

See sector-specific opportunities in distressed assets: Trilegal's Yogesh Singh

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Premium



Yogesh Singh, partner and head, corporate practice, Trilegal

Full-service law firm [Trilegal](#) is a regular on annual league tables for both private equity and venture capital, as well as M&A advisory. In 2025, the firm [bagged the top spot](#) for the volume of PE deals handled and was runner-up in M&A. However, its performance in terms of deal value was mixed, with a much lower ranking. Nevertheless, it still featured among the top 10 law firms.

While [Trilegal](#) did not provide a specific break-up, a majority of its overall revenue comes from transactional work. On average, partners may be involved in five-eight active deals at a time, though at different stages of completion. The overall pipeline of deals (at the pitch stage or transaction structuring stage) could be higher.

In an interaction with VCCircle, [Yogesh Singh](#), partner and head of the [corporate](#) practice at Trilegal, said that while defaults are at a multi-decade low, sector-specific opportunities still exist in distressed assets. He added that the next corporate bad-loan cycle will likely be driven not by balance sheet stress but by supply chain disruptions. Edited excerpts:

Do you see more scope for distressed assets and special situation opportunities amid the ongoing West Asia conflict?

We are at a multi-decade low in terms of banking stress. It is low not just because of one factor. There are many factors like the post-IBC (Insolvency and Bankruptcy Code) resolution maturity, strong credit growth, and PSU bank

recapitalization.

We can also credit better governance standards and better provisioning buffers. If you assess the market, there has been fairly consistent corporate deleveraging, especially by larger conglomerates.

However, we are still seeing a number of deals where people are active. These are perhaps a bit different from where deals used to be earlier. There are many deals now where promoters themselves are engaging in solution-finding.

We are seeing a lot of promoter liquidity solutions and continue to see structured equity as a big piece. There are still projects that require last-mile financing. There are some mezzanine deals where private credit can come in. Pre-IPO bridge capital and shareholder buyouts probably complete that maze.

When you look at the West Asia conflict, four things will make an impact. The first is oil price shocks. The closure of the Strait of Hormuz presents a risk, with 40% of imports coming through that corridor. The real estate sector is already talking about inflation pressures, which will lead to slightly tighter monetary conditions, and an export slowdown is definitely going to happen.

Shipping and logistics disruptions are going to cause a lot of pain to sectors that depend on them. Shipping and logistics will do well, but the sectors that depend on them will suffer. We are already seeing early signs. If I am not mistaken, earnings growth of the private sector hit a near three-year low in March 2026. We expect micro-cycle stress.

We expect sector-specific distress opportunities because several companies will not be able to deal with oil price shocks, increased pricing, inflation, and the slowdown in exports.

Structured credit and special situations will perform far better than the more typical ARC-style resolution plans that we have seen. That market is very sophisticated. The kind of deals we are doing are a combination of onshore and offshore solutions.

Even with local deals, there is more maturity in terms of risk profiling and how people raise capital. People are paying more coupons to those who are giving high-risk capital. The rest is being structured through long-term, structured equity-type solutions.

Overall, India's next distress cycle is not going to be balance sheet-driven, but rather sector-selective and supply chain-driven. We are seeing early signs of this. People who depend on certain types of products or supply chains are suffering far more than peers.

Which sectors could lead the bad-loan cycle?

It is very difficult to name specific entities. From a sector point of view, select [NBFC](#) segments, MSME lenders, and entities that focus on unsecured retail credit might suffer.

There is a lot of margin compression among mid-market manufacturing exporters. Segments such as chemicals, auto ancillaries, and engineering exporters will suffer quite a bit.

Then, there may be opportunities in new-age infrastructure like roads, renewable energy SPVs with tariff sensitivities, and hybrid annuity model projects.

Select micro markets and commercial real estate are likely to suffer. Even residential real estate could suffer, but the first one to take the hit would be commercial real estate.

How do you see PE and strategic activity shaping up in some of these impacted sectors?

India continues to be the most resilient PE market in the Asia-Pacific region, and PE-backed acquisitions have risen. The West Asia conflict is going to immediately have an impact. It will all depend on how long the war goes on for. The activity will remain sector-selective even if the conflict gets resolved over the next few quarters.

However, there is a reason why we will continue to see strong PE activity. Firstly, India is replacing China when it comes to allocation strategies, which have themselves completely shifted. People have become more wary of China.

Secondly, the domestic consumption story remains intact, even if impacted by inflation or slowdowns in real estate and other sectors. We expect India to grow at over 5-6% this financial year despite the war impact.

