



**BEGUR & PARTNERS**  
ADVOCATES & SOLICITORS

# FAST TRACK MERGERS GET A WIDER RUNWAY

MCA EXPANDS THE LIST OF COMPANIES  
ELIGIBLE FOR FAST TRACK MERGERS



**FAST TRACK MERGERS GET A WIDER RUNWAY: MCA EXPANDS THE LIST OF COMPANIES ELIGIBLE FOR FAST TRACK MERGERS**

The Ministry of Corporate Affairs notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 (“**Amendment Rules**”) on September 8, 2025, significantly broadening the scope of the fast-track merger (“**FTM**”) route under Section 233 of the Companies Act, 2013. The FTM mechanism allows eligible companies to merge with the approval of the Regional Director (“**RD**”), subject to obtaining the consent of at least 90% of the company’s members and creditors, thus bypassing the requirement to obtain the approval of the National Company Law Tribunal (“**NCLT**”), which, comparatively is quite a cumbersome process taking anywhere from 6 to 9 months from filing of the merger scheme to final approval.

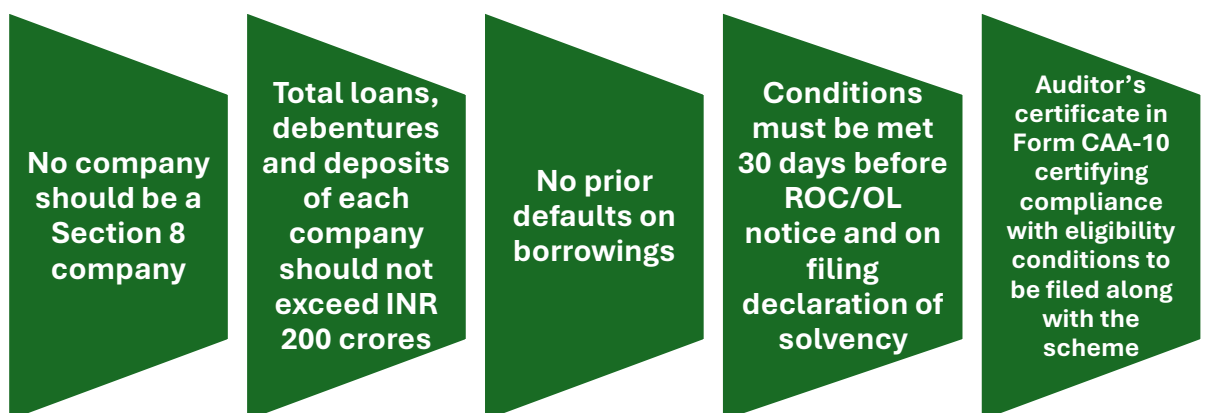
Previously, the FTM mechanism was confined to mergers between a holding company and its wholly-owned subsidiary, two or more small companies, two or more start-ups and between a startup and a small company, as provided under Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**CAA Rules**”). The Amendment Rules now broaden the FTM eligibility to a wider range of companies, reducing reliance on overburdened NCLTs and enabling faster, more efficient corporate restructurings.

**NEW CLASSES OF COMPANIES ELIGIBLE FOR FTM**

**1. TWO OR MORE UNLISTED COMPANIES**



**Key Conditions:**



**B&P View:** This is a significant and progressive expansion, as it allows unrelated small and medium-sized unlisted companies to undertake mergers through the FTM route. It meaningfully extends the benefit of simplified approval to a much wider class of businesses, particularly those looking for strategic consolidation without the delay and cost associated with NCLT-driven mergers.

## 2. HOLDING COMPANY AND ITS SUBSIDIARY

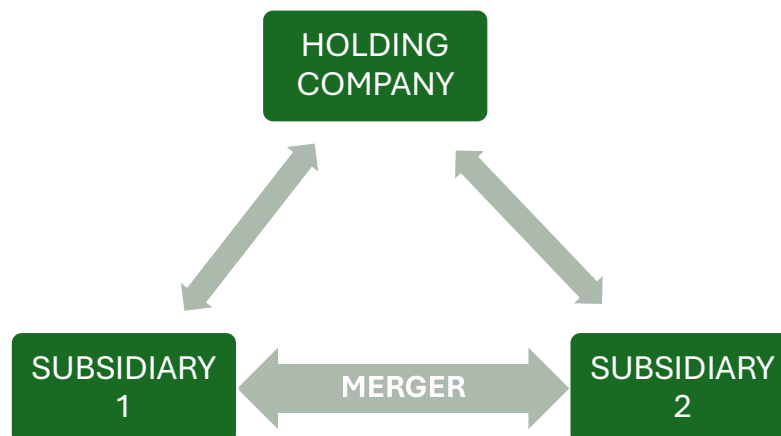


**Key Conditions:**



**B&P View:** By bringing even non-wholly owned subsidiaries within the ambit of FTM, the Amendment Rules recognize the commercial reality of complex ownership structures and group reorganizations. This change will ease intra-group restructurings, particularly for conglomerates and investment holding structures that earlier fell outside the FTM framework.

## 3. FELLOW SUBSIDIARIES OF SAME HOLDING COMPANY

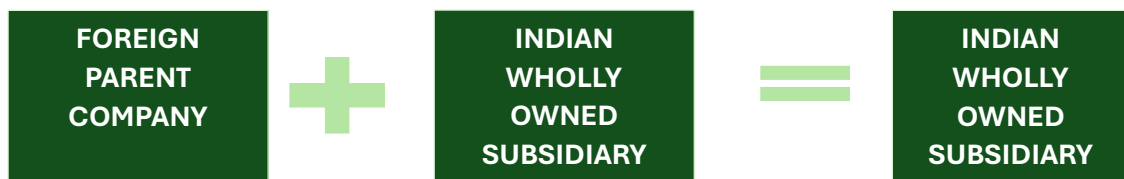


*Transferor company(ies) must be unlisted.*

*Merger between one or more subsidiary company of a holding company with one or more subsidiary company of the same holding company.*

**B&P View:** This inclusion enables horizontal mergers within corporate groups, providing flexibility for group rationalization and synergy between related entities. It aligns India’s restructuring framework with international practices where group-level internal mergers are often processed through simplified administrative mechanisms rather than judicial routes.

