



April-June 2025

Introduction

The Indian private equity and fund investment landscape continued to evolve steadily in the April to June 2025 quarter, reflecting a blend of resilience amid global uncertainties and sector-specific shifts. Despite heightened tensions at the India-Pakistan border and ongoing international geopolitical tussles and tariff disputes, investor sentiment towards India remained broadly positive. As per publicly available information, private equity-venture capital firms have invested over USD 5.3 billion (United States Dollars five point three billion) across 248 (two hundred forty eight) deals in Indian companies during Q2 2025, a 43% fall over the USD 9.3 billion (United States Dollars nine point three billion) across 275 (two hundred seventy five) deals invested in the same period during 2024.¹ The decline in investments in Q2 2025 was largely due to fewer mega deals in the quarter.²

Private equity investment inflows into India's real estate sector surged to USD 2.4 billion (United States Dollars two point four billion) in the first half of 2025, marking a 38% YoY increase, according to Savills India. Q2 2025 alone saw inflows of USD 1.6 billion (United States Dollars one point six billion), doubling the previous quarter's figures. Commercial office assets led with 31% of total investments, while alternative sectors like hospitality and student

¹ [Fortune India - PE-VC update](#)

² [The Financial Express - PE-VC update](#)

housing gained traction, accounting for 15% and 1% of quarterly shares, respectively. Land transactions became a prominent focus, representing 40% of private equity investments in first half of 2025, up significantly from 13% in 2024. Mumbai dominated land investments, attracting 70% of the total share. Foreign investors maintained their dominance, contributing 76% of overall private equity inflows, underscoring strong global confidence in India's dynamic real estate market.³

In addition to the real estate sector, this quarter saw notable activities in sectors such as renewable energy, fintech, healthcare and logistics, underlining the focus on long-term value creation and sectoral consolidation.

This newsletter captures the regulatory developments from April 2025 to June 2025 relating to Alternative Investment Funds ("AIFs"), Real Estate Investment Trusts ("REITs"), Infrastructure Investment Trusts ("InvITs"), Venture Capital Funds ("VCFs") and Foreign Portfolio Investors ("FPIs") that are likely to shape the investment activities in India.

Overview of the Regulatory Measures

Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) (Amendment) Regulations, 2025

The Securities and Exchange Board of India ("SEBI"), on May 5, 2025, issued the [SEBI \(Issue and Listing of Securitised Debt Instruments and Security Receipts\) \(Amendment\) Regulations, 2025](#) amending the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 ("SDI Regulations"). These amendments are aligned with the existing Reserve Bank of India ("RBI") guidelines on securitisation and aims to improve the efficiency of securitisation market.

Some of the key amendments in the SDI Regulations are discussed below:

1. **Definition of 'debt' or 'receivables':** The definition of 'debt' or 'receivables' has been amended to include all financial assets originated by an entity regulated by RBI. The SDI Regulations now include restrictions on originators such as re-securitisation exposures and synthetic securitisation. Specific items have been inserted including equipment leasing receivables; listed debt securities; trade receivables; and rental receivables. All such debts or receivables must originate from written contractual obligations or written contracts. No other debt or receivables are permitted as an underlying asset for securitisation under the SDI Regulations.
2. **Registration of trustees:** Trustees who are already registered under the SEBI (Debenture Trustee) Regulations, 1993, will no longer be required to obtain registration under the SDI Regulations. Further, the removal of the trustee no longer requires approval from SEBI.
3. **Liquidity facilities:** The SDI Regulations outline detailed provisions of liquidity facilities (including conditions such as fees, tenure, maximum amount, requirement of legal opinion and documentation). It has been clarified that liquidity facilities are different from credit enhancement and must not be used for credit enhancement. However, if the specified conditions are not met then such liquidity facility will be classified as 'credit enhancement'.
4. The SDI Regulations also clarify that the facility cannot be used for covering the issuer's losses, acting as permanent revolving facility or covering losses in the underlying assets prior to a drawdown.
5. **Conditions governing securitisation under the SDI Regulations:**
 - a) no single obligor can constitute more than 25% of the asset pool, unless relaxed by SEBI;
 - b) the Securitised Debt Instrument ("SDI") must be fully paid up upfront;
 - c) the assets comprising the securitisation pool should be homogeneous, i.e., the underlying debt/receivables must be of the same or similar risk or return profile;

³ [IBEF PE update](#)

- d) originators and obligors not regulated by RBI should have a track record of operations of 3 (three) financial years which resulted in the creation of the underlying asset; and
- e) any offer of SDIs made to 50 (fifty) or more persons in a financial year will always be deemed to have been made to the public. Further, transfer of SDIs will be restricted by the mechanism set out by the issuer and the depository.

