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Liquidity in Distressed Assets Market: Recent Reforms and the Road Ahead

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INTRODUCTION

A critical feature of a robust economy is its ability to resolve stress in the market and especially so during times of economic slowdown. High levels of non-performing loans (NPLs) in the market locks in capital that could otherwise support fresh funding. This can have adverse implications in emerging markets, where credit is mostly provided by banks.[1] In this effort, the creation of a lucrative market for private credit, enabling market participation in the secondary market by a wide investor-base and fostering investment opportunities in stressed assets hold significance. To facilitate this endeavor in turn requires a sound legal and regulatory framework.

The Indian economy has witnessed its fair share of economic crises, such as the non-performing asset (NPA) crisis faced by public sector banks (PSBs), that stemmed from market concentration, inadequate governance norms, the lack of a developed secondary market to absorb stress, the lack of special situations players to resolve stress and a strong private credit market to inject liquidity. Recent trends suggest a decline in gross NPA ratio to a 7-year low of 5% and net NPA ratio to a 10-year low of 1.3% amongst PSBs in the country,[2] owing to amongst other things, the measures adopted by the government to promote private credit. While the scale of the credit market in India is growing, the secondary market has not risen in consonance with the market size and remains small compared to other Asian markets such as Malaysia, South Korea and China.[3]

With this backdrop, this article attempts to analyse the entry routes available for investments in the Indian distressed assets market and the way forward to create an amicable environment to encourage private credit in the country.

ENTRY ROUTES FOR FOREIGN INVESTMENT IN THE INDIAN DISTRESSED ASSETS MARKET

Foreign portfolio investor route

Indian regulations permit a foreign fund to register as a 'foreign portfolio investor' (FPI) with the securities market regulator Securities and Exchange Board of India (SEBI); and such FPIs are permitted by SEBI and the central bank, Reserve Bank of India (RBI), to invest in specified securities, each of which are dealt with in this article:

- Security receipts (SRs) issued by asset reconstruction trusts;
- Non-convertible debentures;
- Securitised debt instruments;

- Equity instruments issued by non-performing borrowers;
- debt instruments issued by banks;
- credit enhanced bonds;
- derivatives; and
- other instruments that may be permitted by the RBI.[4]

Notably, while the extant regulations allow FPIs to invest in debt securities, they are not permitted to lend or purchase loans. Further, FPI investments in debt instruments are subject to macro-prudential restrictions as follows:

(a) **Minimum residual maturity:** FPIs may invest only in corporate bonds with a minimum residual maturity of one year, subject to such short-term investments (with residual maturity of less than one year) not exceeding 30% of the total investment of that FPI in corporate bonds;

(b) **Concentration limits:** The RBI from time-to-time fixes the maximum permissible limit for FPI participation in debt instruments issued by corporates. In case of long-term FPIs, their investments cannot exceed 15% of the prevailing investment limit for corporate debt instruments and for other FPIs their investment cannot exceed 10% of the investment limit; and

(c) **Investor-level limit:** FPIs (including their related FPIs) cannot invest more than 50% of any single corporate bond issuance.[5]

FPIs may thus tap into the Indian distressed assets market through investments in the following securities:

(i) **SRs and debt instruments issued by Asset Reconstruction Companies:**

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- The primary investment route for investors to acquire distressed assets in India is through the Asset Reconstruction Companies (ARCs) route, which is regulated in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) and regulations issued by the RBI.
- ARCs that are registered with the RBI are permitted to engage in the business of asset reconstruction and acquire financial assets of any bank or financial institution. This would include acquisition of any loan or advance, debentures or bonds, guarantees, letters of credit or any other credit facility extended by such bank or financial institution.[6]

- ARCs may, after acquiring financial assets, offer SRs to qualified institutional buyers and the proceeds from the realization of financial assets shall be used to redeem the SRs. The ARC may formulate a scheme for issuance of SRs by setting up a trust in accordance with the Indian Trusts Act, 1882 and SARFAESI (Securitisation Trust), which shall be managed by the ARC. The ARC shall hold the assets or funds acquired pursuant to the issuance of SRs in trust for the holders of SRs.[7]
- The ARC shall invest in the SRs issued by them at a minimum of least 15% of the transferors' investment in the SRs or 2.5% of the total SRs issued, whichever is higher.[8]
- FPIs may invest up to 100% of each SR tranche issued by an ARC that is available for investment after deduction of the minimum subscription requirement for the ARC (as above).
- Neither the investor-level limit of investment up to 50% of the corporate bond issue-size nor the minimum residual maturity requirement would be applicable on FPI investment in such instruments issued by ARCs. [9]

