35]

Pace commitments against called capital, not fund size
HIGH

₹8.30 lakh crore uncalled and the drawn ratio at 34.9%, its lowest in eight quarters, in the record-commitment quarter.[1]

This vintage is a capacity build into a shrinking market
MEDIUM

182 new Category II funds in FY25-26 and 94 more since, the two largest cohorts on record, while deals fell.[2]

Real-estate concentration is the correlation risk, not a sector view
MEDIUM

35% of deal value in the sector the same lenders rank most likely to default.[321]

KEY RISKS

●	**Real-estate refinancing failure** A third of the book in one sector, marked quarterly, with no public tape to warn the LP first.	HIGH 6–18M
●	**Uncalled commitments prove soft** HNI and family-office promises are cancellable in practice; the draw ratio is already falling.	HIGH 12M
●	**Our own denominator is a proxy** Category II blends credit, private equity and real-estate funds; SEBI publishes no credit-only cut.	HIGH STANDING
●	**Offshore substitution hollows the measure** Post-February borrowing reform, foreign lenders reach Indian borrowers without touching a fund.	MEDIUM 12–24M
●	**Global redemption stress reaches Indian feeders** Apollo gated against 17% of requests, Ares against 11.6%. The same LPs sit behind India feeders.	MEDIUM 6–12M

THIRTY-SECOND POSTURE, BY DESK

Allocator: commit, but pace against called capital and ask for the LP source split. **Credit underwriter:** price real-estate correlation and the move down-ticket. **Policymaker:** publish the credit-only Category II cut and revisit whether the 10% cap is buying safety at the cost of the domestic funding you want. **Corporate borrower:** the offshore route is cheaper than it has been in a decade; the onshore bid is competitive because there are more funds, not more money.

PART I · THE CLAIM AND THE LEDGER
SECTIONS 01 — 05

Three of four rupees, and whose *money* they are

The domestic share everyone quotes counts which manager signed the cheque. The register that counts whose money it was gives a different, slower answer.

READING
Pages 08 — 12

KEY FIGURE
53.3%

WHAT YOU'LL TAKE AWAY

01 **Manager domicile and capital source are different measurements.** One is published monthly in the trade press; the other sits unaggregated in a regulator's quarterly tables.

02 **The capital share drifts about two and a half points a year.** It crossed half in early 2025, and at that pace it reaches two-thirds around 2031.

03 **A domicile share rises when large foreign cheques stop.** Deals above US$120m fell from 27% of value to 18% in the same half the share hit its record.

— § 01

The number everyone quotes measures who signed

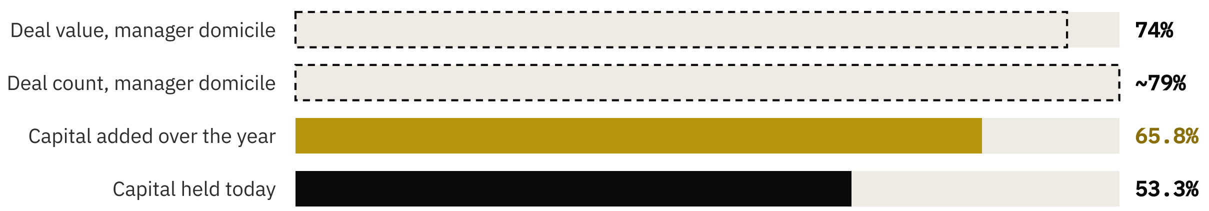
TAKEAWAY · A DEAL-VALUE SHARE COUNTS THE MANAGER'S ADDRESS, AND THE MANAGER'S ADDRESS TELLS YOU NOTHING ABOUT WHOSE MONEY IS AT RISK.

Every account of India's private credit market this month rests on one figure. Domestic funds wrote 74% of deal value and close to 79% of deal count in the first half of 2026.[3] The figure is correctly calculated and it is being asked to do work it cannot do. It counts transactions above US$10m and attributes each to the domicile of the arranging manager. So a fund registered in Mumbai counts as domestic whether its money came from a Bengaluru family office or a Canadian pension plan.

That distinction is not academic in a market where the largest managers are deliberately structured to pool both. India's alternative funds raise from resident investors, non-resident Indians and foreign portfolio investors. They also raise from a fourth category of offshore institutions that SEBI groups together and does not name.[1] Deal-value shares are blind to all of it by construction. They are computed from deal announcements, and an announcement carries a manager, not a capital table.

FIG 1.1 · Three published ways to say "domestic" % domestic, latest available

THE CLOSER A MEASURE GETS TO COUNTING MONEY, THE SMALLER THE ANSWER



Dashed bars are asserted, not measured against a capital table. The deal-value share attributes a transaction to its arranging manager rather than to the source of the funds.

Source: EY Private Credit H1 2026 ◐[3]; SEBI AIF activity tables ●[1]; Gravitywell Research analysis[28]. (● filed · ◐ modeled · ○ est.)

TABLE 1.1 · WHAT EACH MEASURE ACTUALLY COUNTS

MEASURE	COUNTS	UNIVERSE	VALUE	AS OF
Deal value by manager domicile	Which fund house arranged the transaction	Deals above US$10m	74%	H1 2026
Deal count by manager domicile	Same, unweighted by size	Deals above US$10m	~79%	H1 2026
Capital increment by investor source	Whose money was added over the year	All Category II funds	65.8%	Mar 2026
Capital stock by investor source	**Whose money is in the funds today**	**All Category II funds**	**53.3%**	**Mar 2026**

THE FIRST TWO ARE PUBLISHED MONTHLY IN THE TRADE PRESS. THE LAST TWO ARE COMPUTED HERE FROM SEBI'S QUARTERLY TABLES, WHICH PUBLISH THE INPUTS BUT NEVER THE SERIES.

THE CALL

Treat the 74% as a market-structure statistic about who intermediates, which is what it is. Stop treating it as a funding statistic about who bears the risk. The two answers differ by twenty points, and that gap is the offshore capital sitting inside Indian-domiciled funds. If you are diligencing a manager, do not ask where the fund is registered. Ask what share of its committed capital came from investors who cannot redeem into a foreign currency.

— § 02

The register that counts the money

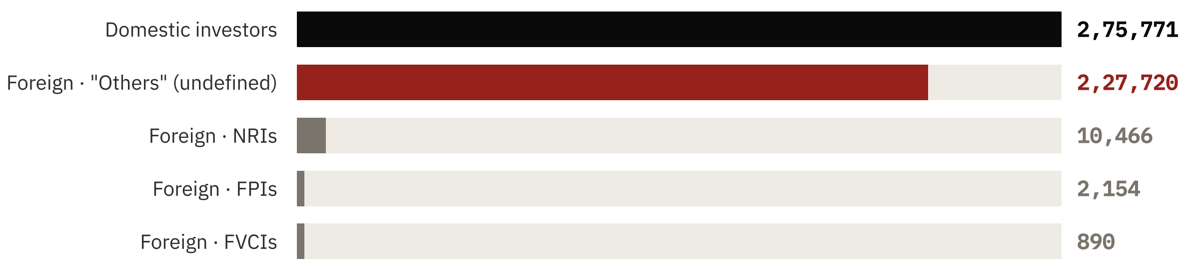
TAKEAWAY · SEBI PUBLISHES THE CAPITAL-SOURCE SPLIT EVERY QUARTER, AND ITS LARGEST SINGLE LINE IS A FOREIGN COLUMN IT NEVER DEFINES.

SEBI's quarterly activity tables carry a report titled *Fund raised from foreign and domestic investors in AIFs*, and it answers the question the deal-value share cannot.[1] At 31 Mar 2026 Category II funds had raised ₹2,75,771 crore from domestic investors and ₹2,41,230 crore from foreign ones, a domestic share of 53.3%. It is published as a static snapshot each quarter and never as a series, which is why the number is not in circulation.

Reading it correctly turns on one structural point. The header *Funds raised from foreign investors* is a parent spanning four sub-columns, so FPIs, FVCIs, NRIs and Others are all foreign, and there is no foreign subtotal. Read "Others" as a residual or as unclassified domestic money and the answer inverts. That column alone holds ₹2,27,720 crore, or 44% of gross Category II capital.[1] We verified the structure against the raw table: five values against seven labels parses only one way.

FIG 2.1 · Category II capital by source of funds ₹ crore, gross funds raised, 31 Mar 2026

ONE UNDEFINED FOREIGN COLUMN IS LARGER THAN EVERY OTHER FOREIGN SOURCE COMBINED, FORTY TIMES OVER



Gross funds raised, which excludes contributions from employees, sponsor, manager and employee benefit trusts. It does not tie to the net figure used elsewhere in SEBI's own tables; the gap at this date is ₹72,879 crore.

Source: SEBI, Alternative Investment Funds Activity, quarter ending 31 Mar 2026 ●[1]. (● filed · ◐ modeled · ○ est.)

TABLE 2.1 · WHY "OTHERS" HAS TO BE FOREIGN

PRINTED HEADER	ROW VALUES, CATEGORY I INFRASTRUCTURE, MAR 2026	READING
Funds raised from domestic investors	7,235	Domestic
Funds raised from foreign investors	(spans the four columns below)	Parent header, no value
FPIs	–	Foreign
FVCIs	4,900	Foreign
NRIs	161	Foreign
Others	**1,698**	**Foreign**

SEBI PUBLISHES NO DEFINITION OF WHAT SITS INSIDE "OTHERS", AND THIS DESK HAS NOT OBTAINED ONE. WE REPORT ITS POSITION IN THE TABLE, NOT ITS COMPOSITION.

THE CALL

The largest single pool of money in India's Category II funds is a foreign column with no published definition. It grew from ₹1,50,301 crore to ₹2,27,720 crore in two years.[1] Every claim about how domestically funded this market is rests on a bucket nobody can describe. Until SEBI defines it, the honest position is 53.3% domestic with a wide unknown attached to the rest.

— § 03

A drift, measured over two years

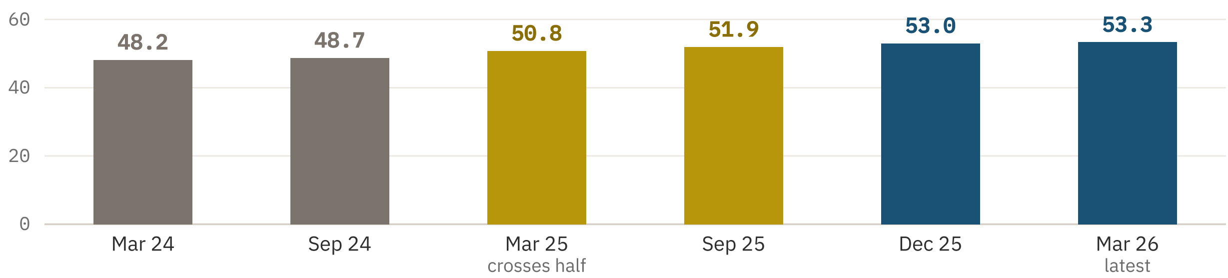
TAKEAWAY · THE DOMESTIC SHARE OF CATEGORY II CAPITAL GAINS ABOUT TWO AND A HALF POINTS A YEAR, AND IT ONLY PASSED HALF IN EARLY 2025.

Assembled into the series SEBI never publishes, the capital-source split shows a steady climb rather than a break. The domestic share of Category II capital ran 48.2% at Mar 2024, 50.8% at Mar 2025 and 53.3% at Mar 2026, with one small reversal in the Jun 2025 quarter.[128] That is 5.2 points in two years, and extended at the same pace it reaches two-thirds around 2031. A respectable structural trend, and not the handover the deal-value figure implies.

The composition underneath the trend is more interesting than the trend. Foreign portfolio investors have collapsed as a source, from ₹18,378 crore at Mar 2024 to ₹2,154 crore two years later. Over the same span the unnamed "Others" column grew by ₹77,419 crore.[1] So foreign money has not left Category II. It changed the door it comes through, moving out of the reported FPI channel and into the one with no published definition. A domestic share that rises because the most transparent foreign category shrank is a worse signal than it looks.

FIG 3.1 · Domestic share of Category II capital — % of gross funds raised, quarter-end

EIGHT QUARTERS, 5.2 POINTS, AND THE HALFWAY MARK CROSSED EIGHTEEN MONTHS AGO



Category II holds private-credit, private-equity, real-estate and debt funds together. SEBI publishes no credit-only cut, so this is the channel through which most domestic private credit is raised, not a measure of private credit itself.

Source: SEBI AIF activity tables, Mar 2024 – Mar 2026 ●[1]; Gravitywell Research india-aif-capital-source panel ◐[28]. (● filed · ◐ modeled · ○ est.)