6. Public offer of SDIs:

- a) a minimum ticket size (i.e., investment by a single investor) of INR 1,00,00,000 (Indian Rupees one crore) has been mandated for issuance of SDIs to the public. Further, for transfer of such SDIs: (i) the minimum ticket size must be INR 1,00,00,000 (Indian Rupees one crore) for originators not regulated by RBI, (ii) where the underlying is listed securities, the minimum ticket size will be the face value of such listed securities, provided SDIs with amortisation structures issued to the public are permitted to trade at the amortised value if the ticket size falls below INR 1,00,00,000 (Indian Rupees one crore);
- b) the minimum retention requirement stipulates that originators will retain a minimum of 10% of the securitised pool (or 5% per cent where the scheduled maturity of any of the cash flows is within 24 (twenty-four) months). In case of residential mortgage-backed securities, a mandatory minimum of 5% of the securitised pool is prescribed irrespective of maturity;
- c) the minimum holding period requirement is of (i) 3 (three) months in case of loans with tenor of up to 2 (two) years; and (ii) 6 (six) months in case of loans with tenor of more than 2 (two) years;
- d) the public offers for SDIs must remain open for a minimum of 2 (two) working days and a maximum of 10 (ten) working days (earlier this was allowed until 30 (thirty) working days);
- e) the SDIs offered to the public should be issued and transferred exclusively in demat form;
- f) the special purpose distinct entity or trustee is required to offer each scheme of securitised debt instruments to the public for subscription through advertisements (in the prescribed manner), on or before the issue opening date. Such advertisement should contain, among other things, amongst other things, the disclosures specified in Schedule VII of the SDI Regulations;
- g) there is no longer a requirement for every special purpose distinct entity which has previously entered into agreements with a recognised stock exchange to list securitised debt instruments to execute a fresh listing agreement with such stock exchange within 6 (six) months of the date of notification of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- h) there is no longer a requirement for a security deposit to be made by the issuer with the stock exchange(s).

Infrastructure Investment Trusts and Real Estate Investment Trusts

SEBI (InvITs) (Amendment) Regulations, 2025

SEBI, *vide* [circular](#) dated April 1, 2025, has amended the SEBI (InvITs) Regulations, 2014 (“InvIT Regulations”). Some of the key changes are as follows:

1. a new proviso to Regulation 4 (2)(e) (v) of the InvIT Regulations is inserted stating that if by a vacancy in the office of an independent director of the investment manager, the investment manager becomes non-compliant with the requirement of having an independent director, such vacancy must be filled by the manager as follows: (a) if such vacancy arises due to expiry of the term of office of the independent director, then the resulting vacancy must be filled not later than the date such office is vacated; or (b) if such vacancy arises due to any other reason, then the resulting vacancy must be filled at the earliest and not later than 3 (three) months from the date of such vacancy;

2. a new sub-regulation is inserted that imposes additional responsibilities on the trustee, including conducting due diligence on investments, maintaining high governance standards, acting impartially in fiduciary capacity, and prioritising unit holders' interests. These changes are outlined in Schedule X of the InvIT Regulations. This sub-regulation will come into effect 180 (one hundred and eighty) days from April 1, 2025;
3. InvITs can invest in additional instruments as part of the 20% investment bucket, subject to certain conditions. These include (a) investing in unlisted equity shares of companies providing project management and incidental services related to infrastructure development; and (b) investing in units of liquid mutual fund schemes with a credit risk value of at least 12 (twelve) and falling under class A-I in the potential risk class matrix. Additionally, InvITs can now invest in interest rate derivatives, including interest rate futures, forward rate agreements and interest rate swaps. InvITs that raised funds through public issues can now invest in unlisted equity shares of the exclusive project manager or service provider for the infrastructure project, subject to the InvIT holding the entire shareholding in the company, either directly or indirectly. The InvIT Regulations previously allowed InvITs to make investments in companies derived at least 80% of their operating income from the infrastructure sector; and
4. the amendment to InvIT Regulations now allows sponsors and/or their group entities to undertake inter-se transfers of locked-in units, provided that such units continue to remain locked-in for the balance of period mandated under Regulation 12 of the InvIT Regulations. Additionally, transfers of locked-in units between outgoing and incoming sponsors are also permitted, subject to compliance with the prescribed conditions in Regulation 12 of the InvIT Regulations.