Acquisition of NPLs by ARCs

- In the context of debt instruments under default, the RBI (Transfer of Loan Exposures) Directions, 2021 (Transfer of Loan Exposure Directions) permit ARCs to acquire loan exposures of lenders that are classified as NPAs or as special mention accounts (Stressed Loans), including loan exposures classified as fraud, through assignment or novation. Such Stressed Loans may be acquired from lenders such as scheduled commercial banks and non-banking finance companies.[10]
- Where the aggregate exposure in the loans being transferred exceeds ₹100 crore (i.e. around USD 12 Million), negotiations between the transferors and the transferee must necessarily be followed by an auction through 'Swiss Challenge' method, provided that an acquisition of loans pursuant to the RBI (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 (RBI Prudential Framework Directions) is mandatorily followed by a Swiss Challenge auction irrespective of the auction size.
- The RBI has revamped the regulatory framework for ARCs vide circular dated October 11, 2022 (RBI Revised ARC Framework). Notably, ARCs have been permitted to submit resolution plans for corporate debtors (CDs) undergoing corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC/Code) as a resolution applicant, subject to the ARCs having a

net-owned fund requirement of ₹ 1,000 crore, making adequate disclosures in their financial statement regarding their exposure to assets acquired under IBC and having set up an internal control mechanism including a board of directors approved policy for the ARC to undertake the role of a resolution applicant. Further, ARCs are not permitted to retain any significant influence or control over the CDs after five years from the date of approval of their resolution plan by the Adjudicating Authority under IBC. Any non-compliance with this condition would entail ARCs from being barred from submitting fresh resolution plans under IBC until such non-compliance is cured.

Limitations posed by this route

Under the present structure, FPIs are dependent on ARCs to effectively invest in the stressed loans market, and this limits their participation, due to the following reasons, as noted by the RBI Task Force in its Report on the Development of Secondary Market for Corporate Loans, 2019 (Task Force Report):[11]

- There are a limited number of ARCs in the market who have the necessary skill, capital and expertise to acquire and restructure NPAs due to which they dominate the market. In these cases, it is tough for new investors to break into the market if the ARCs already have exclusive business relations with the existing FPIs.
- Since FPIs require ARC participation, they are dependent on the ARC agreeing with their risk appetite and investment strategy which may be difficult, and which effectively gives the ARC a 'veto' on the choice of asset or the method of restructuring.
- Further, since FPIs cannot directly purchase NPLs, they are forced to participate through the ARCs which in the end limits FPI's options to the number of ARCs which are active even if there is a higher number of FPIs which want to take part.
- ARCs tend to have more control over the process since they serve as the medium for the transaction and are mandated by law to have skin in the game, thereby preventing the FPIs from effectively leading the transaction.
- ARCs are required to invest a minimum amount in the acquisition price to ensure skin in the game, but capital availability acts as a constraint thereby restricting the number of transactions.
- Even if majority of the capital (85%) is invested by the FPIs, ARCs charge fees which could have gone to Indian lenders as part of their recoveries.

(ii) **Non-convertible debentures or corporate bonds in default:** FPIs are permitted to invest in non-convertible debentures and/or corporate bonds which have a principal repayment or principal instalment payment default (either in part or full). The investor-level limit of investment up to 50% of the corporate bond issue-size and minimum residual maturity requirement are not applicable on such investments.[12]

(iii) **Debt instruments issued pursuant to CIRP under IBC:** FPIs are permitted to invest in debt instruments issued by CDs undergoing CIRP. Neither the investor-level limit of investment up to 50% of the corporate bond issue-size nor any minimum residual maturity requirement would be applicable on FPI investment in such instruments.[13]

(iv) **Securitised debt instruments:** FPIs are also permitted to invest in securitised debt instruments, including any certificate or instrument issued by a special purpose vehicle set up for securitisation of assets with banks and financial institutions as regulators.[14]

(v) **Equity investment in distressed entities:** FPIs may invest in equity of entities under distress subject to sectoral caps and restrictions under the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

Conclusion

Data released by the RBI shows an increase in FPI investment in SRs issued by ARCs from around ₹10,000 crore to ₹14,482 crore during the financial year 2021-2022.[15] Despite the efforts to boost access to foreign credit, the regulatory ambiguities are causing hurdles for investors to invest in Indian distressed assets. Further, while FPIs are permitted to transact in debt securities, they are presently not permitted to issue or purchase loans, which constitutes a major asset class in the Indian distressed asset market.