TABLE 3.1 · THE PANEL BEHIND THE TREND

QUARTER END	DOMESTIC	FPI	FVCI	NRI	OTHERS	FOREIGN	DOMESTIC %
Mar 2024	1,63,469	18,378	700	6,513	1,50,301	1,75,892	48.17
Mar 2025	2,17,730	1,087	860	8,519	2,00,636	2,11,102	50.77
Dec 2025	2,59,480	1,116	731	9,570	2,18,662	2,30,079	53.00
Mar 2026	**2,75,771**	**2,154**	**890**	**10,466**	**2,27,720**	**2,41,230**	**53.34**

₹ CRORE, GROSS FUNDS RAISED. INTERVENING QUARTERS ARE IN THE DATA APPENDIX AND THE PUBLISHED PANEL.

THE CALL

Two and a half points a year is the number to plan against. Model the pace of self-funding off the capital series, not the deal series. Expect the domestic share near 58% in 2028, not approaching the 74% already quoted. The faster path exists, but it runs through insurers and the regulated-entity caps, not through fundraising momentum among family offices.

— § 04

The share rose because the market shrank

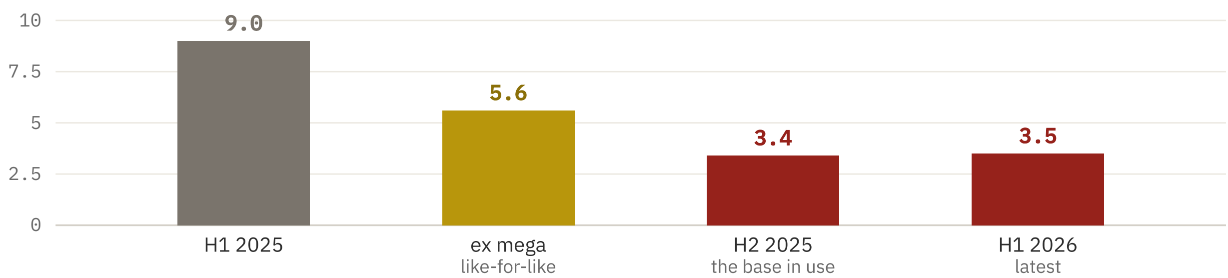
TAKEAWAY · DEPLOYMENT IS DOWN 38% ON THE HONEST COMPARISON, AND THE DOMESTIC SHARE CLIMBED THROUGH THE CONTRACTION RATHER THAN CAUSING IT.

The headline framing of the half is that US$3.5bn of private credit was deployed, broadly in line with the US$3.4bn of the preceding six months.[3] That is accurate, and it compares this half to the weakest half in the series. Against the same period a year earlier, when US$9.0bn was deployed, the fall is 61%.[5] Much of that base was one transaction, the roughly US$3.4bn Shapoorji Pallonji financing of May 2025; strip it out and US$5.6bn becomes US$3.5bn, a fall of 38%.

Deal counts moved the other way, which makes the contraction legible. There were 102 transactions above US$10m in H1 2026, against 87 in H2 2025 and 79 in H1 2025.[34] More deals, less money. The average ticket fell from US$114m to US$34m, and even against the ex-mega-deal base of US$72m it more than halved.[28] For scale, Moody's puts India's private credit assets at about US$25bn at the end of 2025, doubled in five years, on more than US$11bn of annual transaction value.[29]

FIG 4.1 · India private credit deployed, by half US$bn, deals above US$10m

THE COMPARISON IN CIRCULATION IS AGAINST THE SHORTEST BAR ON THIS CHART



The second bar removes the single ~US$3.4bn financing that dominated the H1 2025 base. Both readings are shown because the choice of base is doing the rhetorical work.

Source: EY Private Credit reports, H1 2025 / H2 2025 / H1 2026 ◐[543]; Gravitywell Research analysis[28]. (● filed · ◐ modeled · ○ est.)

TABLE 4.1 · MORE DEALS, LESS MONEY, SMALLER CHEQUES

HALF	DEPLOYED, US$BN	DEALS >US$10M	AVERAGE TICKET, US$M	DOMESTIC MANAGER SHARE
H1 2025	9.0	79	114	not stated
H2 2025	3.4	87	39	~64%
H1 2026	**3.5**	**102**	**34**	**74%**

H1 2025 COUNT DERIVED AS CY2025 (166) LESS H2 2025 (87). EX THE MEGA-DEAL, H1 2025 IS US$5.6BN ACROSS 78 DEALS AT A US$72M MEAN. THE MEAN IS SKEWED IN H1 2025 BY THAT SINGLE FINANCING.

THE CALL

Watch the average ticket, not the total. Cheques above US$100m are the ones global managers write and domestic managers mostly cannot. A recovery with the average still near US$35m is domestic managers working harder; a recovery with the average back above US$70m is foreign capital returning, and it will show up as the domestic share falling.

§ 05

What actually moved between the two halves

TAKEAWAY · DOMESTIC DEPLOYMENT ROSE BY US$0.4BN AND FOREIGN FELL BY US$0.3BN; THE TEN-POINT SHARE GAIN CAME MOSTLY FROM THE SECOND NUMBER.

Applying the reported shares to the reported totals settles who did what. At roughly 64% of US$3.4bn, domestic managers deployed about US$2.2bn in H2 2025; at 74% of US$3.5bn they deployed about US$2.6bn in H1 2026, while foreign managers fell from about US$1.2bn to about US$0.9bn.[34] The ten-point share gain sits on those two movements: domestic up about US$0.4bn, foreign down about US$0.3bn. Domestic deployment therefore grew about 19% half-on-half while foreign fell about 25%, which is real substitution at the margin and the strongest number on the other side of this argument.

The ticket-size data says the same thing. Transactions above US$120m fell from 27% of deal value to 18% while the US$10–60m band rose from 51% to 61%.[3] Large tickets are where global managers concentrate, because a fund with US$5bn to deploy cannot build a book out of US$30m loans. When the large end goes quiet, the domicile share of what remains rises without anyone taking business from anyone.

FIG 5.1 · Where the ten-point share gain came from US$bn deployed, by manager domicile

DOMESTIC DEPLOYMENT ADDED ABOUT US$0.4BN; FOREIGN DEPLOYMENT LOST ABOUT US$0.3BN

Derived by applying each half's reported domestic-manager share to its reported total, so the bars inherit the rounding in the published shares. The direction is robust to it; the exact levels are not.

Source: EY Private Credit H2 2025 and H1 2026 ◐[43]; Gravitywell Research analysis ◐[28]. (● filed · ◐ modeled · ○ est.)

TABLE 5.1 · THE BOOK MOVED DOWN-TICKET IN ONE HALF

TICKET BAND	H2 2025	H1 2026	CHANGE	WHO WRITES IT
Above US$120m	27%	18%	−9 pts	Global managers, offshore vehicles
US$10–60m	**51%**	**61%**	**+10 pts**	**Domestic mid-market funds, NBFC platforms**

SHARE OF TOTAL DEAL VALUE. A DOMICILE SHARE RISES WHEN THE LARGEST CHEQUES STOP, EVEN IF EVERY DOMESTIC MANAGER WRITES EXACTLY WHAT IT WROTE BEFORE.

THE CALL

The observable that tests the substitution thesis is the top of the ticket distribution. While the story is compositional, the domestic share and the share of value above US$120m move in opposite directions. Once domestic managers write large cheques off their own capital, the two move together. They have diverged for two halves running.

PART II · SOURCE SIDE, ARRIVAL SIDE
SECTIONS 06 — 10

The stress is real, and it is *elsewhere*

Global private credit is having its first bad year. Nothing in the Indian data shows it. This part runs the two sides against each other on the same metrics, then asks what would actually carry a shock between them.

READING
Pages 13 — 17

KEY FIGURE
6.1%

WHAT YOU'LL TAKE AWAY

01 **The source side is gating redemptions and printing record defaults.** Two of the largest managers restricted withdrawals inside four months of each other.

02 **The arrival side is genuinely unmoved, and that is not evidence of safety.** India has no daily-priced private credit instrument that could show stress even if it existed.

03 **The transmission India has runs in quarters, through balance sheets.** It arrives as slower commitment calls and pulled feeder money, not as a spread.

— § 06

The source side is in its first real stress

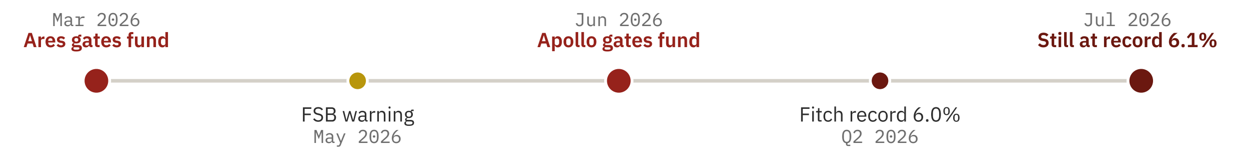
TAKEAWAY · RECORD DEFAULTS AND TWO GATED FUNDS INSIDE FOUR MONTHS: THE GLOBAL ASSET CLASS IS BEING TESTED FOR THE FIRST TIME AT SCALE.

Global private credit crossed US$2tn of assets in 2026 and met its first genuine downturn in the same year.[13] Fitch's trailing-twelve-month US private credit default rate reached 6.0% in the second quarter, its highest on record, and stayed at a record 6.1% through July.[10] Across the roughly 1,300 borrowers Fitch tracks, the quarter produced 32 default events from 20 first-time defaulters.

The funding side moved before the credit side did. In March, Ares limited withdrawals from its US$10.7bn Strategic Income Fund after investors asked to redeem 11.6% against a 5% quarterly gate; in June, Apollo did the same at its Debt Solutions vehicle after requests reached 17%, roughly US$2.4bn.[14,15] The Financial Stability Board had flagged the sector's valuation opacity and bank linkages in May.[11] None of these are Indian institutions, and all of them sit upstream of Indian feeders.

FIG 6.1 · The source side in 2026 dated events

THE REDEMPTION GATES CAME BEFORE THE DEFAULT RECORD, NOT AFTER IT



Gates are a liquidity event, not a credit event. An investor who cannot get out has not lost money, but the manager has lost the option to sell slowly.

Source: Bloomberg ◐[14], CNBC ◐[15], FSB ●[11], Fitch via Bloomberg ◐[10]. (● filed · ◐ modeled · ○ est.)

TABLE 6.1 · WHERE THE SURVEYED STRESS IS EXPECTED TO LAND

SECTOR	MANAGERS EXPECTING STRESS	READ-ACROSS TO INDIA
Consumer & retail	56%	Limited: India's private credit book is not consumer-facing
Automotive	42%	Limited direct exposure in the Indian book
Hospitality & leisure	27%	Present but small
Technology	**24%**	**Indirect, via venture debt and growth lending**

PWC GLOBAL PRIVATE CREDIT SURVEY 2026. THE SECTOR MIX OF EXPECTED GLOBAL STRESS MAPS POORLY ONTO INDIA'S BOOK, WHICH IS CONCENTRATED IN REAL ESTATE. THAT IS A GENUINE ARGUMENT FOR LIMITED READ-ACROSS, AND IT IS SEPARATE FROM THE FUNDING-CHANNEL ARGUMENT IN §09.

THE CALL

The global stress is a funding-and-liquidity event first and a credit event second, and that ordering matters for India. India's borrowers are not the ones defaulting. India's lenders' lenders are the ones being asked for their money back. Anyone underwriting an India private credit fund with an offshore feeder should be reading the feeder's redemption terms, not the Indian borrower's coverage ratio.

— § 07

The arrival side shows none of it

TAKEAWAY · NO INDIAN SERIES HAS MOVED, AND INDIA HAS NO INSTRUMENT THAT COULD MOVE: ABSENCE OF A SIGNAL IS NOT A SIGNAL OF ABSENCE.

India's credit conditions in Aug 2026 read as expansionary. The policy repo rate is 5.25% and the ten-year government bond yields about 6.86%.[26] System credit growth touched a four-year high near 20% in the June quarter, bank deposits accelerated to 15.4% year-on-year by mid-August, and bank lending to non-bank finance companies grew 14.4% against 11.1% a year earlier.[2722] The Reserve Bank's June Financial Stability Report calls the system resilient and non-banks well capitalised.[8]

What that tells us about private credit is less than it appears. India has no listed business-development-company equivalent, no daily-priced private credit fund and no traded index of private credit spreads. Category II funds report to SEBI quarterly and cumulatively. So the absence of a stress signal is partly an absence of instruments capable of producing one. The first place Indian stress becomes visible is a fund's own valuation committee, and those marks are not public.

FIG 7.1 · What the Indian tape can show by indicator

EVERY INDIAN SERIES IS BENIGN, AND NONE OF THEM WOULD BE THE ONE TO BREAK FIRST

		would it show private credit stress?
Policy repo, 5.25%	Accommodative	no
10-year bond, ~6.86%	Near two-month highs	no
Bank credit to non-banks +14.4%	Accelerating	no
Non-bank capital, severe stress	20.9%, above floor	partly
Private credit fund marks	Not published	would

The RBI's stress tests do bite: aggregate non-bank capital falls from 22.8% to 20.9% under severe credit stress, and 11 of 174 companies drop below the 15% floor.