#### 4. FOREIGN HOLDING COMPANY INTO ITS INDIAN WOS (“REVERSE FLIP”)



**B&P View:** The express inclusion of Reverse Flips under the FTM route is a timely and pragmatic development, providing statutory recognition to a structure increasingly used by start-ups returning to India for operational or tax efficiency reasons. However, extending this provision to include mergers involving non-wholly owned Indian subsidiaries would further facilitate flexibility and encourage global group reorganizations without unnecessary procedural barriers.

#### EXISTING CLASSES OF COMPANIES ELIGIBLE FOR FTM:

#### 5. WHOLLY OWNED SUBSIDIARY INTO HOLDING COMPANY



## 6. MERGER BETWEEN 2 OR SMALL COMPANIES OR STARTUPS



### ANALYSIS

We list down below some key considerations and implications arising from the Amendment Rules.

- a. **90% approval threshold still remains a practical constraint** – FTMs require approval from members and creditors holding at least 90% of the company's total shares and debt, rather than 90% of those present and voting at the meeting approving such merger. While this threshold protects the interests of minority shareholders and creditors, it poses a significant challenge for companies with a widely dispersed shareholder or creditor base, including mid-sized enterprises and those with multiple institutional investors. In practice, even straightforward and uncontested mergers may struggle to meet this benchmark, forcing companies to revert to the traditional NCLT route which requires a lower threshold for shareholders' and creditors' approval.
- b. **Limited applicability for listed companies** – While the Amendment Rules broaden the FTM route for unlisted companies, listed companies remain largely excluded as transferors. Where an unlisted holding company undertakes a restructuring involving its listed subsidiary, SEBI regulations trigger additional procedural requirements, including enhanced disclosure and filing obligations. These requirements can prolong timelines and reduce the efficiency gains intended under the FTM framework. Consequently, the utility of the FTM route for mergers involving listed entities remains restricted.
- c. **Absence of framework for LLP mergers** - The Amendment Rules continue to exclude Limited Liability Partnerships (LLPs) from the FTM mechanism. Given the increasing use of LLPs for professional services, investment structures, and start-ups, extending the FTM route to LLPs would significantly enhance ease of doing business and provide flexibility in business restructuring.

### CONCLUSION

The Amendment Rules considerably expand the ambit of the FTM mechanism to include unrelated companies, fellow subsidiaries, non-wholly owned subsidiaries, and reverse flips, offering small and medium enterprises a faster and more cost-effective alternative to the

NCLT-driven merger process. By shifting uncontested schemes to the RD framework, the reforms are expected to ease the NCLT's burden and expedite routine reorganisations.

Though a move in the right direction, certain further reforms, such as rationalising approval thresholds, extending the framework to listed companies and LLPs, and enhancing administrative capacity are needed to unlock the full potential of the FTM regime. Such measures could open the floodgates for greater corporate consolidation, facilitate cross-border restructurings, and further promote foreign investment by making India's merger landscape more efficient and globally competitive.

#### **Disclaimer**

The content of this document is intended for informational purpose solely and is not in the nature of a legal opinion or advice. It provides general information and guidance as on date of preparation and does not express views or expert opinions of **BEGUR & PARTNERS**. They may not encompass all possible regulations and circumstances applicable to the subject matter and readers are encouraged to seek legal counsel prior to acting upon any of the information provided herein.

**BEGUR & PARTNERS** will not be liable for any damages of any kind arising from the use of this document, including but not limited to direct, indirect, incidental, punitive and consequential damages. It is recommended that professional advice be sought based on the specific facts and circumstances. The Article does not substitute the need to refer to the original pronouncements.



## BEGUR & PARTNERS

ADVOCATES & SOLICITORS

### • MUMBAI

📍 The Capital, B/513, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra 400051

☎️ (+9122) 40049800 | 40049801

✉️ communications@begurs.com

### • BENGALURU

📍 236 Sumitra, 2'C Cross, 1st Main Rd, 2nd Stage, Domlur, Bengaluru, Karnataka 560071

☎️ (+91-80) 4123 9800 | 40936801

✉️ communications@begurs.com

### • UAE

📍 A4-115, Building No. A4, Al Hamra Industrial Zone – FZ, RAK – United Arab Emirates.

☎️ (+971) 502234052

✉️ communications@begurs.com



## Latest Awards and Recognitions

### RSGI Resight (RSG India)

#### IBLJ A List

A List (2023-2024)

### ALB India Law Awards 2025

Notable Firm (2024)

### Legal 500

Private Equity (including Venture Capital) - Tier 5 (2025)

### IFLR1000 (34th Edition) 2024

1. Rajesh Begur B Ranking: Leading Lawyer – Highly Regarded
2. Firm Ranking: Recommended Firm
3. Southern Asia, Australasia and Central Asia Ranking: Highly Regarded

### Corporate INTL Global Awards

Cross Border Private Equity Transactions Law Firm of the Year in India - 2025

### Forbes India – Legal Powerlist 2023

Top Law Firm (above 10 years' experience)

### Asia Law 2022

Notable Firm – Private Equity, Investment Funds, Banking and Finance, Corporate and M&A

### Global Law Expert 2021

Cross Border Private Equity Transactions Law Firm of the year

### RSG Consulting 2019

Top 40 Indian Law Firm

