



April 2026

Introduction

As per publicly available information, private equity and venture capital investments in India plunged by 22% in the first quarter (January–March) of the current calendar year 2026 to USD 9.1 billion (United States Dollars nine point one billion) (across 316 (three hundred sixteen) deals), compared with USD 11.7 billion (United States Dollars eleven point seven billion) (across 337 (three hundred thirty seven) deals) during the corresponding quarter last year.¹ Deal volumes in Q1'26 fell by 6% compared to Q1'25 and by 4% compared to the immediate previous quarter.²

This newsletter captures the regulatory developments from January 2026 to March 2026 relating to Alternative Investment Funds (“AIFs”), Foreign Venture Capital Investors (“FVCIs”) and Foreign Portfolio Investors (“FPIs”) that are likely to shape the investment activities in India.

Overview of the Regulatory Measures

The regulatory bodies in India are periodically reviewing the regulatory framework to strengthen investor confidence and bring transparency across the Indian investment and business landscape. Some of the key regulatory developments for the period between January 2026 to March 2026 are:

Securities and Exchange Board of India

Timeline for implementation of additional incentives structure for distributors for onboarding new investors extended

The Securities and Exchange Board of India (“SEBI”), *vide* its circular dated November 27, 2025, had prescribed a framework under Regulation 52(6A) (b) of the SEBI (Mutual Funds) Regulations 1996, to incentivise distributors for mobilising investments from specific categories. SEBI, *vide* its [circular](#) dated January 7, 2026, has extended the timeline for implementation of additional incentives structure for distributors for onboarding new individual investors from B-30 cities and new women investor from both T-30 and B-30 cities to March 1, 2026 (*earlier this timeline was February 1, 2026*). The extension in timeline was granted on the basis of feedback received by SEBI from the industry, citing operational difficulties in putting in place the requisite systems and processes for smooth implementation of additional incentive structure.

¹ <https://timesofindia.indiatimes.com/city/chennai/west-asia-conflict-hits-pe-vc-investments-in-q1-cy2026/articleshow/129960904.cms>

² <https://blog.ventureintelligence.com/pe-vc-investments-fall-22-to-9-1-b-in-q126/>

Payment of incentives by issuers of non-convertible securities

SEBI, *vide* its [notification](#) dated January 20, 2026, has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026 (“**SEBI NCS Regulations**”). Some of the key amendments notified under the SEBI NCS Regulations are as follows:

1. the definition of ‘retail individual investor’ is inserted to mean an individual investor who applies or bids for debt securities for a value not exceeding INR 2,00,000 (Indian Rupees two lakh); and
2. a new proviso has been inserted in Regulation 31 of SEBI NCS Regulations, relating to prohibition on payment of incentives applicable to public issue of debt securities. An issuer can now offer an incentive in the form of additional interest or a discount to the issue price to senior citizens, women, serving and retired defence personnel, widows and widowers of defence personnel, retail individual investors or such other category of investors as may be specified by SEBI, provided that such incentive is available only to initial allottees and not in case the debt securities are transferred/transmitted post allotment.

Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI, *vide* its [notification](#) dated January 20, 2026, has introduced amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”). Some of the key amendments to the LODR Regulations are as follows:

