INDIALAW

Funds, AIFS & Foreign Portfolio Investment (FPI)

Funds and AIF Law Firm in India for FPI Registration, SEBI, and FEMA Compliance

PRACTICE PROFILE • OCTOBER 2026

Overview

We provide end-to-end legal advisory and compliance support for setting up and operating investment funds and enabling portfolio investments into India. Our team specializes in advising Alternative Investment Funds (AIFs), Foreign Portfolio Investors (FPIs), and fund managers on structuring, registration, investment strategy alignment, and regulatory compliance under SEBI, FEMA, and RBI frameworks. We act as trusted advisors to fund sponsors, asset managers, global investors, and institutional LPs seeking to access or deploy capital in India's fast-evolving investment landscape.

Our Services

Alternative Investment Funds (AIFs)

- Structuring and setting up Category I, II, and III AIFs under SEBI (AIF) Regulations.
- Assistance in registration and ongoing compliance with SEBI
- Drafting of fund documentation: Private Placement Memorandum (PPM), trust deeds, contribution agreements, and side letters
- Advisory on sponsor/manager commitments, carried interest, waterfall mechanisms, and valuation policies
- Tax structuring in coordination with tax advisors (pass-through status, withholding, etc.)
- Setup in domestic or offshore jurisdictions including GIFT City International Financial Service Centre (IFSC). Our Services for GIFT City Entities includes:
- Structuring and setting up AIFs, FMEs, PMS/IAS platforms, and offshore funds
- Drafting of fund documents, trust deeds, investment management agreements, offering memoranda
- Assistance with registration and licensing with IFSCA
- Tax and FEMA advisory on pooling Indian capital and outbound investments
- Integration with FPI, ECB, and ODI strategies from a GIFT City base
- Ongoing compliance, audit liaison, and regulatory reporting

Foreign Portfolio Investors (FPIs)

- Advising on registration of FPIs with Designated Depository Participants (DDPs) under SEBI (FPI) Regulations.
- Classification under Category I, Category II and Category III.
- Structuring investments to comply with sectoral caps, FPI limits, and short-term restrictions
- Advisory on FPI route vs. FDI route
- Assistance with PAN, KYC, custodian arrangements, and FEMA compliance
- Regulatory reporting, disclosure, and trading obligations

Fund Structuring & Cross-Border Advisory

- Structuring of private equity, venture capital, real estate, infrastructure, and hedge funds
- Setting up feeder funds or co-investment vehicles in offshore jurisdictions (Singapore, Mauritius, Cayman, Luxembourg, etc.)
- Advising on round-tripping, beneficial ownership, and treaty eligibility under Indian law
- Support on fundraising, marketing, and investor onboarding (AML/KYC, eligibility checks)

Ongoing Compliance & Regulatory Filings

- Periodic disclosures to SEBI, investors, and regulators
- Assistance with audit queries, inspections, and show-cause responses
- Compliance with SEBI Insider Trading, Takeover, and PIT regulations
- FEMA and RBI reporting for capital flows and downstream investments

Key Professionals

Shiju P V
Managing Partner

Rahul Sundaram
Partner

Shrishail Kittad
Senior Partner

Frequently Asked Questions

Q1 **What does a funds, AIFs, and FPI practice cover in India?**

It covers structuring, registering, and operating Alternative Investment Funds under SEBI (AIF) Regulations, advising Foreign Portfolio Investors on market access, and guiding fund managers on FEMA, RBI, and tax compliance for pooling and deploying capital in Indian markets.

Q2 **When should a fund sponsor or global investor engage a funds lawyer in India?**

Ideally before finalising fund structure or jurisdiction. Early legal input shapes AIF category selection, GIFT City vs. domestic setup, FPI vs. FDI route decisions, and LP terms. Engaging late often means costly restructuring or delayed SEBI registration.

Q3 **Which regulators and statutes govern AIFs and FPIs in India?**

AIFs are regulated by SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012. FPIs fall under SEBI (FPI) Regulations, 2019. Cross-border capital flows are governed by FEMA and RBI directions. GIFT City entities are licensed by IFSCA.

Q4 **How long does it typically take to register an AIF or FPI with SEBI?**

SEBI AIF registration generally takes 8 to 12 weeks from filing, assuming complete documentation and no queries. FPI registration through a Designated Depository Participant can be faster, often 4 to 6 weeks. Delays usually stem from incomplete KYC or structural concerns.

Q5 **What documents are needed to set up an AIF or register as an FPI?**

For an AIF: trust deed, Private Placement Memorandum, contribution agreement, compliance test report, and sponsor track record. For FPI registration: constitutional documents, board resolutions, KYC records, PAN application, and custodian appointment letter.

Q6 **What common mistakes do fund managers make when setting up AIFs or FPIs?**

Frequent pitfalls include misclassifying the AIF category, overlooking sectoral caps or FPI concentration norms, drafting vague waterfall and carried interest provisions, and ignoring FEMA pricing guidelines on downstream investments. Each can trigger SEBI scrutiny or investor disputes.

Related Practice Areas

Corporate & Commercial | Private Equity And Venture Capital Transactions | Mergers, Acquisition And Joint Venture | Entry Strategy And Incorporation | Foreign Investment & Overseas Investment | Capital Market | Corporate Governance & Compliance | Corporate Restructuring