SEBI (InvITs) (Second Amendment) Regulations, 2025

SEBI, *vide* [circular](#) dated April 28, 2025, has now permitted InvITs to invest the unutilised funds in unlisted equity shares, units of certain liquid mutual funds schemes (provided that (a) the credit risk value is at least 12, and (b) the scheme falls under class A-I in the potential risk class matrix, as specified by SEBI) and interest rate derivatives as part of the 20% investment bucket, subject to fulfilment of prescribed conditions.

SEBI (REITs) (Amendment) Regulations, 2025

SEBI, *vide* [circular](#) dated April 22, 2025, has amended the SEBI (REITs) Regulations, 2014 through the SEBI (REITs) (Amendment) Regulations, 2025. Some of the key changes are as follows:

1. the definition of 'common infrastructure' is inserted to include facilities or amenities such as power plants, district or retail heating and cooling systems, water treatment or processing plants, waste treatment or processing plants and any facilities or amenities incidental to real estate business which exclusively supply or cater to, or are exclusively consumed by the REIT, its Holding Company ("**HoldCo(s)**") or Special Purpose Vehicle ("**SPV(s)**"), irrespective of whether such facilities or amenities are co-located within any project of REIT or not. However, any excess production or capacity not consumed by the REIT, its HoldCo(s) or SPV(s), may be sold to a Central or State grid or utility, subject to the prescribed conditions under the SEBI (REITs) (Amendment) Regulations, 2025;
2. if by a vacancy in the office of an independent director of the manager, the manager becomes non-compliant with the requirement of having an independent director, such vacancy must be filled by the manager as follows: (a) if such vacancy arises due to expiry of the term of office of the independent director, then the resulting vacancy must be filled not later than the date such office is vacated; or (b) if such vacancy arises due to any other reason, then the resulting vacancy must be filled at the earliest and not later than 3 (three) months from the date of such vacancy;
3. the trustee must: (a) comply with the core principles defining its roles and responsibilities which must encompass transparency, accountability, due diligence and compliance with these regulations; and (b) act impartially in their

fiduciary capacity, prioritise protection of the interests of unitholders, ensure effective management oversight over the manager and the REIT and maintain high standards of governance of the manager and the REIT; and

4. REITs can invest in additional instruments as part of the 20% investment bucket, subject to certain conditions. These include (a) investing in unlisted equity shares of companies providing property management or property maintenance and other incidental services exclusively to the REIT, its HoldCo(s) and SPV(s), and (b) where the entire shareholding or interest in such company is held by REIT either directly or through its HoldCo(s) or SPV(s). Further, in case of business parks, townships and other real estate projects, such services may be provided to other entities which are contiguous within the project, subject to certain prescribed conditions.

Review of disclosure requirements by **InvITs** and **REITs**

SEBI, *vide* circulars dated May 7, 2025, has revised Chapters 3 and 4 of the Master Circulars for InvITs and REITs dated May 15, 2024, dealing with disclosure of information in the offer document and post listing of units. Some of the key revisions are as follows:

1. the offer document/placement memorandum must contain audited financial statements for a period of 3 (three) financial years (earlier audited financial statements were not mandatory). Further, if the latest audited financials are older than 6 (six) months from the date of filing, additional stub period financials must be provided;
2. if general-purpose financial statements are unavailable, combined or carved-out financial statements must be prepared and audited by the seller's auditor. If the REIT/InvIT has been in existence for less than 3 (three) completed financial years, disclosures should be provided for the years the REIT/InvIT has been operational, including any applicable stub periods;
3. in case of a follow-on offer, if the InvIT/REITs has been in existence for a period lesser than the last 3 (three) completed financial years, then financial statements of the InvIT/REITs must be disclosed for such financial years for which the InvIT/REITs has been in existence and for the stub period (if applicable); and
4. additional disclosures are specified which will be included as a part of the audited financial information and will be audited accordingly. These include project-wise operating cash flows, contingent liabilities and commitments as of the date of the latest financials.