Source: RBI FSR Jun 2026 ●[8], RBI sectoral deployment ●[22], market levels ◐[2627]. (● filed · ◐ modeled · ○ est.)

TABLE 7.1 · INDIAN CONDITIONS, AUG 2026

INDICATOR	LEVEL	YEAR EARLIER	DIRECTION
Policy repo rate	5.25%	–	Accommodative, minutes hawkish
Bank credit to non-banks, YoY	14.4%	11.1%	Accelerating
Bank deposit growth, YoY	15.4%	12.7%	Accelerating
Non-bank capital ratio, severe stress	**20.9%**	**22.8% base**	**Holds the 15% floor in aggregate**

LEVELS AT 22 AUG 2026; THE 10-YEAR GOVERNMENT BOND YIELDS ~6.86%, NEAR TWO-MONTH HIGHS. CREDIT AND DEPOSIT GROWTH TO JUNE AND MID-AUGUST; STRESS TESTS FROM THE JUN 2026 FINANCIAL STABILITY REPORT, 174 NON-BANK COMPANIES.

THE CALL

Do not read the calm as confirmation. The Indian data is genuinely good, and it measures banks, bonds and deposits, none of which is where a private credit problem appears first. For an early Indian signal, build the quarterly draw ratio on Category II commitments and the ticket-size distribution. Both are in this report and neither is published as a series by anyone.

— § 08

The paired ledger

TAKEAWAY · ON THE SAME EIGHT METRICS, FOUR GENUINELY DIVERGE, TWO MOVE TOGETHER, AND TWO CANNOT BE COMPARED AT ALL.

The decoupling argument is usually made by asserting that India is different. It is more useful to put the two markets side by side on the same measures at the same date. Then you can see which lines genuinely diverge, which are simply not collected in India, and which have not been tested. Four of the eight below genuinely diverge. Two move the same way on both sides. Two cannot be compared at all, because India does not produce the number.

FIG 8.1 · The two sides, same date Aug 2026

THE GAP IS WIDEST EXACTLY WHERE INDIA HAS NO INSTRUMENT TO PRODUCE A NUMBER

Source side · US and global	Arrival side · India
Default rate 6.1% TTM, a record Two flagship funds gated in four months Listed vehicles at 20-25% discounts Daily marks, rated borrowers, an index Bank exposure rising, an FSB concern	No published private credit default rate Closed-end funds, no redemption right No listed vehicle of any kind Quarterly cumulative filings only Banks capped at 10% of any scheme

Structure, not sentiment: the US market is priced daily through listed vehicles and rated borrowers, and India's is priced quarterly inside unlisted funds.

Source: Fitch via Bloomberg ◐[10], Bloomberg ◐[14], CNBC ◐[15], SEBI ●[1], RBI ●[8]. (● filed · ◐ modeled · ○ est.)

TABLE 8.1 · EIGHT METRICS, BOTH SIDES, AUG 2026

METRIC	SOURCE SIDE (US / GLOBAL)	ARRIVAL SIDE (INDIA)	VERDICT
Default rate on the private book	6.1% TTM, a record[10]	Not published for private credit	Not comparable
Fund redemption pressure	Gates at Apollo (17%) and Ares (11.6%)[15,14]	Closed-end funds, no redemption right	Structural divergence
Secondary pricing of fund stakes	Listed vehicles at 20–25% discounts to stated value	No listed vehicle exists	Not comparable
Deployment trend	Slowing; refinancing wall ahead[13]	−38% year-on-year, ex mega-deal[3]	Both falling
Fundraising trend	AUM still rising toward US$2tn[13]	Commitments +25% YoY[20]	Both rising
Bank exposure to the channel	Rising; an FSB concern[11]	Capped at 10% per scheme[6]	India tighter
Regulatory direction	Scrutiny of marks and leverage[11]	Onshore tightened, offshore loosened[6,9]	Opposite
Sector concentration	**Consumer, auto, tech[12]**	**Real estate, 35% of value[3]**	**Genuinely different**

THE CALL

Two of the eight rows favour India on structure, and they are the two that matter most. Indian funds are closed-end, so no Indian LP can force a fire sale, and Indian banks are held to a tenth of any scheme. That is real insulation and we do not dispute it. What the ledger also shows is that two of the eight comparisons cannot be made at all, because India does not produce the number. An argument built on rows that are blank is not an argument about India's resilience. It is an argument about India's disclosure.

— § 09

The transmission runs through balance sheets

TAKEAWAY · A GLOBAL PRIVATE CREDIT SHOCK REACHES INDIA AS SLOWER COMMITMENT CALLS AND PULLED FEEDER MONEY, ON A TWO-TO-SIX-QUARTER LAG.

Because Indian funds are closed-end and unlisted, the fast channels that carry stress between public markets do not exist here. There is no daily mark to gap, no index to sell and no redemption right to exercise. What is left are three slow channels. All of them run through the balance sheets of the people who committed the money, not through any price.

The first is the offshore feeder. A global manager gating its flagship does not stop lending in India. But the LP that just failed to redeem in New York reconsiders its next India commitment. The second is the drawdown itself. Commitments are called in tranches over years, and an LP under liquidity pressure negotiates, defers, or in the extreme defaults on a call. The third is the denominator effect. Falling values elsewhere in an allocator's book push private credit above its target weight, and new commitments stop without any view on India at all. An LP that needs cash has a global secondaries market to sell into, and it set a record US$121bn in H1 2026.[24] Indian fund stakes have no equivalent bid, so the pressure lands on the next commitment instead of on a price.

FIG 9.1 · The three channels India actually has channel · observable · lag

NONE OF THESE SHOWS UP IN A PRICE, AND ALL OF THEM SHOW UP IN A FUND'S CASH FLOWS

		estimated lag
Offshore feeder commitments	SEBI foreign line, Cat II	2-4 qtrs
Drawdown pacing	Raised vs committed	1-3 qtrs
Denominator effect at LPs	New scheme first closes	3-6 qtrs

Lags are this desk's estimates, calibrated to how quickly commitment pacing responded to the 2022–23 global fundraising slowdown; they are judgements, not measured series.

Source: Gravitywell Research analysis ○[28]; channel structure per SEBI AIF Regulations ●[1]. (● filed · ◐ modeled · ○ est.)

TABLE 9.1 · WHAT TO WATCH, AND WHERE IT WOULD APPEAR FIRST

CHANNEL	FIRST VISIBLE IN	PUBLISHED?	ESTIMATED LAG
Offshore feeder commitments	SEBI foreign-investor line, Category II	Quarterly, aggregated	2–4 quarters
Drawdown pacing	Ratio of funds raised to commitments	Quarterly, derivable	1–3 quarters
Denominator effect at LPs	**New scheme launches and first closes**	**Not published**	**3–6 quarters**

TWO OF THE THREE ARE DERIVABLE FROM SEBI'S QUARTERLY TABLES, WHICH IS WHY THIS REPORT BUILDS AND PUBLISHES THEM AS A SERIES.

THE CALL

If you hold India private credit fund stakes, ask your manager each quarter for the call rate against schedule. Not the portfolio's default rate. Defaults are the last thing to move in a closed-end structure and capital calls are the first. On our estimated lags, a shock originating in the Mar 2026 gates would begin showing in Indian commitment data somewhere between late 2026 and mid-2027.

— § 10

The offshore pipe that never enters a fund

TAKEAWAY · SINCE FEBRUARY, FOREIGN LENDERS CAN REACH INDIAN BORROWERS MORE CHEAPLY WITHOUT TOUCHING AN INDIAN FUND, WHICH MAKES THE ONSHORE DOMESTIC SHARE RISE ON ITS OWN.

On 16 Feb 2026 the Reserve Bank rewrote India's external commercial borrowing framework. It removed the all-in-cost ceiling that had capped what an Indian borrower could pay a foreign lender, replaced the eligibility tests with a general permission for any registered entity, set a single ceiling of US$1bn or 300% of net worth, and let offshore and IFSC branches of Indian banks lend rupees.[9] The explicit purpose was to let offshore credit price itself to the market.

That matters for measurement as much as for supply. A foreign fund lending to an Indian company through this route never appears in SEBI's Category II tables. Nor does it show up as a deal by a domestic manager. Nor does a GIFT City vehicle. Retail fund registrations there alone passed US$2bn of assets by Dec 2025, and Category I and II funds get full pass-through tax treatment.[23] So the same regulatory year that capped the onshore institutional channel made the offshore one cheaper, and both changes push the measured domestic share up.

FIG 10.1 · Four ways foreign credit reaches an Indian borrower visible in the 74%?

ONLY ONE OF THE FOUR ROUTES IS COUNTED BY THE MEASURE IN CIRCULATION

		counted in the 74%?
Indian AIF, foreign LPs	Counted as domestic	no
External commercial borrowing	Never enters a fund	no
GIFT City / IFSCA vehicle	Outside SEBI AIF data	no
Foreign manager, onshore deal	The only counted route	yes

This is a coverage statement, not a size estimate. This desk has not sized the offshore routes, and says so rather than filling the gap with a number.

Source: RBI borrowing regulations ●[9], IFSCA ●[23], SEBI ●[1]; Gravitywell Research analysis[28]. (● filed · ◐ modeled · ○ est.)

TABLE 10.1 · THE REGULATORY YEAR, IN ONE DIRECTION

DATE	CHANGE	EFFECT ON THE ONSHORE CHANNEL	EFFECT ON THE OFFSHORE ONE
1 Jan 2026	Regulated entities capped at 10% of a scheme, 20% collectively[6]	Tighter	None
16 Feb 2026	**Borrowing cost caps removed; US$1bn or 300% of net worth ceiling[9]**	**None**	**Cheaper, broader**

SIX WEEKS APART, BY DIFFERENT DEPARTMENTS OF THE SAME REGULATOR, WITH OPPOSITE EFFECTS ON WHERE CREDIT TO AN INDIAN BORROWER IS BOOKED.

THE CALL

If you are a corporate treasurer, the offshore route is cheaper and more flexible than at any point in a decade. The onshore bid is competitive because there are more funds, not more money. Take the meeting with both. For everyone else the warning is about the metric. A domestic share computed only on onshore fund activity will keep rising as offshore borrowing grows, which is the opposite of what it appears to say.

PART III · WHERE THE MONEY GOES
SECTIONS 11 — 14

A third of the book, in one *sector*

India's private credit is concentrated in real estate, which the lenders themselves rank as their highest default risk. The number that made it look like a record is partly an accounting change we cannot close.

READING
Pages 18 — 21

KEY FIGURE
35%

WHAT YOU'LL TAKE AWAY

01 **The concentration is a correlation problem, not a sector call.** One refinancing environment governs a third of the book at once.

02 **The reported real-estate record does not survive its own arithmetic.** Roughly three-fifths of the jump is money moving between categories.

03 **Everything outside real estate rotates too fast to underwrite as a trend.** Food and beverage went from 1% of value to 12% in a single half.

— § 11

The largest position is the one they fear most

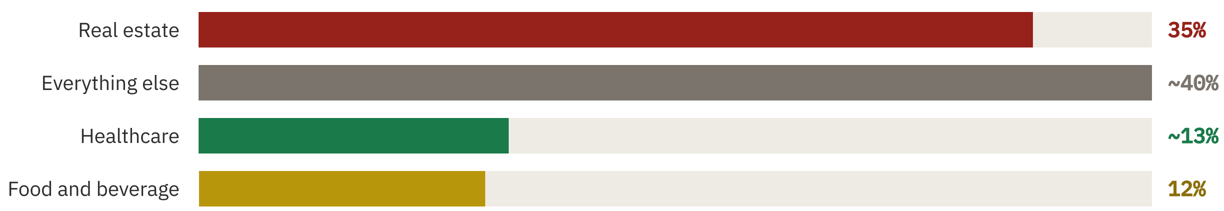
TAKEAWAY · REAL ESTATE TOOK 35% OF DEAL VALUE FROM THE SAME INVESTORS WHO RANKED IT THEIR HIGHEST DEFAULT RISK TWO MONTHS EARLIER.

Real estate absorbed 35% of India's private credit deal value in the first half of 2026, ahead of healthcare at about 13% and food and beverage at 12%.[3] In the same firm's June survey, those investors ranked real estate the sector most likely to default, ahead of roads, energy, renewables, metals and manufacturing.[321] They are not confused. They are being paid for it, at 14–18% net for construction-stage lending against 12–16% in healthcare.

The concentration is defensible deal by deal and hard to defend as a book. Indian developers face a funding gap banks will not fill. A lender who underwrites the project, the escrow and the sales velocity can earn a genuine premium. What that logic does not address is correlation. A third of the book depends on one refinancing environment, one set of approval timelines and one rate path. When the sector turns, it turns for everyone holding it, and the marks arrive quarterly and unpriced.

