Unlocking the Potential of Fast-track Mergers in India

Thought Leadership • April 29, 2025

'First published on IP Stars'

By: Safir Anand and Abhishek Paliwal

India has taken a significant step towards simplifying its corporate consolidation framework with the codification of fast-track mergers under the Companies Act, 2013. Governed by Section 233 and read with Rules 25 and 25A of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (as amended), this mechanism enables a select category of companies to bypass the otherwise lengthy and complex National Company Law Tribunal (NCLT) process. In parallel, Section 234 of the Companies Act, 2013 facilitates cross-border mergers involving Indian and foreign companies, subject to regulatory approvals-most notably from the Reserve Bank of India (RBI). With recent regulatory reforms, India is positioning itself as a favourable jurisdiction for inbound mergers, including the increasingly relevant concept of reverse flipping-the relocation of company domiciles from foreign countries back to India.

The fast-track route is available for companies which have two or more small companies; by a holding company and its wholly owned subsidiary; by two or more start-up companies and a start-u company with one or more small companies. This is also the reason why companies with relatively straightforward structures benefit from expedited procedures. The process commences with the preparation of a scheme of merger, which is then shared with the Registrar of Companies (ROC) and the Official Liquidator (OL) for their feedback. The company must also submit a Declaration of Solvency confirming its financial health. Approval from shareholders and creditors is crucial-requiring affirmative votes from at least 90% in value and number. Once approved internally, the scheme is submitted to the Regional Director (RD). If satisfied, the RD may approve the merger directly. However, if public interest concerns or procedural anomalies are found, the case is referred to the NCLT.

In response to industry feedback, India's Ministry of Corporate Affairs (MCA) has progressively streamlined the process. A major reform came in September 2024 with the introduction of Rule 25A(5), allowing inbound mergers-specifically, the merger of a foreign holding company with its wholly-owned Indian subsidiary under the fast-track route. This amendment is a game-changer for reverse flipping-a phenomenon where Indian-founded companies, previously domiciled abroad for regulatory or investment reasons, shift their base back to India. Previously routed through NCLT, these transactions can now leverage the fast-track process, provided they comply with the RBI's Foreign Exchange Management (Cross Border Merger) Regulations, 2018. Notably, compliance with

these regulations is deemed RBI approval, which is facilitated via Authorized Dealer Banks.

Following the September 2024 amendments, Dream Sports Inc. (USA), the parent of popular fantasy sports platform Dream11, successfully completed a reverse flip through

India's fast-track merger route. Its wholly owned Indian subsidiary, Sporta Technologies Pvt. Ltd., passed a board resolution on January 6, 2025, initiating the process under Section 233. Within three months, the Regional Director granted approval, marking the first such inbound merger under the amended fast-track framework. This landmark deal is expected to set a precedent for other global-facing Indian startups considering repatriation of their corporate domicile.

India's evolving legal architecture around corporate mergers-particularly in the cross-border context-signals its broader ambition to become a global hub for business and innovation. By offering regulatory clarity, defined timelines, and built-in mechanisms for deemed approvals, the Indian government is not only easing the compliance burden but also making a compelling case for startups and investors to anchor themselves in India. With policies aligned to boost 'Ease of Doing Business', fast-track mergers and the facilitation of reverse flipping reflect a forward-thinking approach-balancing regulatory prudence with commercial agility. As more high-growth enterprises return to Indian shores, this could mark the beginning of a broader trend in reshoring corporate value and nurturing homegrown innovation ecosystems.

KEY CONTACT



Safir Anand

Senior Partner

View Bio of Safir Anand

RELATED PRACTICES

PATENTS