PE/VC MONTHLY NEWSLETTER · APRIL 2026 · ISSUE 01

Vardharma Chambers

CORPORATE
COMPLIANCE
DISPUTES

India just rewrote the rules for PE exits, fund structures, and AIF compliance.

Here is everything that changed in April, and what you need to do about it.

//1 LEGISLATIVE UPDATE · COMPANIES ACT · LLP ACT · M&A

Corporate Laws (Amendment) Bill, 2026 — What PE/VC Funds Need to Know

Introduced in the Lok Sabha on March 23, 2026 and now before a Joint Parliamentary Committee, the Bill proposes the most substantial amendments to the Companies Act, 2013 and LLP Act, 2008 in several years. Five provisions stand out for PE/VC funds.

75%
NEW APPROVAL THRESHOLD
DOWN FROM 90%

Fast-Track Mergers — expanded scope. FTM eligibility now covers holding-subsidiary mergers and a wider class of startups (₹20 crore capital, ₹200 crore turnover). Materially reduces minority hold-out risk for PE-backed portfolio restructurings and exit-oriented reorganisations.

- Trust-to-LLP conversion. Direct conversion for AIFs registered with SEBI or IFSCA, a streamlined path to tax-efficient structures without a full wind-down.
- IFSC LLP recognition with foreign currency capital, relevant for cross-border fund structures and GIFT City strategies.
- Decriminalisation. 21 minor offences shift to monetary penalties via electronic adjudication, reduced criminal exposure for directors and fund managers.

- **RSU and SAR recognition** under Section 62, providing long-overdue statutory clarity for PE-backed startups using equity-linked incentive structures.

> *"Fund managers with pending restructurings should take advice on whether to wait for the amended framework or proceed under current law, the JPC timeline is unclear."*
>
> — Vardharma's view

//2 REGULATORY UPDATE · SEBI · AIF REGULATIONS · FUND OPERATIONS

SEBI AIF Amendments — Material Changes Now in Effect

April 2026 brought the most consequential package of SEBI AIF amendments in recent years. Several changes took effect from April 1. Fund managers should confirm compliance immediately.

Apr 1

Dematerialisation mandatory

All AIF units must be in demat form. Coordinate with your RTA immediately. Non-compliance creates regulatory exposure from today.

2x

Valuation frequency doubled

Semi-annual independent valuations now required for Cat I & II AIFs. SEBI or IBBI-registered valuer mandatory. Update mandates now.

- **New reporting framework.** Detailed quarterly reporting replaced with Annual Activity Report plus limited Quarterly Activity Report. First annual report covers FY ending March 2026.
- **Pari-passu investor rights clarified.** Side pocket arrangements, co-investment rights, and preferential LP terms should be reviewed before your next close or LP communication.
- **Angel fund minimum reduced** from ₹25 lakh to ₹10 lakh, encouraging more early-stage deployment through the regulated AIF structure.

//3 MARKET INTELLIGENCE · DEAL ACTIVITY · CAPITAL MARKETS · MACRO

India M&A and PE/VC Deal Landscape — April Signals

$3.7bn
PE/VC invested in Feb 2026 across 109 deals

+18%
M&A deal value growth year-on-year in 2025

6%
RBI repo rate after April cut

India's PE/VC environment in early 2026 reflects a market that is selective but not subdued. The 2025 M&A landscape closed with fewer but larger transactions, with infrastructure-led and cross-border deals driving value growth. That pattern is carrying into 2026.

IGP reforms. Minimum post-issue capital reduced to ₹5 crore, retail investor access opened, compulsory market making mandated for three years, meaningfully improved as a PE exit or liquidity pathway.

Capital gains on buybacks, effective April 1, 2026. Consideration now taxed as capital gains rather than deemed dividend. Combined with more frequent buyback allowances, this creates a materially more tax-efficient PE exit route. Funds should revisit exit waterfall modelling.

> *"The RBI's accommodative shift is directionally positive for deployment, but transmission to deal valuations and leveraged structures will take time to flow through."*
>
> — Vardharma's view

//4 FROM THE EDITOR'S DESK · FORWARD LOOK · MAY 2026

Five Things to Watch in May

01 / **JPC report on the Corporate Laws Amendment Bill.** Any amendments to fast-track merger provisions or the trust-to-LLP conversion framework could materially affect structuring decisions currently deferred.

02 / **DPDP compliance — portfolio company exposure.** May 2027 deadline is 12 months away. Readiness reviews across consumer tech, fintech, healthtech,

and D2C portfolio companies are increasingly an investment committee concern.

03 / **SEBI Consent Manager Framework — November 2026 deadline.** Portfolio companies processing significant personal data should assess whether Consent Manager registration is required or working with a registered intermediary suffices.

04 / **IBBI as Valuation Authority.** Once enacted, will affect how valuers are accredited, relevant for fund NAV reporting, M&A fairness opinions, and portfolio company valuations in funding rounds.

05 / **Cross-border transfer pricing and FEMA.** With the PPT embedded in most Indian tax treaties and capital gains on indirect transfers remaining live, funds with offshore structures should monitor CBDT and RBI guidance closely.

We'd welcome a conversation.

Vardharma Chambers advises PE and VC funds, portfolio companies, and founders on fund structuring, M&A, regulatory compliance, and disputes. If any development in this issue is relevant to a current matter, please reach out.

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