Alternative investment funds route

Introduction

Alternative investment funds (AIFs) are privately pooled investment vehicles established, registered with and regulated by SEBI. Until 2022, AIFs were only permitted to invest in debt securities (such as bonds and debentures), securitised debt instruments[16] and SRs.[17] They were restricted from acquiring loans directly thereby limiting the potential of AIF as an entry route for foreign capital investment in distressed assets. Further, AIFs are subjected to diversification limits wherein they can only invest up to 25% of their investable fund in an investee company.[18]

Special situations funds

SEBI in its board meeting on December 28, 2021 proposed to amend the SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) to introduce a new sub-category of AIFs for investment in stressed assets – Special Situation Fund (SSF). These amendments were subsequently notified on January 24, 2022 and were accompanied by a circular dated January 27, 2022[19] which provided further guidelines on the SSFs.

SSFs have been introduced as Category I AIFs and are permitted to (a) invest only in 'special situation assets' in accordance with its investment objectives and/ or (b) act as a resolution applicant under the IBC.[20] 'Special situation assets' have been defined under the AIF Regulations to include:

- **Stressed Loans**

  For SSFs to acquire stressed loans, they have to be included as a permitted transferee under the Transfer of Loan Exposure Directions[21] – the inclusion is still awaited from the RBI and presently this route is not available to SSFs.

  Paragraph 58 of the Transfer of Loan Exposure Directions contemplates comprehensive resolution of all the INR loans of a stressed borrower held by the Indian banks / financial institutions wherein there is an exit of all lenders to the stressed loan exposure. Therefore, acquisition of individual debt of a corporate entity is not permitted under this route. Further, stressed loans, acquired under paragraph 58 are subject to a minimum lock-in period of six months. However, this lock-in period is not applicable in the event of recovery of the stressed loan from the borrower. In addition, SSFs also have to comply with the same initial and continuous due diligence requirements for their investors as are applicable to investors in ARCs.

  While AIFs have been permitted in the past to be resolution applicants under the IBC,[22] the relaxations provided to SSFs (for instance deletion of the diversification limits, which therefore allows SSFs to invest more that 25% of their investable fund in a CD), make them a more desirable option to be resolution applicants compared to other category of AIFs. SSFs intending to act resolution applicants under IBC also have to ensure compliance with the eligibility requirements provided under the IBC.

- **SRs issued by an ARC registered with the RBI**.

- **Securities of investee companies:**

  (a) whose stressed loans are available for acquisition under paragraph 58 of the Transfer of Loan Exposure Directions, or

as part of a resolution plan under the IBC or acquisition under any other policy framed by the RBI or the Government of India in this regard;

(b) against whose borrowing, SRs have been issued by an ARC registered with the RBI;

(c) whose borrowings are subject to CIRP under Chapter II of the IBC;

(d) who have disclosed all the defaults relating to the payment of interest/ repayment of principal amount on loans from banks/ financial institutions/ systemically important non-deposit taking non-banking financial companies/ deposit taking non-banking financial companies and /or listed or unlisted debt securities in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and such payment default is continuing for a period of at least 90 calendar days after the occurrence of such default;

In the cases of (c) and (d), there is a requirement for the credit rating of the financial instrument or credit instrument or the borrowings of the investee company to be downgraded to 'D' or equivalent.

Therefore, SSFs are restricted from investing in securities of companies which have not defaulted or have been in default for less than 90 days or whose credit rating is higher than a 'D'.

In addition to this, the pre-condition of having a credit rating may cause an impediment to SSFs investing in unlisted debt securities since they typically do not have a rating and it may be challenging to get the investee company to obtain a credit rating.

- **Any other asset specified by SEBI from time to time:**

  An SSF is restricted from investing in its associates, units of any other AIF other than the units of an SSF or units of SSFs managed or sponsored by its manager, sponsor or associates of its manager or sponsor. Further, SSFs are not permitted to invest in securities of companies incorporated overseas.