FIG 11.1 · Deal value by sector, H1 2026 % of total

THE BIGGEST ALLOCATION AND THE HIGHEST RANKED DEFAULT RISK ARE THE SAME SECTOR



Shares are of deal value above US$10m, so a handful of large real-estate financings can move the sector line several points in either direction.

Source: EY Private Credit H1 2026 ◐[3]; risk ranking from the Jun 2026 Private Credit Pulse ◐[21]. (● filed · ◐ modeled · ○ est.)

TABLE 11.1 · WHAT EACH SECTOR PAYS, AND WHAT ITS OWN LENDERS THINK OF IT

SECTOR	SHARE OF H1 2026 VALUE	PERCEIVED DEFAULT RISK	INDICATIVE NET IRR
Real estate	35%	Highest ranked	14–18%
Healthcare	~13%	Not in the top group	12–16%
Food & beverage	12%	Not in the top group	not disclosed
Everything else	**~40%**	**Roads, energy, metals ranked next**	**12–24% band**

IRR RANGES ARE INDICATIVE SECTOR GUIDANCE RATHER THAN REALISED RETURNS; 67% OF SURVEYED INVESTORS TARGET ABOVE 18% AND 33% TARGET 12–18%.[3]

THE CALL

Price this as correlation, not as a view on Indian property. A fund with a third of its book in one sector is selling you a diversified credit product and running a concentrated one. The premium it earns is compensation for exactly that. Hold several India private credit funds and the sector weights stack; look through to the combined figure before adding another. The managers are largely lending to the same borrower set.

— § 12

A record that does not survive its arithmetic

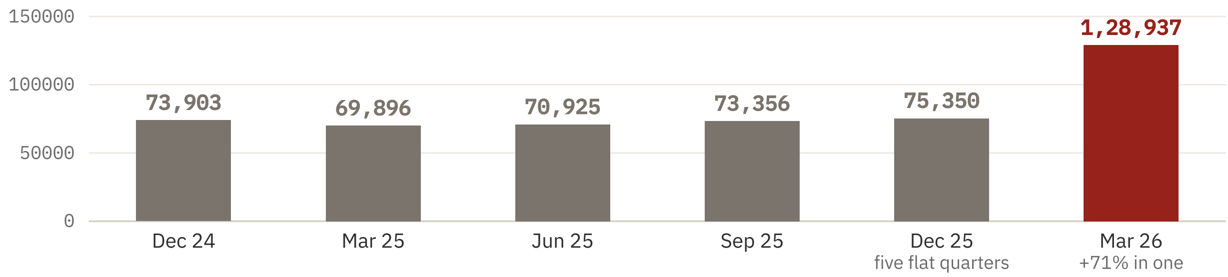
TAKEAWAY · REAL-ESTATE INVESTMENT BY ALTERNATIVE FUNDS JUMPED 71% IN A QUARTER WHILE THE RESIDUAL CATEGORY FELL; WE CANNOT CLOSE THE GAP AND DO NOT PRETEND TO.

Alternative funds' investment in Indian real estate was widely reported in June as reaching a record ₹1.29 lakh crore.[20] SEBI's own series shows why that reading needs care. Real-estate investment sat between ₹69,896 crore and ₹75,350 crore for five consecutive quarters from Dec 2024, then rose ₹53,587 crore in the Mar 2026 quarter alone.[128] Total investment across all sectors rose only ₹31,339 crore in the same quarter, and the residual "Others" category fell ₹32,745 crore.

A category cannot grow by more than the whole while its neighbour shrinks unless something has moved between them. On these numbers at most ₹20,842 crore of the increase is new money, and roughly three-fifths is reclassification. SEBI has published no note explaining the change and we have not obtained one, so we report the arithmetic and leave the question open. It is the second of two things in this report we cannot resolve.

FIG 12.1 · Alternative fund investment in real estate ₹ crore, cumulative, quarter-end

FIVE FLAT QUARTERS, THEN A SEVENTY-ONE PER CENT JUMP IN ONE



A cumulative series flat for five quarters and then stepping is the signature of a definitional change, though not proof of one.

Source: SEBI AIF activity tables, sector-wise investment ●[1]; Gravitywell Research analysis ◐[28]. (● filed · ◐ modeled · ○ est.)

TABLE 12.1 · THE DECEMBER-TO-MARCH MOVE, IN FULL

LINE	DEC 2025	MAR 2026	CHANGE
Real estate	75,350	1,28,937	+53,587
Others (residual)	3,45,592	3,12,847	−32,745
Total investments made	**6,45,026**	**6,76,365**	**+31,339**

₹ CRORE, CUMULATIVE NET, ALL AIF CATEGORIES, INCLUDING OFFSHORE. ALL OTHER NAMED SECTORS TOGETHER ADDED ₹10,497 CRORE. THE REAL-ESTATE RISE EXCEEDS THE TOTAL RISE BY ₹22,248 CRORE, WHICH THE FALL IN "OTHERS" ALMOST EXACTLY FUNDS.

LEFT STANDING

Two readings fit. Either roughly ₹33,000 crore of existing exposure was reclassified into real estate. Or deployment was extraordinary in one quarter while an equally extraordinary amount left the residual bucket for unrelated reasons. We find the first more likely and cannot demonstrate it. Treat every real-estate share computed off this table, including ours, as carrying that uncertainty.

— § 13

Everything outside real estate rotates too fast

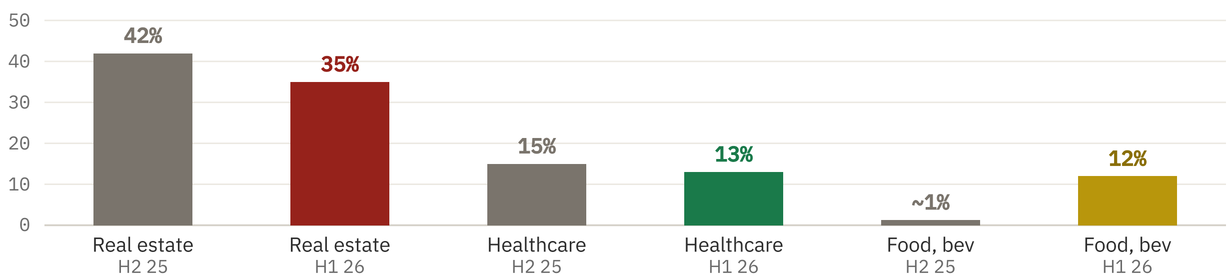
TAKEAWAY · FOOD AND BEVERAGE WENT FROM 1% OF DEAL VALUE TO 12% IN ONE HALF, WHICH TELLS YOU THE NON-REAL-ESTATE BOOK IS OPPORTUNISTIC RATHER THAN ALLOCATED.

Set the two most recent halves side by side and the sector mix is unstable everywhere except the top line. Real estate fell from 42% of deal value in H2 2025 to 35% in H1 2026, and healthcare from about 15% to about 13%. Industrial products dropped out of the leading group entirely, and food and beverage rose from roughly 1% to 12%.[43] An eleven-point move in a single half is not a sector allocation. It is a handful of transactions.

That instability compounds the move down-ticket. With average cheques at US$34m and 102 borrowers instead of 79, a fund builds its book from more names. They sit in less predictable sectors, with less leverage in each negotiation.[328] Mid-market lending is a perfectly good business and it is a different business from the one these funds raised money to do. The diligence question is about the team. Are the people writing US$34m cheques into food processing the ones hired to write US$150m cheques into infrastructure holdcos?

FIG 13.1 · Sector mix, consecutive halves — % of deal value

ONE SECTOR MOVED ELEVEN POINTS IN SIX MONTHS FROM A STANDING START



Shares are of deal value above US$10m in each half. With roughly 100 transactions a half, three or four financings can create a sector "trend".

Source: EY Private Credit H2 2025 and H1 2026 ◐[43]. (● filed · ◐ modeled · ○ est.)

TABLE 13.1 · THE SAME BOOK, TWO HALVES APART

MEASURE	H2 2025	H1 2026	WHAT IT IMPLIES FOR THE LENDER
Deals above US$10m	87	102	More names to monitor per rupee lent
Average ticket	US$39m	US$34m	Fixed diligence cost spread over less
Real estate share	42%	35%	Still the dominant single exposure
Food & beverage share	**~1%**	**12%**	**A new sector underwritten at speed**

THE CALL

Read a fund's sector drift as a capacity signal. When a manager's stated strategy is large structured credit and its recent book is mid-market food and beverage, the constraint is deal supply, not conviction. That is not disqualifying, but it should change the fee conversation. A fund charging structured-credit economics to run a mid-market lending book is charging for scarcity it no longer has.

— § 14

Who wins this book and who pays for it

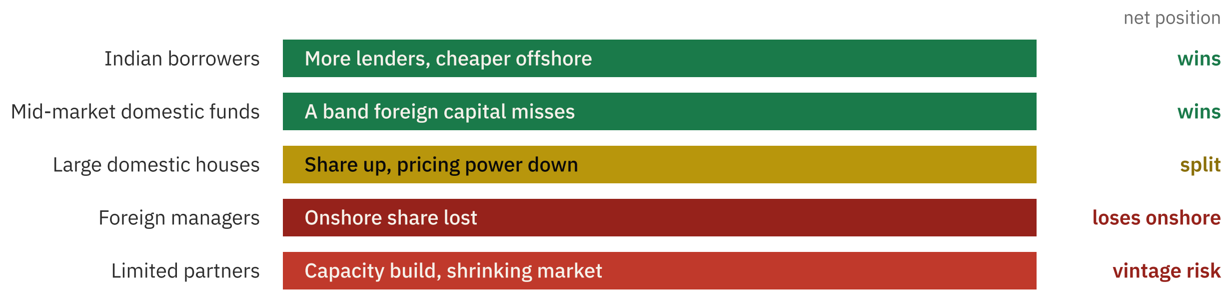
TAKEAWAY · BORROWERS AND DOMESTIC MID-MARKET MANAGERS WIN OUTRIGHT; THE LARGE DOMESTIC HOUSES WIN SHARE AND LOSE PRICING POWER, AND WE DO NOT NET THOSE.

The clearest winner is the Indian borrower. More funds are competing for fewer large deals, and since February the offshore route has had no cost ceiling. That is the best negotiating position a mid-sized Indian corporate has had in a decade.[9] Mid-market domestic managers win too: the US$10–60m band grew from 51% to 61% of value and it is a band foreign funds structurally cannot serve.[3]

The large domestic houses are genuinely two-sided and we decline to net them. They have taken share and are raising the biggest domestic pools the market has seen. Kotak's ₹3,900 crore first close came from Indian family offices, wealthy individuals and insurers, with no offshore anchor.[25] They are also competing with 182 new Category II funds registered in one year for a shrinking pool of large transactions. That is a pricing problem regardless of how much they raise.[2] Whether share or spread dominates depends on which the reader is exposed to, and we do not think the evidence settles it.

FIG 14.1 · Who gains and who pays H1 2026 conditions

ONE GROUP SITS ON BOTH SIDES OF THE LEDGER AND STAYS THERE



The large domestic houses are shown as split rather than netted. They are winning the share war and losing the pricing war at once, and which matters depends on the reader's exposure.

Source: EY ◐[3], SEBI register ●[2], RBI ●[9], press ◐[25]; Gravitywell Research analysis[28]. (● filed · ◐ modeled · ○ est.)

TABLE 14.1 · THE LEDGER BY PARTICIPANT

PARTICIPANT	GAINS	PAYS	NET
Indian borrowers	More lenders, no cost ceiling offshore	Nothing yet	Wins
Mid-market domestic funds	A band foreign capital cannot serve	Thinner names, more monitoring	Wins
Large domestic houses	Share, and the largest domestic pools raised	182 new competitors, fewer large deals	Split, not netted
Foreign managers	A cheaper offshore route since February	Onshore share, and the narrative	Loses onshore, gains offshore
Limited partners	**Access at record fund availability**	**A capacity build into a shrinking market**	**Loses on vintage timing**

THE CALL

The participant with the weakest hand is the one being marketed to hardest. Limited partners are being offered more India private credit funds than ever. It is the point in the cycle when deployment has halved and 276 Category II vehicles have registered in eighteen months. That is not an argument against the asset class. It is an argument for being the LP who asks what the manager's realistic deployment pace is before agreeing to the fund size.

PART IV · THE ECONOMICS AND THE PLUMBING
SECTIONS 15 — 19

Mostly promised, not yet *paid*

Two-thirds of the domestic bid has never been called. Record numbers of funds are forming to chase a market that has halved. This part prices what that does to a vintage.

READING

Pages 22 — 26

KEY FIGURE

34.9%

WHAT YOU'LL TAKE AWAY

01 **The record-commitment quarter had the lowest draw ratio in the series.** Promises grew faster than the money behind them.

02 **276 new Category II funds registered in eighteen months.** Capacity is being built into a market whose deployment fell by more than a third.

