

SEBI mandates Net Asset Value (NAV) reporting of Alternative Investment Fund (AIF) Units to Depositories

The **Securities & Exchange Board of India (SEBI)** vide its **Circular No. HO/19/34/11(8)2025-AFD-POD1/I/4335/2026 dated February, 2026**, has addressed the reporting of the value of units of Alternative Investment Funds (AIFs) to Depositories. It referred to Regulation 10 of the SEBI (Alternative Investment Funds) Regulations, 2012, which permits AIFs to raise funds from Indian, foreign, or non-resident Indian investors through the issuance of units. The value of these units is determined based on the valuation of the investment portfolio of the AIF or its scheme.

Specifically, Regulation 23(2) mandates that Category I and Category II AIFs must undertake valuation of their investments at least once every six months by an independent valuer appointed by the AIF, with the period extendable to one year upon approval of at least seventy-five percent of the investors by value. Regulation 23(3) requires Category III AIFs to ensure that the calculation of Net Asset Value (NAV) is independent from the fund management function and that such NAV is disclosed to investors at intervals not longer than a quarter for close-ended funds and not longer than a month for open-ended funds.

The Circular notes that, pursuant to Regulation 10(aa) and a previous SEBI circular (now subsumed in the Master Circular for AIFs dated May 07, 2024), AIFs are required to issue units in dematerialized (demat) form. In order to enhance transparency and operational efficiency by leveraging depository infrastructure, the Circular specifies that AIFs, through their Registrars and Transfer Agents (RTAs), must upload the latest available NAV corresponding to each ISIN of AIF units in the depository system before May 01, 2026, or within 30 days from the date of valuation of the investment portfolio, whichever is later.

The valuation date is defined as the date of the valuation report in cases where an independent valuer is used, or the date the valuation is documented in internal records where internal valuers are used. The manager of the AIF is made responsible for ensuring timely and accurate uploading of the NAV.

The depositories are directed to build the necessary infrastructure for uploading NAV by RTAs and for reflecting the same in the depository system. They are also required to display a disclaimer stating that the NAV shown is based on the valuation methodology and accounting practice followed by the respective AIF, and to refer investors to their fund documents for more details.

Additionally, depositories must make necessary amendments to their Bye-laws, Rules, and Regulations to implement these provisions and disseminate the circular to their members and on their websites. The trustee or sponsor of the AIF must ensure that the Compliance Test Report, as prepared by the manager in accordance with Chapter 15 of the Master Circular for AIFs, includes compliance with the provisions of this circular. The provisions of the circular come into force with immediate effect.

[Click here to read/ download the original circular](#)