Our exit pathways have impacted bulge-bracket PE deal activity in the past, and an improvement in those is going to be a big driver, especially with firms making strong exits. PE activity also relies on other investments that carry through some of that momentum.

In financial services, insurance distribution and fintech infrastructure will be fairly big. In infrastructure, green hydrogen, batteries, and smart metering, among others, will gain traction. Digital services, healthcare, delivery platforms, and consumer premiumization are also big sectors.

PE/VC investments in the financial services space have been largely subdued in recent quarters. What is your outlook on the sector?

When we talk about the financial services sector, we need to mention India's financialization story. The shift from gold and real estate to equities, mutual funds and insurance is significant. It has led to a structural trend of over Rs 20,000 crore worth of monthly SIP inflows.

I don't see how Indians will discontinue this unless inflation spikes sharply. Barring extreme situations, we are expecting continued investment in financial services. Investors are not just looking at earnings exposure, they want to get platform exposure too. That is a far deeper and more convincing argument, saying I want to stay invested because I see big growth coming through, and other alternatives, such as the Middle East, the US, and China, are not going to shape up as well. Other countries have not been able to get themselves to the same position as far as financialization and digitization are concerned.

We have also started getting more regulatory clarity now. Earlier, we would put in an application for a NBFC change-of-control not knowing the outcome. Now, there is clarity and openness, and governance expectations are clearly laid out.

There is increased sponsor confidence, and we continue to see sponsor-to-sponsor exits. People have been invested in good companies which have done okay. Those platforms may not be the greatest in terms of earnings, but they are good positions to be in from a platform perspective. There are new sponsors who are willing to take those because the future looks bright.

How will the RBI's move to allow banks to fund M&A deals play out?

The RBI's latest directions on acquisition financing are a welcome step toward deepening the credit market in India and is an acknowledgment of the maturity of Indian corporates and the funding ecosystem.

These directions could deepen liquidity for strategic transactions and support promoter transitions. They should broaden the capital pool available for Indian corporates, which was earlier restricted to offshore arrangements or private credit, and other non-traditional financing solutions available domestically. As a result, eligible corporate borrowers under this framework could look to explore lower lending costs and more favourable pricing for leveraged transactions in the short term.

Domestic financial institutions such as NBFCs and AIFs are also expected to push their portfolio companies to explore such bank financing to pursue refinancing and exits. Alternatively, such institutions may also face competition, as NBFCs and AIFs have historically provided such financing. This may potentially compress yields and alter competitive positioning in the acquisition finance market.

In practical terms, the impact is expected to be gradual rather than immediate. Banks will adopt a calibrated approach in the initial phase, given the internal risk frameworks, exposure limits, and capital adequacy considerations. Acquisition financing often requires bespoke documentation, encompassing tight intercreditor arrangements, security packages, and covenant frameworks, which differ from traditional lending structures.

How large is Trilegal's corporate practice, and what are your hiring plans?

I have been leading the corporate practice for six years. We are probably the largest corporate practice in the market. We have over 90 partners handling a variety of corporate transactional advisory and strategic advisory work.

We have over 700 lawyers in the corporate practice, including over 100 partners. This covers all key offerings. We are not just a strong firm for M&A or private equity. We cover all relevant sectors. All sub-practices within the group are also tier I practices.

If you look at corporate work, there is a lot of interplay between capital markets, real estate capabilities, employment, securities law and financial regulatory with technology, media and telecommunication regulatory capabilities.

Banking and finance is a strong 50-lawyer group. Funds is also a strong 60-lawyer group with seven partners. This has helped us capture the entire deal activity, right from initial structuring to tax advice, fund formations in the context of PEs, deployment, actual acquisitions, and to be able to handle sector-specific requirements in insurance, banking, defence, and aviation.

We will continue to hire. We expect the Indian legal market to grow, and want to ride that story. We will keep teams dynamic and nimble-footed.

Do you have a sweet spot as far as deal sizes are concerned?

As a full-service firm that has consciously developed a strong emerging companies and venture capital (ECVC) practice, the deal number is irrelevant.

Sometimes, our partners advise a good founder on setting up a new cap table, probably coming in not at the seed level but at Series B. We also advise many serial and VC investors who need support in early-stage transactions.

We work across the board on private equity and the fund side. We don't focus on very small M&A transactions (under \$5 million). However, you end up doing those for older clients who are looking at strategic value.

We don't necessarily have a cut-off for deal value because in the ECVC practice, partners pick up fairly early-stage companies too. This may not have been the case eight-nine years back when we were not doing early-stage transactions actively, but it has changed now and paid us good returns. We see no reason to change that.