03 **The spread is wide and the loss budget is thin.** A 10% loss rate on the real-estate sub-book costs about 140bp at the fund level.

— § 15

Two-thirds of it has never been called

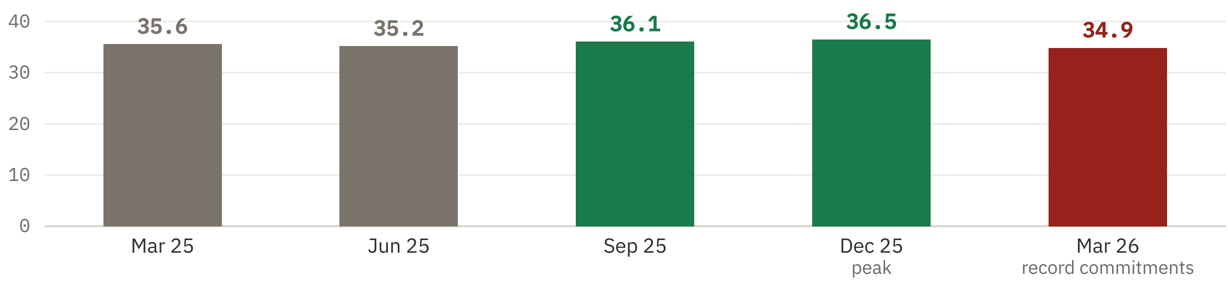
TAKEAWAY · COMMITMENTS JUMPED A RECORD ₹1.10 LAKH CRORE IN THE MARCH QUARTER AND THE SHARE ACTUALLY DRAWN FELL TO ITS LOWEST IN TWO YEARS.

Category II funds held ₹12.74 lakh crore of commitments at 31 Mar 2026 and had called ₹4.44 lakh crore of it, leaving ₹8.30 lakh crore uncalled.[1] The drawn ratio has sat in a narrow 35–36.5% band for two years, which is normal for closed-end funds calling capital over an investment period. What is not normal is the direction it moved in the latest quarter. Commitments rose ₹1.10 lakh crore, the largest single-quarter increase in the series, and the drawn ratio fell to 34.9%, the lowest reading in it.[28]

A commitment is a contractual obligation, so this is not a claim that the money is imaginary. It is a claim about sequencing and about who is committing. Bank and insurer commitments are hard; family-office and individual commitments are contractually hard and practically negotiable, and they are the pools that have grown fastest. Had the drawn ratio simply held December's level, about ₹21,000 crore more would have been called by March. The gap between headline fund size and deployable money is widening at exactly the moment the industry is quoting headline fund size.

FIG 15.1 · Category II drawn ratio funds called as % of commitments

THE LOWEST DRAW IN TWO YEARS ARRIVED IN THE BIGGEST COMMITMENT QUARTER



A cumulative stock ratio across all vintages, not a draw curve for one fund. It falls when new commitments arrive faster than old ones are called.

Source: SEBI AIF activity tables ●[1]; Gravitywell Research india-aif-capital-source panel ◐[28]. (● filed · ◐ modeled · ○ est.)

TABLE 15.1 · PROMISES AGAINST PAYMENTS, CATEGORY II

QUARTER END	COMMITMENTS	FUNDS RAISED	UNCALLED	DRAWN
Mar 2025	10,30,041	3,66,621	6,63,420	35.6%
Dec 2025	11,64,118	4,24,964	7,39,154	36.5%
Mar 2026	**12,74,300**	**4,44,122**	**8,30,178**	**34.9%**

₹ CRORE, CUMULATIVE NET. ACROSS ALL AIF CATEGORIES THE DRAWN RATIO HAS FALLEN FROM 48–51% IN 2020–21 TO 41.5%, SO THE WIDENING GAP IS AN INDUSTRY PATTERN AND NOT ONLY A CATEGORY II ONE.

THE CALL

Pace against called capital, not fund size. A ₹5,000 crore fund that has called ₹1,700 crore is a ₹1,700 crore lender. In a market where deployment fell 38% it may stay one for longer than its vintage assumed. The industry ratio is the cheapest early-warning series available on India private credit, and SEBI's tables yield it every quarter. As far as we can tell, nobody publishes it.

— § 16

Record fund formation into a halving market

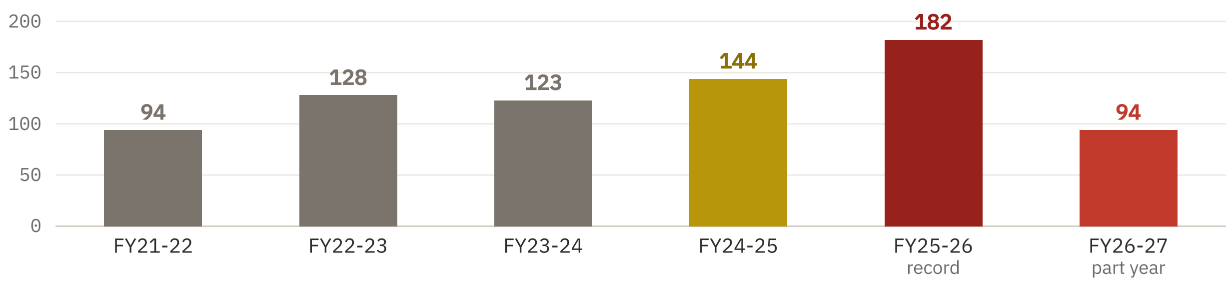
TAKEAWAY · 276 NEW CATEGORY II FUNDS REGISTERED IN EIGHTEEN MONTHS WHILE DEPLOYMENT FELL BY MORE THAN A THIRD: THE CLASSIC SETUP FOR A BAD VINTAGE.

Decoding SEBI's registration numbers gives a formation series the register itself does not present.[228] Category II registrations ran 123 in FY2023-24, 144 in FY2024-25 and 182 in FY2025-26, the heaviest year on record, with 94 more already added in FY2026-27. The most funds ever formed, and the least money deployed since 2024.

More lenders chasing fewer transactions has a predictable sequence and India is early in it. Spreads compress, covenant packages loosen, then managers move into adjacent sectors they underwrite less well, which the food and beverage line already shows. None of it appears in returns for two to three years, because a loan that will default in 2029 pays interest perfectly in 2026. Competition is also arriving from outside the fund industry: Moody's expects the new RBI norms permitting banks to finance acquisitions to compress yields in a segment alternative capital has had largely to itself.[29]

FIG 16.1 · New Category II fund registrations by year count, fiscal years

THE TWO HEAVIEST COHORTS ON RECORD ARE THE TWO MOST RECENT



Decoded from a live-register snapshot, so funds whose registration has lapsed are absent and early years are understated. FY2026-27 is a partial year.

Source: SEBI register of Alternative Investment Funds, snapshot 24 Aug 2026 ●[2]; Gravitywell Research analysis ◐[28]. (● filed · ◐ modeled · ○ est.)

TABLE 16.1 · FORMATION AGAINST DEPLOYMENT

PERIOD	NEW CATEGORY II FUNDS	DEPLOYMENT, US$BN	DIRECTION
FY2023-24 / FY2024-25	123 / 144	–	Building
CY2025	–	12.4	Record deployment
FY2025-26 and since	**276**	**3.5 in H1 2026**	**Diverging**

REGISTRATION YEARS ARE FISCAL AND DEPLOYMENT PERIODS CALENDAR, SO THE COLUMNS INDICATE DIRECTION ONLY. CATEGORY II INCLUDES PRIVATE-EQUITY AND REAL-ESTATE FUNDS AS WELL AS CREDIT.

THE CALL

Treat 2026 and 2027 as vintages to underwrite rather than to buy on brand. The managers who deploy well from here will be the ones who can hold cash. Holding cash is the hardest thing to do with a fee clock running. When you diligence, ask what the manager declined in the last four quarters and why. A manager who cannot name a deal it walked away from in this market is not being selective.

— § 17

What the spread has to survive

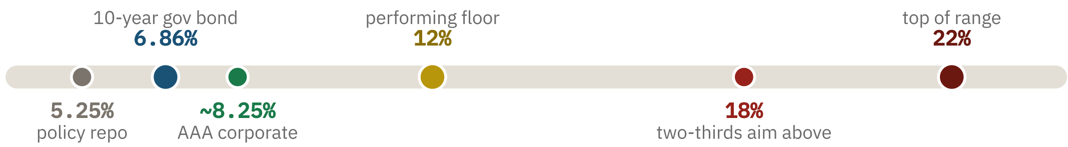
TAKEAWAY · INDIA PRIVATE CREDIT PAYS 500–1,500BP OVER GOVERNMENT BONDS, AND A 10% LOSS ON THE REAL-ESTATE SUB-BOOK EATS ABOUT 140BP OF IT.

The arithmetic of the asset class is straightforward. With the policy rate at 5.25% and the ten-year government bond near 6.86%, a performing private credit loan at 12–18% earns 514 to 1,114 basis points over the risk-free rate, and the high-yield end at 22% earns about 1,514.[263] Two-thirds of surveyed investors target above 18%, and a third target 12–18%, so the market is priced closer to the top of that range than the bottom.[3]

The question is what that spread has to absorb. Fees take a few hundred basis points before anything else. Then losses. At a 35% real-estate weight and a 40% loss given default, every 10% of that sub-book that defaults costs roughly 140bp at the fund level, and 15% costs about 210bp.[28] A 1,100bp gross spread is a comfortable buffer against that and a thin one against the compression that record fund formation implies. The buffer is real today and it is the thing competition removes first.

FIG 17.1 · The Indian yield stack %, Aug 2026

THE GAP BETWEEN INVESTMENT-GRADE PAPER AND PRIVATE CREDIT IS THE WHOLE BUSINESS



Private credit ranges are indicative target IRRs from investor surveys, not realised returns; realised returns net of losses are not published for the Indian market.

Source: market levels ◐[26], EY Private Credit H1 2026 survey ◐[3]. (● filed · ◐ modeled · ○ est.)

TABLE 17.1 · WHAT A 10% REAL-ESTATE DEFAULT RATE COSTS AT THE FUND LEVEL

REAL-ESTATE SUB-BOOK DEFAULT RATE	AT 35% WEIGHT, 40% LGD	AGAINST AN 1,100BP GROSS SPREAD
5%	70bp	6% of the spread
10%	140bp	13% of the spread
15%	**210bp**	**19% of the spread**

GRAVITYWELL RESEARCH CALCULATION ON STATED ASSUMPTIONS, MARKED ○. LOSS GIVEN DEFAULT OF 40% IS A JUDGEMENT FOR SECURED INDIAN CONSTRUCTION LENDING AND IS NOT DRAWN FROM A PUBLISHED INDIAN LOSS SERIES, BECAUSE NONE EXISTS.

THE CALL

The spread is wide enough to absorb a bad real-estate year and not wide enough to absorb a bad real-estate year at compressed pricing. That makes entry pricing the variable to hold discipline on. A fund writing at 14% into the sector its peers rank riskiest has already given away most of the cushion this table measures. Do not accept target IRR as evidence of underwriting. Ask what the manager's realised loss rate has been across prior vintages, and note if no vintage has fully run off.

— § 18

The funding chain behind the domestic bid

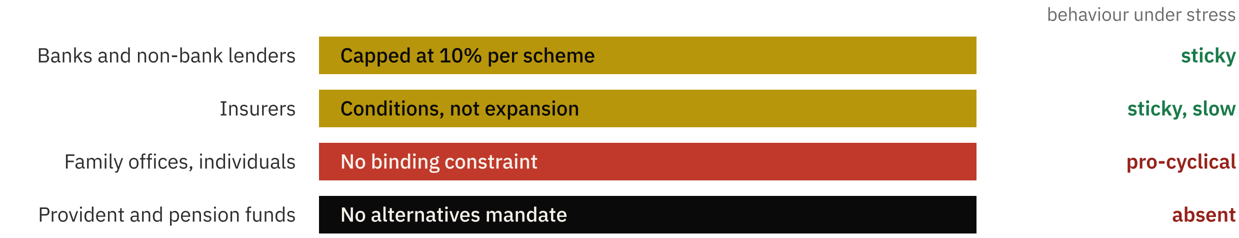
TAKEAWAY · THE MOST STABLE DOMESTIC CAPITAL IS CAPPED BY REGULATION AND THE FASTEST-GROWING IS THE MOST PRO-CYCLICAL.

The domestic half of Category II capital comes from several places that behave very differently under stress. Banks and non-bank lenders are the steadiest. Since 1 Jan 2026 no regulated entity may contribute more than 10% of a scheme's corpus, with all of them together capped at 20%.[6] That rule protects bank balance sheets and removes the most supervised source of domestic money from the market policymakers want domestically funded.