1. the threshold for classification as a High Value Debt Listed Entity (“**HVDLE**”) under the LODR Regulations has been increased from INR 1,000 crore (Indian Rupees one thousand crore) to INR 5,000 crore (Indian Rupees five thousand crore), thereby easing governance and disclosure obligations for mid-sized debt issuers;
2. the requirement for obtaining shareholder approval for appointment or re-appointment of a person on the board of directors or as a manager of a HVDLE is not applicable to a director nominated by a financial sector regulator, court or tribunal or by debenture trustee registered with SEBI under a subscription agreement for the debentures issued by a HVDLE;
3. the credit of securities in demat form pursuant to receipt of investor service requests in relation to sub-division, split, consolidation, renewal, exchanges and issuance of duplicate securities on account of loss or old decrepit or worn out certificates is required to be completed within 30 (thirty) days from the date of receipt of such request;
4. a uniform framework has been introduced for handling interest or redemption amounts that remains unclaimed for 7 (seven) years from the date of maturity in connection with listed non-convertible securities, requiring transfer to the Investor Education and Protection Fund (in the case of companies) or to SEBI’s Investor Protection and Education Fund (in the case of non-company entities);
5. the requirement for obtaining shareholder approval (by way of a special resolution) for selling, disposing and leasing of assets amounting to more than 20% (twenty per cent) of the assets of unlisted material subsidiary on an aggregate basis during a financial year is not applicable to sale, disposal or lease of assets between two wholly-owned subsidiaries of a HVDLE; and
6. except as specified under securities law or Companies Act, 2013, the request for effecting transfer of securities (*save and except as executed before April 01, 2019 and still held in physical form*) should not be processed by the listed entities unless the securities are held in dematerialised form with a depository, and transmission or transportation of securities held in physical or dematerialised form should be effected only in dematerialised form.

Ease of doing investment and ease of doing business

To further facilitate investors to get rightful access to their securities, SEBI, *vide* its [circular](#) dated January 30, 2026, has decided to open another special window for transfer and dematerialisation of physical securities which were sold/purchased prior to April 1, 2019. This window will be open for a period of 1 (one) year from February 5, 2026, to February 4, 2027.

Further, to simplify the process for credit of securities pursuant to investor service requests by reducing the timelines, risk of loss and pilferage, SEBI, *vide* its [circular](#) dated January 30, 2026, has decided to do away with the requirement of issuance of letter of confirmation.

Alternative Investment Funds

Requirements for grant of accreditation to investors simplified

To ensure ease of doing business, SEBI, *vide* its [circular](#) dated January 9, 2026, has permitted the investment manager of AIFs to raise commitment, pending receipt of certificate from an accreditation agency, based on the investment manager's assessment of an investor's eligibility. SEBI has also done away with requirement to give detailed break-up of net worth and made it optional for the certifying chartered accountant to specify the actual net-worth in the net-worth certificate.

Reporting of value of units of AIFs to depositories

To facilitate system readiness of AIFs, Registrars to an Issue and Share Transfer Agents ("RTAs") and depositories, SEBI, *vide* [circular](#) dated February 6, 2026, has outlined the requirements for reporting the value of units of AIFs to depositories. In this regard, the following is specified:

1. AIFs, through their RTAs, must upload the latest available Net Asset Value ("NAV") corresponding to each International Securities Identification Number of units of the AIF in the depository system before May 1, 2026, or within 30 (thirty) days from the date of valuation of the investment portfolio, whichever is later. For the purpose of the foregoing mandate, the valuation date shall be considered as under:
 - a) in case the valuation is carried out by independent valuers, the date of valuation report; and
 - b) in case the valuation is carried out by an internal valuer – the date on which the valuation is documented in internal records of the fund;
2. the manager of the AIF will be responsible for ensuring timely and accurate uploading of NAV; and
3. the depositories must:
 - a) build necessary infrastructure for uploading of NAV by RTAs and for reflection of the same in the depository system;
 - b) incorporate the following disclaimer wherever AIF NAV is being displayed:
 - c) *"NAV being shown is on the basis of valuation methodology and accounting practice followed by your respective AIF. Please refer to your fund documents for more details."*;
 - d) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions; and
 - e) bring the provisions of this circular to the notice of their members/participants and also disseminate the same on their websites.

Regulatory reporting by AIFs

SEBI, *vide* its [circular](#) dated March 4, 2026, has *inter alia* overhauled the regulatory reporting framework for AIFs. A comprehensive annual activity report is introduced under which AIFs must submit a comprehensive and detailed report *via* the SEBI Intermediary Portal (SI Portal) within 30 (thirty) calendar days of the financial year-end. The first annual activity report for the financial year ending March 2026 is required to be submitted latest by May 31, 2026. Further, quarterly filings are streamlined i.e., a limited quarterly activity report is required to be submitted by all AIFs on the SI Portal within 15 (fifteen) calendar days from the end of each such quarter. No separate quarterly activity report is required for the quarter ending March 2026, with the first new filing due for the quarter ending June 2026.