External commercial borrowings route

RBI's Master Directions - External Commercial Borrowings (ECBs), Trade Credits and Structured Obligations (ECB Master Directions), lays down the framework for raising commercial loans by domestic entities from non-resident entities.[23] It prescribes requirements pertaining to eligible

lenders and borrowers, end-use restrictions, minimum average maturity periods, all-in-cost ceiling, reporting obligations, among others, for loans available under the ECB route.

By a circular dated July 30, 2019,[24] the RBI introduced certain relaxations to the ECB framework and allowed sale/assignment of certain domestic INR distressed loans (i.e., rupee loans availed domestically by corporate borrowers for capital expenditure in the manufacturing and infrastructure sector, if classified as SMA-2 or NPA) to eligible ECB lenders.[25] However, the resulting ECB also needs to comply with all the all-in-cost ceiling, minimum average maturity period and all other relevant norms laid down in the ECB Master Directions.[26]

That said, this route is presently pending to be operationalized, in view of several key clarifications pending from the RBI. Importantly, the ECB Master Directions do not specify whether the all-in-cost ceiling on the resulting ECB is to be determined based on the principal amount of the loan or the purchase consideration (in cases where the loan may have been acquired by the ECB lender at a discount).

RECENT EFFORTS/PROPOSALS FOR DEVELOPING LIQUIDITY IN DISTRESSED ASSETS MARKETS

RBI Task Force on development of a secondary market for corporate loans - Recommendations

The Task Force Report recognized the need for a secondary market which would serve as a platform for specialized investors to buy large portions of a distressed borrower's debt with the intention of acquiring a controlling stake in the company or driving the insolvency process of the borrower. To increase liquidity in the secondary market for distressed loans, the Task Force put forth certain recommendations, key of which (in relation to NPLs) are set out below:

1. The securitisation trusts route may also be permitted for acquisition of NPAs by FPIs.

- The Task Force Report had recommended that FPIs be allowed to use securitisation trusts for acquisition of NPAs. The Task Force Report has also suggested that, in case FPIs are permitted to invest in NPAs *via* securitisation trusts, the exemptions and benefits granted to ARCs – specifically provisions enabling debt aggregation, may be extended to FPIs as well.
- In light of this recommendation, in January 2023, the RBI the RBI floated a discussion paper on the Securitisation of Stressed Assets Framework (SSAF), whereby non-performing and stressed assets may be securitised by entities other than ARCs by setting up a Special Purpose Entity (SPE).

- The discussion paper has sought comments from the public on key aspects, including with respect to categories of investors eligible to participate in the SSAF, implementation of a minimum retention ratio requirement, assets which should be brought under the purview of 'Stressed assets', engagement of an independent resolution manager (RM), enabling credit enhancement facilities and access to interim finance for achieving resolution of the stressed assets.[27]
- To keep true to the intent, it is critical that the following factors are kept in mind while devising this route:
  - this route should be open to such classes of investors who are eligible to invest in SRs issued by ARCs under SARFAESI and the 'eligible investors' under the ECB Master Directions, subject to applicable prudential norms, to enable participation of sophisticated investors with adequate experience and resources;
  - this route should be open for standard assets which are over 30 days or more in default (i.e. SMA-1 and SMA-2 category assets) without any limitation, as these assets already show signs of the stress;
  - stressed large corporate accounts (namely, large value loans above a certain aggregate threshold (e.g. ₹ 100 crore)) should be permitted to be securitised;
  - As a matter of overall approach, the regime for securitisation of large NPAs (under SSAF) should be aligned with the regime for securitisation of corporate loans to asset reconstruction companies (including in terms of (a) assets which may be securitised, (b) powers / measures for asset reconstruction, (c) no minimum retention requirement (MRR), etc.);
  - SSAF should not prescribe any MRR requirement;
  - SPEs should be permitted to raise interim finance (as opposed to the RM who would be taking such debt in their books of accounts) during the resolution process would serve as a fillip to enable efficient resolution of the stressed assets, and such interim finance should be supported by the cashflows from the underlying assets;
  - Further, enabling credit enhancement facilities for all tranches of securitisation notes would incentivize the adoption of the SSAF, provided that the terms of reset are settled between the parties at the inception of the transaction so that the investors are aware of the terms before investing.

- The RBI has been in receipt of public comments from various market participants in relation to the proposed guidelines. Formal regulations from the RBI are now awaited.

2. RBI may consider permitting single loan securitisation and allow MFs, PFs, AIFs, FPIs and Insurance Companies to participate in these securities.