Insurers sit next, and IRDAI spent February clarifying rather than expanding their access, with conditions on excusal rights, overseas exposure and single-fund limits.[19] The Employees' Provident Fund Organisation, the largest domestic retirement pool, does not invest in alternatives at all. So the growth comes from family offices and wealthy individuals. That pool is the most correlated with Indian equities, and the likeliest to slow commitments exactly when a manager needs capital called. Kotak's ₹3,900 crore first close came from that base.[25]

FIG 18.1 · Domestic capital sources and their constraints behaviour under stress

THE STICKIEST MONEY IS CAPPED AND THE FASTEST-GROWING MONEY IS THE MOST PRO-CYCLICAL



Stickiness rankings are this desk's judgement, from each pool's redemption profile and mandate rather than observed Indian behaviour through a drawdown, which has not occurred.

Source: RBI AIF Directions ●[6], IRDAI circular ●[19], press ◐[25]; Gravitywell Research assessment ○[28]. (● filed · ◐ modeled · ○ est.)

TABLE 18.1 · WHO CAN ACTUALLY FUND THIS MARKET

SOURCE	CONSTRAINT	BEHAVIOUR UNDER STRESS
Banks and non-bank lenders	10% per scheme, 20% collectively[6]	Sticky, contractually bound
Insurers	Conditions on excusal rights and single-fund limits[19]	Sticky, slow to commit
Family offices and individuals	None binding	Pro-cyclical, negotiable in practice
Provident and pension funds	**No alternatives mandate**	**Absent entirely**

THE TWO POOLS THAT WOULD MAKE THE DOMESTIC BID DEEP, INSURERS AT SCALE AND THE RETIREMENT SYSTEM, ARE THE TWO CONSTRAINED OR ABSENT.

THE CALL

The fastest route to a genuinely domestic market runs through IRDAI and the retirement system, not through fundraising momentum. Widen the insurer limits materially, or give the provident fund system an alternatives allocation. Either would move the domestic share further in a year than it has moved in four. Neither is proposed, which is why our base case holds the drift near two and a half points a year.

— § 19

Pricing it, and the three variables that move it

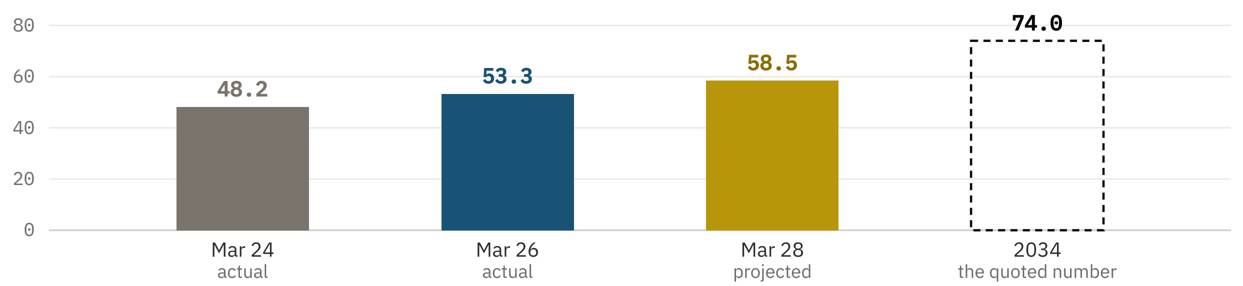
TAKEAWAY · AT THE OBSERVED PACE THE CAPITAL SHARE REACHES THE QUOTED 74% IN 2034, AND THREE VARIABLES DECIDE WHETHER THAT IS EARLY OR LATE.

The single most useful thing to do with the capital series is to extrapolate it honestly. At the observed 2.59 points a year, the domestic share of Category II capital reaches 58.5% in Mar 2028 and does not reach the 74% currently quoted until around 2034.[28] That is the base case, and it is the number to price a fifteen-year view of India's credit market against, not the deal-value share.

Three variables move it. The first is the insurer and pension channel, the only one large enough to change the slope rather than the level. A material widening would add several points in a single year. The second is the offshore route, cheaper since February. It pushes the measured onshore share up while doing nothing for genuine self-funding. The third is deployment. Returning to the H1 2025 run rate needs 157% growth from here, and if it comes on foreign tickets the domestic share falls even as the market improves.

FIG 19.1 · The domestic capital share, extrapolated — % of Category II capital

EIGHT MORE YEARS AT THE OBSERVED PACE TO REACH THE NUMBER ALREADY IN CIRCULATION



A linear extrapolation of a two-year trend, shown because it is the honest base case, not because the series must be linear. The 2034 point is a projection and carries no confidence claim.

Source: SEBI ●[1]; Gravitywell Research projection ○[28]. (● filed · ◐ modeled · ○ est.)

TABLE 19.1 · SENSITIVITY OF THE DOMESTIC CAPITAL SHARE

VARIABLE	MOVE	EFFECT ON THE SHARE	DIRECTION OF THE MARKET
Insurer or pension access widens	A material limit increase	+3 to +6 pts in a year	Genuinely deeper
Offshore borrowing grows	Post-Feb 2026 route scales	Share rises, measure worsens	Less self-funded
Deployment recovers on large tickets	**+157% to the H1 2025 pace**	**Share falls**	**Healthier, less domestic**

GRAVITYWELL RESEARCH ESTIMATES ○, ON STATED ASSUMPTIONS. TWO OF THE THREE MAKE THE MARKET BETTER WHILE MAKING THE HEADLINE SHARE LOOK WORSE, WHICH IS THE CENTRAL MEASUREMENT PROBLEM THIS REPORT IS ABOUT.

THE CALL

Two of the three variables move the market and the metric in opposite directions. A healthier India private credit market would have large foreign tickets returning and offshore capital priced freely. It would print a falling domestic share and be read as a reversal. Anyone using the domestic share as a signal should use the capital series. Read a decline in it as good news about the market, not bad.

PART V · RULES, RISKS AND THE CALL
SECTIONS 20 — 23

Tighter onshore, looser *offshore*

Five rule changes in twelve months, all pushing credit supply the same way. What that leaves is a set of scenarios and a register of what could break. Then a call for each desk that has to act on it.

READING
Pages 27 — 31

KEY FIGURE
10% / 20%

WHAT YOU'LL TAKE AWAY

01 **Every rule change of the past year tightened the onshore channel or loosened the offshore one.** None went the other way.

02 **The bear case is a different mechanism, not a smaller base case.** It runs through capital-call defaults and fund extensions, not through spreads.

03 **The single cheapest fix is a disclosure, not a rule.** Publishing the credit-only Category II split would settle most of this report's argument.

— § 20

Five rule changes, all pointing one way

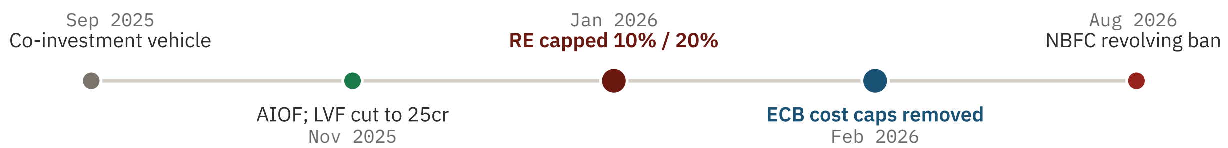
TAKEAWAY · THE REGULATORY YEAR MADE ONSHORE INSTITUTIONAL CAPITAL HARDER TO RAISE AND OFFSHORE CAPITAL CHEAPER TO IMPORT.

India's alternative funds have been rewritten five times since Sep 2025, and read together the changes have a direction. SEBI created a co-investment vehicle framework in September. In November it added an accredited-investors-only fund exempt from pari-passu and investor-cap rules, and cut the large-value fund minimum from ₹70 crore to ₹25 crore.[17,18] Those are liberalising, and they liberalise for the wealthy individual rather than the institution.

The two that move the most money go the other way. From 1 January the Reserve Bank capped any regulated entity at 10% of a scheme and all of them together at 20%. That binds precisely the banks and insurers whose money is stickiest.[6] Six weeks later the same regulator removed the cost ceiling on external commercial borrowing.[9] Then in August it proposed barring most non-bank lenders from revolving credit altogether. This desk sized that change separately; it pushes another slice of borrower demand toward funds.[7]

FIG 20.1 · Twelve months of rule changes dated

THE TWO CHANGES THAT MOVE THE MOST MONEY ARE SIX WEEKS APART AND POINT OPPOSITE WAYS



Colour marks direction of effect on onshore institutional supply: darker is tighter. The February borrowing reform is shown as loosening because it acts on the offshore route, not the onshore one.

Source: SEBI ●[17,18], RBI ●[6,9,7], IRDAI ●[19]. (● filed · ◐ modeled · ○ est.)

TABLE 20.1 · WHAT EACH CHANGE DID

DATE	CHANGE	WHO IT HELPS	NET ON ONSHORE INSTITUTIONAL SUPPLY
Sep 2025	Co-investment vehicle framework[17]	Accredited investors	Neutral
Nov–Dec 2025	Accredited-investors-only fund; large-value minimum cut to ₹25 crore[18]	Wealthy individuals	Neutral to positive
1 Jan 2026	Regulated entities capped at 10% / 20%[6]	Bank balance sheets	Tighter
12 Feb 2026	IRDAI clarifies insurer AIF conditions[19]	Clarity, not capacity	Neutral
16 Feb 2026	**Borrowing cost caps removed**[9]	**Offshore lenders**	**Diverts demand offshore**

THE CALL

Policy is optimising each piece and not the system. Capping regulated entities is defensible bank supervision. Liberalising offshore borrowing is defensible capital-account policy. Together they make India's private credit market less domestically funded than either department intends. The two changes worth weighing in policy are the ones nobody has proposed. A wider insurer allocation, and publishing the credit-only cut of Category II so the argument can be settled with data.

— § 21

Three ways the next eighteen months run

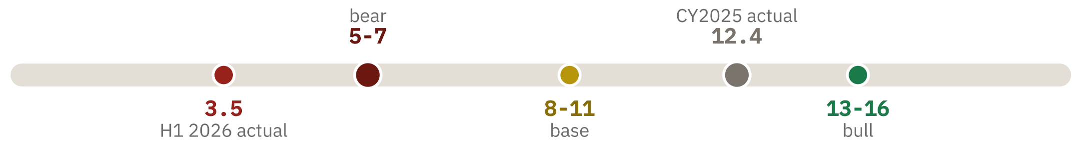
TAKEAWAY · THE BEAR CASE IS NOT A SMALLER BASE CASE; IT RUNS THROUGH CAPITAL CALLS AND FUND EXTENSIONS RATHER THAN THROUGH PRICING.

Our base case is that deployment recovers to US$8–11bn in CY2027 and the domestic capital share reaches 55–58% by Mar 2028, continuing the observed drift.[28] It assumes the 10% and 20% caps stay, the repo rate stays within 50bp of 5.25%, and India has no credit event above ₹10,000 crore. It is a dull scenario and we weight it most heavily.

The bear case is a different mechanism, not the base case scaled down. It begins with a developer refinancing failure, and because Indian funds are closed-end the stress cannot express itself as redemptions, so it expresses itself as capital-call defaults by over-committed family offices, extension requests on funds at the end of their investment periods, and secondary sales of fund stakes at discounts into a market with no natural buyer. Marks stay high while cash stops moving, and the first public evidence is a fund quietly extending rather than a price falling. The bull case is simpler and needs a regulator. A material widening of insurer or pension access changes the slope of the domestic share rather than its level.

FIG 21.1 · India private credit deployment, CY2027 US$bn

THE BULL CASE ONLY GETS BACK TO WHERE THE MARKET WAS IN 2025



Ranges are this desk's scenario bands, not forecasts, and the weights are judgements. CY2025 actual is shown for scale.

Source: Gravitywell Research scenario analysis ○[28]; CY2025 actual from EY ◐[4]. (● filed · ◐ modeled · ○ est.)

TABLE 21.1 · THE THREE CASES, WITH THEIR ASSUMPTIONS

CASE	CY2027 DEPLOYMENT	DOMESTIC SHARE, MAR 2028	WHAT HAS TO BE TRUE
Bear	US$5–7bn	53–55%	A developer cascade; call defaults and fund extensions; formation stops
Base	US$8–11bn	55–58%	Caps unchanged, repo within 50bp, no event above ₹10,000 crore
Bull	**US$13–16bn**	**above 60%**	**IRDAI widens insurer limits or the retirement system takes an allocation**

GRAVITYWELL RESEARCH ESTIMATES ○. NEITHER THE BULL TRIGGER NOR THE BEAR TRIGGER IS CURRENTLY PROPOSED OR OBSERVED; THE BASE CASE IS WEIGHTED MOST HEAVILY FOR THAT REASON.

THE CALL

Watch for extensions, not for defaults. In a closed-end market the first honest signal of the bear case is a fund asking its investors for more time. That request is made privately. If you sit on an advisory committee, watch for an extension request in 2027 from a 2021 or 2022 vintage. It carries more information than any default statistic India will publish.

