Debt Funding in India Series

November 02, 2020

INTRODUCTION

While debt funding has always been preferred for investors, the Covid-19 pandemic's impact on business and valuations has resulted in debt becoming, in some cases, the only viable mode for investment for investors. As globally, debt funding provides investors downside protection, assured returns and security interest against the sums advanced.

Over the last few years, structured debt is becoming more and more popular, which provides investors downside protection, with equity 'kickers' to provide them equity upside as well. Venture debt investments, tracking stocks or market linked debentures, non-convertible debentures with varying redemption premia are some of the newer modes of funding which have emerged, in light of changing needs of the investors and borrowers alike. Currently to assuage valuation mismatches between the investors and the investee, debt funding has again come to the fray.

Debt investment into India requires a host of aspects to be considered. These include the potential options or routes for funding into India, the tax considerations for investment under the various options, security creation and exchange control norms.

In this series, the '**Debt Funding in India**' ("**Series**"), we would be covering various of these aspects.

In this first part of the Series, we briefly look at the various routes available for global investors for debt investments into India which can be accessed **here**. We will deal with each of these routes and more in subsequent pieces in this series.

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