3. FPI investors may be allowed to directly purchase distressed loans from banks within an annual prudential limits defined by RBI in consultation with Government of India.

4. ARCs may be permitted to act as debt arrangers and therefore be allowed to charge fees for such services.

5. The RBI *vide* circular dated July 30, 2019 has permitted banks to sell, through assignment, certain loans (availed domestically for capital expenditure in manufacturing and infrastructure sector if classified as SMA-2 or NPA, under any one time settlement with lenders) to eligible ECB lenders provided, the resultant external commercial borrowing complies with all-in-cost, minimum average maturity period and other relevant norms of the ECB framework. FPIs and ECB lenders may be permitted to purchase distressed loans directly from banks across sectors under this scheme. This will pave the way for additional turnaround financing by them.

6. Extant regulations on ARCs for facilitating effective restructuring and resolution of stressed assets should also be made available to FPIs investing in NPAs. Specifically, provisions applicable to enable aggregation of debt by ARCs and any exemptions under SEBI guidelines may be extended to FPIs as well.

7. A scheme similar to the Voluntary Retention Route (VRR) recently introduced by RBI to enable FPIs to invest in debt markets in India, may be envisaged. Broadly, investments through the Route are free of the macro-prudential and other regulatory norms applicable to FPI investments in debt markets, provided FPIs voluntarily commit to retain a required minimum percentage of their investments (75%) in India for a period of three years. It is understood from market participants that the VRR has created a much positive impact in the market and hence can be adopted in the case of secondary market for corporate loans.

Notably, these recommendations are yet to be implemented.

RECOMMENDATIONS AND WAY FORWARD

- **Widening the scope of FPI investment in debt:** The present regulatory regime permits FPI investment only in debt securities. As highlighted above, loans are the primary debt instrument in the

Indian secondary market. Thus, restricting FPI's from purchasing or issuing loans has restricted a major opportunity to infuse liquidity in the Indian market. FPIs should be permitted to purchase NPLs and loan accounts. Addressing this issue would require regulatory changes that will involve a joint effort from the Government of India to amend the Foreign Exchange Management (Debt Instruments) Regulations, 2019 as well as regulators such as SEBI and RBI to suitably amend the SEBI (Foreign Portfolio Investors) Regulations, 2019 and the macro-prudential norms on FPI investment in debt.

- **Operationalizing the SSAF route:** The RBI should issue guidelines permitting securitisation of NPLs, as also allowing the flexibilities we have summarized above.

- **Incentivizing the use of SSFs:** Based on review of all the AIFs registered with SEBI, the authors noted that only two SSFs have been set up so far – despite the amendments being introduced more than a year ago. To encourage more participants in this space, the RBI should, at the earliest, recognize SSFs as permitted transferees for the purposes of paragraph 58 of the Transfer of Loan Exposure Directions.

  SEBI may also consider relaxing the investment restrictions on SSFs and permit them to invest in stressed assets which have not been in default for 90 days or have a rating above D. This would widen the scope of investments which an SSF may undertake, thereby providing them with more business opportunities. SEBI is also pushing for recognition of SSFs as a 'secured creditor' under SARFAESI so that it may enjoy enforcements rights which are available to ARCs and help them in resolution of the stressed assets.[28]

- **Operationalizing ECB route for acquisition of INR NPLs:** While the RBI guidelines permit INR NPLs to be assigned to eligible ECB lenders, due to clarifications pending from the RBI, this route has not been operationalized since 2019. The RBI should issue the necessary directions and clarifications to operationalize this route.

  For instance, the ECB Master Directions are not clear on whether the all-in-cost ceiling rate on distressed loans acquired under a discount is to be calculated on the basis of the purchase consideration or the principal amount of the loans. An amendment of the ECB Master Directions to expressly clarify that the all-in-cost ceiling should be calculated based on the principal amount will provide commercial incentive to investors to purchase distressed loans through the ECB route.

  Currently the ECB Master Directions only permit sale/assignment

of distressed loans availed for capital expenditure in the manufacturing and infrastructure sector. The RBI could also consider expanding the categories of distressed loans which are allowed to be transferred, to other sectors.