— § 22

Risk register · commercial, financial and data

TAKEAWAY · ELEVEN MATERIAL RISKS ACROSS TWO PAGES, EACH WITH ITS MECHANISM AND A CHECKABLE TRIGGER; THREE SIT IN THE DATA RATHER THAN THE MARKET.

Real-estate refinancing failure

SEVERITY: HIGH
6–18M

35% of H1 deal value sits in the sector its own lenders rank highest risk. A 10% sub-book default costs ~140bp at fund level, and marks arrive quarterly with no public tape.

`TRIGGER: two or more developer or large-project defaults above ₹1,000 crore in a rolling quarter`

Uncalled commitments prove soft

SEVERITY: HIGH
12M

₹8.30 lakh crore uncalled; the fastest-growing pool is family offices, whose commitments are contractually hard and practically negotiable.

`TRIGGER: Category II drawn ratio below 33% for two consecutive quarters`

This report's own denominator is a proxy

SEVERITY: HIGH
STANDING

Category II blends credit, private equity and real-estate funds, and SEBI publishes no credit-only cut. So every capital-source share here describes a channel, not the asset class.

`TRIGGER: SEBI publishes a credit-only split materially different from the blended series`

Offshore substitution hollows out the measure

SEVERITY: MEDIUM
12–24M

Post-February borrowing reform and GIFT vehicles let foreign lenders reach Indian borrowers without entering a fund. The onshore domestic share then rises while foreign supply is flat or growing.

`TRIGGER: external commercial borrowing registrations rise while the Category II foreign line is flat for three quarters`

Regulated-entity caps bind the institutional channel

SEVERITY: MEDIUM
12M

The 10% single and 20% aggregate limits hold banks, non-banks and insurers to a minority of any scheme, capping the steadiest domestic capital.

`TRIGGER: a scheme close is downsized or abandoned citing the cap`

Global redemption stress reaches Indian feeders

SEVERITY: MEDIUM
6–12M

Apollo gated against 17% of requests and Ares against 11.6%; the same investors sit behind India-focused offshore feeders and reconsider the next commitment rather than the current one.

`TRIGGER: a fund with disclosed India exposure gates, suspends or extends`

Sector data-basis discontinuity

SEVERITY: MEDIUM
STANDING

The Mar 2026 real-estate jump appears substantially to be a re-bucketing from "Others"; if the classification is unstable every sector share built on it moves.

`TRIGGER: SEBI restates the Dec 2025 sector table or issues a reclassification note`

Capacity outruns deal flow

SEVERITY: MEDIUM
18–36M

Eighteen months of record formation against deployment down 38% drives spread compression, then covenant erosion, then sector drift. None of it is visible in returns for two to three years.

`TRIGGER: reported target IRRs for performing credit fall below 14%`

— § 22

Risk register · adjacent, and what we did not cover

TAKEAWAY · THE THREE REMAINING RISKS, THEN THE BOUNDARY OF THIS REPORT STATED EXPLICITLY.

The non-bank funding chain tightens from the other end

SEVERITY: MEDIUM
6–12M

The August draft barring most non-banks from revolving credit re-plumbs retail credit while bank lending to non-banks runs at 14.4%; both touch the borrowers private credit lends to.

TRIGGER: the draft is notified without grandfathering after the 28 Aug 2026 comment close

Rate and refinancing path

SEVERITY: LOW
12M

Repo at 5.25% with the ten-year near 6.86% and hawkish minutes; a hiking turn raises the hurdle on 14–22% paper and pressures the marginal borrower first.

TRIGGER: cumulative 50bp increase in the policy repo rate

Operational and cyber resilience at non-bank lenders

SEVERITY: LOW
STANDING

The June Financial Stability Report records AI-enabled cyberattack as the top risk ranked by surveyed banks and non-banks. Private credit servicing and administration run on the same third-party infrastructure.

TRIGGER: a disclosed breach at a top-ten alternatives manager or its fund administrator

COVERAGE: WHAT THIS REPORT DOES NOT COVER

Stating the boundary is part of the disclosure. **Not sized here:** the offshore channels of §10. This desk has not estimated the volume of credit reaching Indian borrowers through external commercial borrowing, GIFT City vehicles or foreign portfolio investment in corporate debt. We have not filled the gap with a number. **Not covered:** venture debt as a separate segment, asset reconstruction companies and the stressed-asset resolution route, and lending to Indian borrowers booked wholly offshore. **Not measurable:** realised loss rates for Indian private credit, because no vintage-level loss series is published by anyone. That is why §17 works from stated assumptions rather than from history.

RISKS WE CONSIDERED AND DID NOT INCLUDE

Currency risk is immaterial to the onshore book, which lends rupees to rupee-earning borrowers; it reaches this market only through the offshore feeders of §09. A change to Category II pass-through tax treatment would be material, but nothing is proposed, and speculating on unproposed policy is not a risk assessment. India-specific geopolitical risk is real. It does not transmit to this asset class faster than to the wider credit market, so it is not listed as a private-credit risk.

— § 23

The call, and what would change it

TAKEAWAY · MEDIUM CONVICTION, CAUTIOUS. UNDERWRITE THE VINTAGE AND THE CAPITAL SOURCE; DO NOT UNDERWRITE THE HEADLINE SHARE.

This report has argued one thing throughout. India's private credit is more domestically intermediated than it was, and less domestically funded than it is being described. The difference matters because the measure in circulation improves fastest when foreign capital withdraws. Domestic managers write 74% of the deals. Domestic investors supply 53.3% of the capital, and at the observed pace that number reaches 74% in 2034.

BY DESK

Allocators. Commit selectively and pace against called capital rather than fund size. Ask for the LP split by source, not by feeder domicile, and for the fund's own draw pace against schedule. **Credit underwriters.** Price real-estate concentration as correlation and the move down-ticket as a monitoring cost; the spread is wide today and it is what competition takes first. **Policymakers.** Publish the credit-only Category II split, and weigh whether the 10% cap is buying bank safety at the price of the domestic funding you want. **Corporate borrowers.** Your position is the strongest in a decade; run the onshore and offshore routes against each other.

WHAT WOULD CHANGE OUR VIEW

Five observables, dated and checkable. Any two would move us toward consensus.

OBSERVABLE	LEVEL THAT WOULD MOVE US	BY WHEN
Category II domestic capital share	Gains more than 4 points in one year	Mar 2027 data
Deployment	Recovers above a US$10bn annualised pace	H1 2027 report
Average ticket size	Returns above US$70m	H1 2027 report
Insurer or pension access	A material limit increase is notified	any time
Drawn ratio	**Recovers above 36.5% and holds two quarters**	**Dec 2026 data**

STILL UNRESOLVED

Two questions this report raises and does not answer. First, what sits inside SEBI's foreign "Others" column. At ₹2,27,720 crore it is the largest single pool of money in Category II, and it carries no published definition. Second, whether the Mar 2026 real-estate jump is deployment or reclassification; the arithmetic favours reclassification and we cannot demonstrate it. Both would be settled by disclosure this desk cannot compel, and neither is resolved by anything else in these pages.

THE HOUSE VIEW

Medium conviction, Cautious. Not a call against India private credit, which remains structurally advantaged and well paid. A call against buying the 2026 vintage on a statistic that measures intermediation and is being read as funding. The most funds ever formed are competing for the least money deployed in two years.

METHODOLOGY

How this was built

SCOPE AND COVERAGE

In scope: private credit extended to Indian borrowers through onshore alternative investment funds, and the capital raised by those funds. Out of scope, and disclosed as such. Credit reaching Indian borrowers through external commercial borrowing, GIFT City vehicles, foreign portfolio investment in corporate debt, and offshore-booked lending. This desk has not sized those channels and has not substituted an estimate for them. Also out of scope: venture debt as a distinct segment, asset reconstruction companies, and the stressed-asset resolution route.

THE CENTRAL LIMITATION

SEBI publishes no credit-only cut of Category II, which holds private-credit, private-equity, real-estate and debt funds in one bucket. Every capital-source figure in this report therefore describes **the onshore alternative-fund channel through which most domestic private credit is raised**, not private credit itself. We label it Category II wherever it appears and never as "private credit". A reader who believes the credit-only mix differs materially from the blended mix should discount the capital-share argument accordingly. That possibility is carried in the risk register rather than argued away.

HOW THE KEY FIGURES WERE DERIVED

FIGURE	DERIVATION	TIER
Domestic capital share, 53.3%	Domestic ÷ (domestic + FPI + FVCI + NRI + Others), SEBI investor table, Cat II, gross funds raised	◐
Capital increment share, 65.8%	Change in domestic ÷ change in total, Mar 2025 to Mar 2026	◐
Drawn ratio, 34.9%	Net funds raised ÷ commitments raised, Cat II, cumulative	◐
Average ticket	Deployment ÷ deal count per half; a mean, not a median	◐
Registration cohorts	Decoded from IN/AIF{n}/{FY}/{serial} on a live-register snapshot	◐
Fund-level loss sensitivity	**Sector weight × sub-book default rate × 40% assumed loss given default**	○

SOURCE TIERS, POINT-IN-TIME POLICY AND STANDARDS

● filed means a regulatory filing or official statistic. ◐ means computed from filed inputs, or a credible secondary estimate; consultancy reports and press coverage are ◐ regardless of what they quote. ○ marks a Gravitywell Research judgement, and every ○ figure in this report is identified where it appears. Every figure carries its as-of date. SEBI restates prior quarters as late filings arrive. This report and its published panel stamp each row with the quarter it describes, and append revisions rather than overwriting. Derived scores and panels follow OECD/JRC composite-indicator practice on transparency of construction and disclosure of coverage. This report carries no index and no rating, so IOSCO benchmark principles are not engaged.

CONFIDENCE RATIONALE

Medium. The core capital series comes from a primary regulatory source, verified against the raw table rather than a summary. That supports a higher rating. Three things hold it to Medium. Category II is a proxy for the asset class, the largest single line in the series carries no published definition, and one sector series contains an unexplained discontinuity. The deal-flow figures come from a single consultancy series with no independent cross-check available.

SOURCES

Register, 1 – 16

01 **SEBI**, *Alternative Investment Funds Activity*, quarterly statistics, tables to the quarter ending 31 Mar 2026. sebi.gov.in/statistics/1392982252002.html. As of 31 Mar 2026. ●

02 **SEBI**, register of Registered Alternative Investment Funds, snapshot of 1,989 entries; 1,980 registration numbers parse, 9 malformed and excluded. As of 24 Aug 2026. ●

03 **EY India**, "Domestic funds drive India's private credit market as investments reach US$3.5 billion in H1 2026" (EY Private Credit Report H1 2026), press release. 20 Aug 2026. ◐

04 **EY India**, "Private credit market records investments of US$3.4 billion in H2 2025" (EY Private Credit Report H2 2025). Feb 2026. ◐

05 **EY India**, "Private credit market surges with record investments of US$9.0 billion in H1 2025". 19 Aug 2025. ◐

06 **Reserve Bank of India**, *Reserve Bank of India (Investment in AIF) Directions, 2025* — 10% single and 20% aggregate caps on regulated-entity contribution to an AIF scheme. Issued 29 Jul 2025, effective 1 Jan 2026. ●

07 **Reserve Bank of India**, draft amendments to the Credit Facilities Directions for NBFCs (term loans only; revolving credit barred except for card issuers), comments to 28 Aug 2026. 6 Aug 2026. ●

08 **Reserve Bank of India**, *Financial Stability Report*, Jun 2026 — non-bank stress tests across 174 companies; aggregate capital ratio 22.8% to 21.7% baseline and 20.9% severe; 11 companies below the 15% floor. ●

09 **Reserve Bank of India**, *Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026* — all-in-cost caps removed; dual ceiling of US$1bn or 300% of net worth. 16 Feb 2026. ●

10 **Fitch Ratings**, US private credit default rate — record 6.0% trailing twelve months at Q2 2026, remaining at a record 6.1% in Jul 2026; 32 default events from 20 first-time defaulters across ~1,300 tracked borrowers. Reported via Bloomberg, 30 Jul 2026. ◐

11 **Financial Stability Board**, "FSB warns on private credit vulnerabilities". May 2026. ●

12 **PwC**, *Global Private Credit Survey 2026* — expected sector stress: consumer and retail 56%, automotive 42%, hospitality and leisure 27%, technology 24%. 2026. ◐

13 **Moody's**, *Private Credit Outlook 2026* — global private credit assets to exceed US$2tn in 2026 and approach US$4tn by 2030. 2026. ◐

14 **Bloomberg**, "Ares, Apollo Cap Private Credit Withdrawals as Exodus Grows" — Ares Strategic Income Fund (US$10.7bn), redemption requests 11.6% against a 5% gate. 24 Mar 2026. ◐

15 **CNBC**, "Apollo curbs private credit fund withdrawals amid 17% redemption wave" — Apollo Debt Solutions, ~US$2.4bn sought, gated at 5%. 23 Jun 2026. ◐