Investor charters for **InvITs** and **REITs**

SEBI, *vide* circulars dated June 12, 2025, has introduced the investor charters for InvITs and REITs, to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy. Some of the key aspects are as follows:

1. the charter for InvITs aims to develop the Indian InvIT Industry and provide investors with transparent, efficient, and reliable investment opportunities in infrastructure assets by ensuring fair and robust regulatory mechanisms and enhance confidence among investors by protecting and promoting the interests of unitholders; and
2. the charter for REITs aims to commit to advancing the growth and development of REITs sector in India, with a focus on the growth of commercial real estate assets including other assets portfolio management. To advocate for both business and investor interests while adhering to regulations. To develop integrity and excellence, and foster industry best practices that are benchmarked to leading global REIT standards.

Some of the key rights of investors under the charter for InvITs are as follows:

1. right to receive timely distributions as per the declared schedule made by the InvIT and SEBI mandates at least half-yearly for publicly listed InvITs and at least annually for privately listed InvITs;
2. right to vote on significant matters, including the acquisition of new assets, borrowing, related party transactions, appointment or change of the investment manager, and induction or exit of a sponsor (with an exit option for

dissenting voters) and such other matters which requires unitholders consent as per Regulation 22 of the InvIT Regulations;

3. right to access a full valuation report of all InvIT assets at least annually for both publicly and privately listed InvITs;
4. right to receive annual and half-yearly report of the InvIT including financial information, auditors report and valuation report;
5. right to be informed of any disclosures that may materially impact investments in the InvIT; and
6. right to participate in meetings and vote on matters affecting the InvIT.

Some of the key rights of investors under the charter for REITs are as follows:

1. right to receive information and details about the REIT including about its investment philosophy, and such other information as may be required under SEBI regulations to enable investors to make an informed decision about investing in a REIT, prior to making any such investment;
2. right to timely receipt of distribution advices / interest / proceeds / refunds and evidencing a transaction as specified in the SEBI (REIT) Regulations, 2014, or to receive such statements on request;
3. right to receive annual report / half yearly report and valuation reports; and
4. right to be informed about such disclosures which may have a material bearing on their investments in REIT.

Alternative Investment Funds

SEBI (AIFs) (Amendment) Regulations, 2025

SEBI, *vide* [notification](#) dated May 21, 2025, has amended the SEBI (AIFs) Regulations, 2012, by modifying the explanation under Regulations 17 (2) (*conditions for Category II AIFs*) to state that a Category II AIF must invest primarily in unlisted securities and/or listed debt securities (including securitised debt instruments) which are rated 'A' or below by a credit rating agency registered with SEBI, directly or through investment in units of other AIFs, in the manner as may be specified by SEBI.

Extension of timeline for complying with the certification requirement for the key investment team of the manager of AIF

SEBI, *vide* [circular](#) dated May 13, 2024, specified that schemes of AIFs as on May 13, 2024 and schemes of AIFs whose application for launch of scheme were pending with SEBI as on May 10, 2024, must comply with the certification requirement under Regulation 4(g)(i) (*i.e., the key investment team of the manager of an AIF must have at least 1 (one) key personnel with NISM certification*) of the SEBI (AIFs) Regulations, 2012 by May 9, 2025. Consequently, SEBI, *vide* circular dated May 13, 2025, has decided to extend the said timeline from May 9, 2025, to July 31, 2025, to obtain the requisite NISM certification.

Foreign Portfolio Investors

Limits for investment in debt and sale of credit default swaps by FPIs

RBI, *vide* circular [dated](#) April 3, 2025, has introduced investment limits for FPIs in debt instruments. The investment limits for FPIs are as follows:

1. the limits for FPI investment in Government Securities ("G-Sec"), State Government Securities ("SGSs"), and corporate bonds will remain unchanged at 6%, 2%, and 15%, respectively, of the outstanding stocks of securities for 2025-26;

2. all investments by eligible investors in the specified securities will be reckoned under the fully accessible route;
3. the incremental G-Sec limit has been evenly split (50:50) between the general and long-term sub-categories;
4. all additional limits for SGSs have been allocated to the general sub-category;
5. the revised investment limits for FPIs in G-Sec general, G-Sec long term, SGS general, SGS long term and corporate bonds, will be implemented in 2 (two) phases, i.e., April to September 2025 and October 2025 to March 2026, with gradual increases across all categories; and
6. the aggregate limit of the notional amount of credit default swaps sold by FPIs will be 5% of the outstanding stock of corporate bonds. Accordingly, an additional limit of INR 2,93,612 crore (Indian Rupees two lakh ninety-three thousand six hundred and twelve crore) is set out for 2025-26.