- Increase the range of participants permitted to acquire stressed loans. Consequently, RBI may consider extending enforcement rights under SARFAESI to other such permitted acquirers which would allow them to effectively resolve stressed assets.[29]
- The requirement of a minimum holding period be done away with in case of sale of stressed assets.[30]
- Granting of exemptions/benefits which are already available to ARCs to FPIs to encourage their participation in the secondary stressed loans market.[31]
- Presently, ARCs are only allowed to undertake securitisation, asset reconstruction and are allowed to be resolution applicants under IBC. The RBI may consider increasing the activities they are permitted to participate in, for example they may be allowed to be debt arrangers since they would be suited for the role, and this would also help address the lacuna in the Indian market for debt arrangers.[32]

CONCLUSION

In times of global economic downturn, reforms in the distressed asset market are key to usher in a new era for the Indian economy. Statistics indicate that despite sinking NPA levels, there is a corresponding increase in loan write-offs by banks,[33] which posits the requirement for efficient alternatives to deal with distressed debt. A legal regime that is conducive for foreign investment and private participation in distressed debt will not only provide such an alternative for banks but would also provide a fillip to liquidity in the credit market during times of economic slowdown. Addressing the concerns raised in this paper is paramount in bringing about much needed clarity in the legal regime governing distressed debt and widen the investment opportunities which will in turn foster private investment and develop the Indian secondary loan market.

[1] Joaquim Levy J. (2017), "Why distressed asset resolution is important to development finance", World Bank.
[2] RBI, Financial Stability Report, December, 2022.
[3] Sankar T. (2022), "Corporate Bond Markets in India – Challenges and Prospects", RBI Bulletin, September.
[4] Rule 10 of the Foreign Exchange Management (Non-Debt Instruments) Rules 2019, Schedule 1 Paragraph 1 of the Foreign Exchange Management (Debt Instruments) Regulations, 2019 and Regulation 20 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations 2019.
[5] RBI Circular on Investment by Foreign Portfolio Investors (FPI) in Debt – Review (updated up to February 26, 2021).
[6] Section 5, SARFAESI Act.
[7] Section 7, SARFAESI Act.
[8] Paragraph 7, RBI Master Circular – Asset Reconstruction Companies, 3rd April, 2023.
[9] Supra Note 5.
[10] Master Direction – RBI (Transfer of Loan Exposures) Directions, 2021 (Updated as on December 05, 2022).
[11] RBI Report of the Task Force on the Development of Secondary Market for Corporate Loans, 3rd September, 2019.
[12] Supra Note 5.
[13] *Ibid.*
[14] Schedule 1 Para 1(A)(i), Foreign Exchange Management (Debt Instruments) Regulations. 2019.
[15] RBI Report on Trend and Progress of Banking in India 2021-2022, December 27, 2022.
[16] Definition of 'debt fund', AIF Regulations.
[17] RBI Notification DoR. FIN. No. 08/26.03.001/2020-2021 dated 10th March 10, 2021, Notification under Clause (U) of sub-section (1) of section 2 of SARFAESI Act.
[18] Regulation 15(c), AIF Regulations.
[19] Introduction of Special Situation Funds as a sub-category under Category I AIFs, Circular No.: SEBI/HO/IMD-I/DF6/P/CIR/2022/009, 27th January, 2022.
[20] Regulation 19M, AIF Regulations.
[21] Para 3, Introduction of Special Situation Funds as a sub-category under Category I AIFs, Circular No.: SEBI/HO/IMD-I/DF6/P/CIR/2022/009, 27th January, 2022.
[22] Different benches of the National Company Law Tribunals (*Kitply Industries and Anr v. IDBI Bank Limited* – Guwahati Bench, *Punjab National Bank v. M/s Amzen Machines (P) Ltd.* – New Delhi Bench) have approved resolution plans submitted by AIFs.
[23] The RBI Master Directions - External Commercial Borrowings, Trade Credits and Structured Obligations (updated as on September 30, 2022).
[24] RBI/2019-20/20, A.P. (DIR Series) Circular No. 04 dated 30th July, 2019.
[25] Under the ECB Master Directions, the lender must be from a FATF or IOSCO compliant country in order to qualify as an 'eligible ECB lender'.
[26] Para 10, Master Directions - External Commercial Borrowings, Trade Credits and Structured Obligations (updated as on September 30, 2022).
[27] RBI Discussion Paper on Securitisation of Stressed Assets Framework (SSAF).
[28] Resolution passed by the SEBI in its Board Meeting dated 28th December, 2021.
[29] Supra Note 11.
[30] *Ibid.*
[31] *Ibid.*
[32] *Ibid.*
[33] Supra Note 2.