Foreign Venture Capital Investors and Foreign Portfolio Investors

Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025

The Ministry of Finance, *vide* its [notification](#) dated December 30, 2025, has amended the Indian Insurance Companies (Foreign Investment) Rules, 2015 (“**2015 Rules**”), to align them with the Insurance Act, 1938 and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (“**NDI Rules**”). Some of the key provisions are as follows:

1. definition of ‘Foreign Direct Investment’ (“**FDI**”) has been revised to include investment by non-resident entities/persons under the NDI Rules, and expressly includes investment by FVCIs as permissible under the NDI Rules;
2. the definitions of ‘foreign investors’ and ‘FPIs’ are revised to refer to the NDI Rules and the definition of ‘public financial institution’ has been omitted;
3. under the provision dealing with quantum of FDI, the term ‘total foreign investment’ has been replaced by ‘FDI’. Further, the reference to the 74% cap on foreign investment is replaced with a reference to the percentage permitted under the Insurance Act, 1938, ensuring automatic alignment with future statutory changes; and
4. governance requirements are eased and the key conditionality which now applies to an Indian insurer with foreign investment is that at least 1 (one) among the chief executive officer, managing director or chairperson must be a resident Indian citizen. Accordingly, stipulations requiring such Indian insurers to have a majority of directors and a majority of key managerial personnel as resident Indian citizens, have been omitted. Further, conditionalities which were applicable to an Indian insurer with foreign investment in excess of 49% concerning independent director requirements and requirement to transfer profits to general reserves in case of dividend payouts in certain situations, have been omitted as well.

SEBI facilitates seamless digital signature certificate functionality for FPIs

SEBI, *vide* its circular dated March 27, 2023, permitted FPIs to use digital signatures for execution of Common Application Form (“**CAF**”) and other registration related documents. Pursuant to the same, SEBI, *vide* its [press release](#) dated January 8, 2026, has launched a new Digital Signature Certificate (“**DSC**”) functionality within the CAF portal. This step further streamlines the FPI registration process as applicants can now directly apply for DSC while submitting CAF.

Single window automatic and generalised access for trusted foreign investors framework for FPIs and FVCIs

SEBI, *vide* its [circular](#) dated January 16, 2026, has notified a framework on the Single Window Automatic and Generalised Access for Trusted Foreign Investors (“**SWAGAT-FI**”) to simplify compliance for FPIs and FVCIs. The framework enables a single, unified registration process across multiple investment routes to reduce repetitive

documentation and compliance requirements. These benefits are available to both existing and new eligible FPIs. The circular will come into effect from June 1, 2026.

Voluntary Retention Route – Imparting predictability and increasing ease of doing business

Pursuant to the Statement on Developmental and Regulatory Policies, the Reserve Bank of India (“**RBI**”), *vide* its [circular](#) dated February 6, 2026, has notified the following changes to the regulatory framework governing investments under the Voluntary Retention Route (“**VRR**”), which has become effective from April 01, 2026:

1. the investment limits under the VRR must be subsumed under the investment limit for FPI investments under the general route. Accordingly, all investments through VRR in Central Government securities (including treasury bills), State Government securities and corporate debt securities will be reckoned under the investment limit for the respective securities under the general route; and
2. FPIs that have availed retention periods longer than the minimum retention period stipulated in the Master Direction - RBI (Non-resident Investment in Debt Instruments) Directions, 2025, will have the option of liquidating their portfolio, fully or partly, and exiting the VRR after the end of the minimum retention period.
3. All existing investments under VRR as on April 01, 2026, are required to be transferred to the respective investment limits under the general route.

JSA Private Equity Practice

We provide legal services to Private Equity (PE) funds across the full range of their operations and activities. The PE practice represents both investors and investee entities in diverse sectors. We are actively involved in legal and governmental issues affecting the PE 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.

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19 Practices and
40 Ranked Lawyers



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15 Practices and
20 Ranked Lawyers



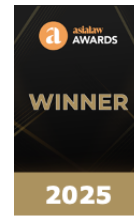
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