Amendment to the Master Circular for FPIs, Designated Depository Participants and Eligible Foreign Investors

The Master Circular for FPIs, Designated Depository Participants and Eligible Foreign Investors dated May 30, 2024, mandated additional disclosures for FPIs that individually, or along with their investor group, hold more than INR 25,000 crore (Indian Rupees twenty-five thousand crore) of equity asset under management in the Indian markets. SEBI, *vide* [circular](#) dated April 9, 2025, has increased this threshold from INR 25,000 crore (Indian Rupees twenty-five thousand crore) to INR 50,000 crore (Indian Rupees fifty thousand crore).

Relaxations granted to FPIs for investments in corporate debt securities through the general route

RBI, *vide* its [notification](#) dated May 8, 2025 (“**Notification**”), has provided significant relaxations relating to investments by FPIs in corporate debt securities under the general route.

Under the Notification, RBI has immediately withdrawn the short-term investment limit and concentration limit applicable on investments made by FPIs in corporate debt securities under the general route. Earlier, FPIs were permitted to invest only up to: (a) 30% of their total investments in short-term corporate debt securities (i.e., corporate debt securities with a residual maturity of up to 1 (one) year); and (b) 15% of the prevailing investment limit for corporate debt securities for long-term FPIs (i.e., Sovereign Wealth Funds, Multilateral Agencies, Pension/Insurance/Endowment Funds and foreign Central Banks), and 10% of the prevailing investment limit for corporate debt securities for other FPIs.

Venture Capital Funds

Extension of timeline of additional liquidation period for VCFs migrating to SEBI (AIFs) Regulations, 2012

SEBI, *vide* [circular](#) dated June 6, 2025, has extended the additional liquidation period for VCFs with schemes whose liquidation period has expired and are not wound up and are migrating to SEBI (AIFs) Regulations, 2012, to July 19, 2026 (*earlier this was July 19, 2025, as prescribed under Paragraph 5.2 of the circular dated August 19, 2024*). All other provisions of SEBI circular remain unchanged. Further, it is reiterated that the last date for applying for migration with SEBI for all eligible VCFs remains as July 19, 2025.

JSA Private Equity Practice

We provide legal services to PE funds across the full range of their operations and activities, besides International and Domestic entities. The PE practice represents both investors and investee entities in diverse sectors. We are actively involved in legal and governmental issues affecting the Private Equity and Venture Capital industry on a national level, including legislative and regulatory matters, and provide ongoing support, advice and views to the various committees of SEBI. The PE practice complements and works closely with our Investment Funds practice to provide legal advice on several aspects such as:

- Onshore and Offshore structuring and formation of funds in India and overseas and enabling tax efficient modes of investing in India;
- Investment structures to ensure compliance with Takeover Regulations, Insider Trading Regulations;
- Representation of funds, either alone or as lead members of a syndicate;
- Drafting applications for regulatory approvals and liaising with regulatory authorities, including SEBI/ RBI registrations and compliance;
- Drafting offer documents for the raising of funds;
- Due Diligence of prospective investee companies and targets;
- Negotiation assistance from term sheet stage till closing;
- Assisting in downstream investments;
- Advising on ongoing activities of portfolio companies;
- Assistance with exit strategies and implementation thereof;
- Advising investee companies on issues relating to receiving venture capital and PE investment;
- Negotiations and drafting of transaction documents including investor agreements, share subscription/purchase agreements, joint venture agreements and shareholder agreements;
- Documentation and overall transactional support, including working closely with regulators like RBI, Foreign Investment Facilitation Portal (FIFP) and SEBI; and
- Structuring incentives and sharing of the 'carry' for fund managers and research analysts.

This Newsletter has been prepared by:



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18 Practices and
41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



20 Practices and
22 Ranked Lawyers



8 Practices and
10 Ranked Lawyers
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14 Ranked Practices



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