16 **Bloomberg**, "Shapoorji Closes One of India's Biggest Private Credit Deals" — ~₹151bn (US$1.6bn) rupee bonds; InCred Capital, DSP Finance and IIFL Capital among subscribers. 20 Jul 2026. ◐

— SOURCES

Register, 17 – 30

01 **SEBI**, AIF Regulations amendment and circular introducing the Co-Investment Vehicle scheme for Category I and II AIFs. 9 Sep 2025. ●

02 **SEBI**, Third AIF Amendment — Accredited Investors Only Fund; Large Value Fund minimum reduced from ₹70 crore to ₹25 crore. Notified 18 Nov 2025; implementing circular 8 Dec 2025. ●

03 **IRDAI**, Circular IRDAI/F&I/CIR/INV/28/2/2026 — clarifications on insurers' investment in AIFs, covering excusal rights, overseas exposure and single-AIF limits. 12 Feb 2026. ●

04 **Business Standard**, "AIF commitments near ₹17 trn, fund raises top ₹7 trn for the first time" — commitments +7% quarter-on-quarter and +25% year-on-year; AIF real-estate investment ₹1.29 trillion. 25 Jun 2026. ◐

05 **Business Today**, "Real estate faces a private credit paradox: biggest deployment, highest default risk", reporting the EY Private Credit Pulse survey of Jun 2026. 20 Aug 2026. ◐

06 **Reserve Bank of India**, *Sectoral Deployment of Bank Credit*, Jun 2026 — credit to non-banks +14.4% year-on-year against 11.1% a year earlier; services 17.6%; industry 6.7%; retail 20.3%. ●

07 **IFSCA**, GIFT-IFSC fund management activity — retail fund registrations and assets crossing US$2bn by Dec 2025. ●

08 **PitchBook / Evercore**, secondary market review, H1 2026 — record US$121bn volume, +19% year-on-year; GP-led US$65bn, +35%; single-asset continuation vehicles US$34bn; premium economics in 35% of continuation funds against 15% in FY2025. Jul 2026. ◐

09 **Press reports**, Kotak Alternate Asset Managers — Kotak Yield & Growth Fund first close at ₹3,900 crore against a ₹5,000 crore target, from domestic family offices, wealthy individuals and insurers. 2026. ◐

10 **Market data**, policy repo rate 5.25%; India ten-year government bond yield approximately 6.86%. As of 22 Aug 2026. ◐

11 **Reserve Bank of India** weekly statistical supplement and press reports — bank deposit growth 15.4% year-on-year at 14 Aug 2026; system credit growth near 20% in the Jun 2026 quarter. ◐

12 **Gravitywell Research**, *india-aif-capital-source* dataset — the quarterly capital-source, drawn-ratio, sector and registration-cohort panel minted for this report from sources 1 and 2. Published alongside this report. ◐

13 **Moody's**, India private credit market assessment, reported via *Business Standard* — India private credit assets about US$25bn at end-2025, doubled in five years; more than US$11bn of annual transaction value in 2025; new RBI norms permitting banks to finance acquisitions expected to increase competition and compress yields in acquisition financing. 2 Jul 2026. ◐

14 Cover art · Gravitywell art desk.

RELATED GRAVITYWELL RESEARCH

GWR-2026-IN-004, *India's Revolving Credit Ban* (20 Aug 2026), sizes the RBI draft at source 7 and supplies the non-bank funding-chain inputs used in §18 and §22. GWW-2026-002, *What if private credit cracks?* (14 Aug 2026), carries the thirteen-indicator signpost panel referenced in §06 and §09; this report inherits that panel as its live monitoring dashboard. GWR-2026-IN-003, *The Exit Window* (14 Aug 2026), covers the equity-exit channel that shares the limited-partner liquidity mechanism described in §09.

REFERENCE

Glossary & acronyms

Domestic manager
A fund house domiciled in India. This is what deal-value shares count, and it says nothing about where the money it lends came from.

Domestic investor
The source of capital committed to a fund, as classified in SEBI's investor tables. This is what the capital-source share counts.

Category II AIF
The SEBI fund category holding private-credit, private-equity, real-estate and debt funds together. No credit-only split is published.

Commitment
An investor's contractual promise to provide capital when the manager calls it. Legally binding, and in practice negotiable for individual investors.

Drawn ratio
Funds actually called as a proportion of commitments. A stock ratio across all vintages here, not a single fund's draw curve.

Closed-end fund
A fund with no redemption right during its life. Investors cannot force a sale, which is why global redemption stress does not transmit to India as a price.

Redemption gate
A contractual cap on how much investors may withdraw in a period. The event is one of liquidity rather than credit: investors keep their claim, while the manager loses the option to sell slowly.

Denominator effect
When falling values elsewhere in an allocator's portfolio push private assets above their target weight, stopping new commitments without any view on the asset itself.

Continuation vehicle
A new fund formed to buy assets from an existing one, letting a manager hold positions while offering investors an exit. Not a distinct category under Indian AIF rules.

Loss given default
The share of a loan not recovered after a borrower defaults. The 40% used in §17 is this desk's assumption for secured Indian construction lending; no Indian series is published.

All-in-cost ceiling
The cap the Reserve Bank formerly placed on the total cost an Indian borrower could pay a foreign lender. Removed on 16 Feb 2026.

Pass-through taxation
Treatment under which the fund pays no tax and income is assessed in investors' hands, avoiding a second layer of tax at fund level.

AIF Alternative Investment Fund
DPI Distributed to paid-in capital
ECB External commercial borrowing
FPI Foreign portfolio investor
FSB Financial Stability Board
FVCI Foreign venture capital investor
GIFT Gujarat International Finance Tec-City
IFSCA International Financial Services Centres Authority
IRDAI Insurance Regulatory and Development Authority of India
IRR Internal rate of return
LGD Loss given default
LP Limited partner, an investor in a fund
NBFC Non-banking financial company
NRI Non-resident Indian
RBI Reserve Bank of India
SEBI Securities and Exchange Board of India

REFERENCE

List of exhibits

FIGURES (21)

TABLES (22)

HOW TO REPRODUCE EVERY EXHIBIT

Forty-three exhibits. Thirty-one are built from primary regulatory sources: SEBI's quarterly activity tables and fund register, RBI circulars and the Financial Stability Report, IRDAI and IFSCA. Nine are built from a single consultancy deal series with no independent cross-check available, and are marked ◐ throughout. Three are this desk's own estimates and are marked ◯ where they appear: the transmission lags in FIG 9.1, the loss sensitivity in TABLE 17.1, and the scenario bands in FIG 21.1 and TABLE 21.1.

The underlying series ship as **india-private-credit-data.csv** alongside this report, and the maintained quarterly panel is published as the Gravitywell Research dataset **india-aif-capital-source**. Both carry the source number for every datapoint, so any figure here can be traced to its register entry and rebuilt.

APPENDIX A

Underlying data

The series behind the exhibits, so the argument is reproducible. Tier: ● filed · ◐ modeled · ◯ estimate.

A.1 · CATEGORY II CAPITAL BY INVESTOR SOURCE (FIG 2.1, 3.1; TABLE 3.1)

QUARTER	DOMESTIC	FPI	FVCI	NRI	OTHERS	DOM %	TIER	SRC
Mar 2024	1,63,469	18,378	700	6,513	1,50,301	48.17	●	1
Jun 2024	1,78,668	15,062	724	6,928	1,64,424	48.84	●	1
Sep 2024	1,87,656	10,928	755	7,448	1,78,392	48.72	●	1
Dec 2024	2,01,985	6,475	787	8,404	1,88,578	49.72	●	1
Mar 2025	2,17,730	1,087	860	8,519	2,00,636	50.77	●	1
Jun 2025	2,26,288	2,081	859	8,342	2,11,010	50.45	●	1
Sep 2025	2,42,317	1,339	870	8,756	2,13,289	51.94	●	1
Dec 2025	2,59,480	1,116	731	9,570	2,18,662	53.00	●	1
Mar 2026	**2,75,771**	**2,154**	**890**	**10,466**	**2,27,720**	**53.34**	●	**1**

₹ CRORE, GROSS FUNDS RAISED. FPI, FVCI, NRI AND OTHERS ARE ALL SUB-COLUMNS OF "FUNDS RAISED FROM FOREIGN INVESTORS". DOMESTIC % IS DERIVED, TIER ◐.

A.2 · CATEGORY II COMMITMENTS, FUNDS RAISED AND DRAWN RATIO (FIG 15.1; TABLE 15.1)

QUARTER	COMMITMENTS	FUNDS RAISED	INVESTMENTS	DRAWN %	TIER	SRC
Mar 2025	10,30,041	3,66,621	3,32,201	35.59	●	1
Jun 2025	10,78,208	3,79,662	3,48,423	35.21	●	1
Sep 2025	11,20,589	4,04,212	3,69,570	36.07	●	1
Dec 2025	11,64,118	4,24,964	3,84,169	36.51	●	1
Mar 2026	**12,74,300**	**4,44,122**	**4,12,628**	**34.85**	●	**1**

A.3 · AIF REAL-ESTATE INVESTMENT (FIG 12.1; TABLE 12.1)

QUARTER	REAL ESTATE	OTHERS	TOTAL
Dec 2024	73,903	2,77,970	–
Mar 2025	69,896	3,00,263	5,38,161
Jun 2025	70,925	3,06,599	5,72,246
Sep 2025	73,356	3,30,379	6,11,939
Dec 2025	75,350	3,45,592	6,45,026
Mar 2026	**1,28,937**	**3,12,847**	**6,76,365**

A.4 · NEW CATEGORY II REGISTRATIONS (FIG 16.1)

FISCAL YEAR	CAT II	ALL CATEGORIES
FY2021-22	94	148
FY2022-23	128	209
FY2023-24	123	214
FY2024-25	144	283
FY2025-26	182	346
FY2026-27 part	**94**	**149**

> Machine-readable: **india-private-credit-data.csv** ships with this report. The full quarterly panel, including the sector series and every registration cohort back to FY2012-13, is published and maintained as the Gravitywell Research dataset **india-aif-capital-source**, with its own definitions, source tiers, point-in-time policy, quarterly update commitment and known gaps.

DISCLOSURES

Certification & governance

ANALYST CERTIFICATION

The Gravitywell Research desk responsible for this report certifies that the views expressed accurately reflect its independent judgement about the subjects discussed, and that no part of its compensation was, is, or will be directly or indirectly tied to the specific recommendations or views expressed herein.

POSITIONING & CONFLICTS

As of the publication date, Gravitywell Research and its analysts do not hold positions in the securities or assets discussed, and have no advisory, banking or commercial relationship with the entities named. This report was not commissioned or reviewed by any issuer, fund manager or regulator named in it.

HOUSE RATING SCALE

Conviction High · Medium · Low, set by coverage depth, source tier and how far the thesis has been stress-tested. **Stance** Constructive · Neutral · Cautious, the direction of the house view on the opportunity. This report: `Medium conviction · Cautious`. The rationale for Medium rather than High is stated on the Methodology page.

REVIEW

This report passed a pre-writing adversarial review of its thesis and a pre-publication review of its mechanics and argument. Both were run by this desk rather than by an independent reviewer, and we disclose that rather than imply it. A self-run panel is weaker evidence than an independent one. The adjudication of every objection raised, including the two carried unresolved, is recorded in the report's working file.

DISTRIBUTION

Prepared for readers who allocate capital, underwrite risk, or set policy across public and private markets. Not for general retail distribution, nor for readers who lack the expertise to assess the assumptions. Intended recipients may not redistribute without attribution. Availability of this research in some jurisdictions may be restricted; recipients are responsible for their local rules. Independent research, not investment advice and not regulated ratings.

ERRATA, VERSIONING AND PERMALINK

Material errors are corrected in a dated erratum appended to this report and noted in the next edition; the permalink always serves the current version. Figures are point-in-time and are never silently restated. Permalink: `gravitywellresearch.xyz/research/india-private-credit`. Version: `GWR-2026-IN-005 · v1.0 · as of 24 Aug 2026`.

PRIOR CALLS ON THIS TOPIC

First edition on India's private credit capital base; there is no prior Gravitywell Research call on this topic to score. Two adjacent house documents are live and their calls remain open: GWW-2026-002 (*What if private credit cracks?*, 14 Aug 2026) carries an activation call with a 0.15–0.25 band resolving by Feb 2028, and GWR-2026-IN-003 (*The Exit Window*, 14 Aug 2026) carries five calls on India's IPO window resolving from Jan 2027. Neither has matured, so neither is scored here. Every falsifiable call in this report is logged on publication to the house calls register and will be scored in public, including the misses.

Domestic managers write three of four rupees. Domestic investors supply half the money. At the pace the capital series actually moves, those two numbers meet in 2034.

INDIA PRIVATE CAPITAL · PRIVATE CREDIT