



**ECONOMIC
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**MCA widens Scope of Fast Track Mergers &
SEBI approves Scale-Based thresholds for determining Material RPTs
and other changes**

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A. MCA widens scope of fast-track mergers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 (CAA Rules 2025), vide Gazette Notification No. G.S.R. 603(E) dated September 4, 2025. The amendments expand the eligibility of fast-track merger and introduces revised compliance forms and procedures for smoother regulatory approvals under Companies Act 2013 (CA2013).

The key highlights of the CAA Rules 2025 have been provided below:

- **Expansion of scope of eligibility:** The CAA Rules 2025 substantially expands and widens the eligibility for companies to apply for merger or amalgamation under Section 233 of CA2013 and allows following additional classes of companies to avail the fast-track route:
 - between unlisted companies (excluding companies referred to in Section 8 of the CA2013) provided that their outstanding loans, debentures, or deposits do not exceed INR 200,00,00,000 (Indian Rupees Two Hundred Crores only) and they are not defaulting in repaying such outstanding loans, debentures or deposits on a day, not more than 30 (thirty) days before the notice is given to Registrar and Official Liquidators under Section 233(1)(a) of CA2013;
 - between a holding company (listed or unlisted) and a subsidiary company (listed or unlisted), provided the transferor company is not a listed company;
 - between subsidiaries of the same holding company, provided the transferor company is not a listed company; and
 - between the transferor foreign company incorporated outside India being a holding company with the transferee Indian company being its wholly owned subsidiary company incorporated in India referred to in Rule 25A(5).
- **Additional requirements to serve notice to sectoral regulator:** The companies that are regulated by a sectoral regulator such as Reserve Bank of India, Securities and Exchange Board, Insurance Regulatory and Development Authority of India or Pension Fund Regulatory and Development Authority, as the case may be, are now required to serve the notice of the proposed scheme to the concerned regulator and to respective stock exchanges, for listed companies, for objections or suggestions, in addition to sending of notice to the Registrar and the Official Liquidator under Section 233(1)(a) of CA2013.
- **Revisions to Statutory Forms:** CAA Rules 2025 have revised and substituted the formats of the existing forms such as Form CAA-9 (Notice of scheme inviting objections or suggestions), Form CAA-10 (Declaration of solvency), Form CAA-11 (Notice of approval of the scheme), and Form CAA-12 (Confirmation order of the scheme). Additionally, the transferee company shall, within a period of 15 days after the conclusion of the meeting of members or class of members or creditors or class of creditors, file a copy of the scheme as agreed to by the members and creditors, along with a report of the result of each of the meetings and the report of the registered valuer in Form No. CAA.11 (as attachment to Form RD-1), with the Central Government, along with the fees as provided under the Companies (Registration Offices and Fees) Rules, 2014.

ELP Comments

The CAA Rules 2025 streamlines and accelerates corporate restructurings by expanding fast-track eligibility and shifting more transactions from tribunal to administrative approval. This will decongest tribunals and compress deal timelines. At the same time, enhanced disclosures, auditor certifications, and regulator/stock-exchange consultations will ensure preservation of interest of stakeholders including shareholders and creditors.

The aforesaid amendment has been made vide Gazette Notification No. G.S.R. 603(E) dated September 4, 2025 ([available here](#)).

B. SEBI approves scale-based thresholds for determining material RPTs and other changes

The Securities and Exchange Board of India (SEBI) at its board meeting held on September 12, 2025 approved major changes under various regulations and in particular the changes related to RPTs and certain others have been discussed below.

1. Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) and the circulars thereunder with the objective of facilitating ease of doing business relating to Related Party Transactions (“RPT”)

After taking into consideration the proposals of Advisory Committee on Listing Obligations and Disclosures (“ACLOD”) and the feedback on the consultation paper dated August 4, 2025, ([available here](#)) SEBI has approved the following amendments to LODR Regulations:

- **Introduction of scale-based thresholds based on annual consolidated turnover of the listed entity, for determining material RPTs:** To introduce scale-based threshold considering the annual consolidated turnover of the listed entity as per last audited financial statements, for determining material RPTs for approval by shareholders as under:

Existing Threshold	Revised Scale-based Threshold	
	Annual Consolidated Turnover of Listed Entity	Threshold
Rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.	(I) up to INR 20,000 crore	10% of the annual consolidated turnover of the listed entity
	(II) more than INR 20,001 crore to up to INR 40,000 crore	INR 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above INR 20,000 crore
	(III) more than INR 40,000 crore	INR 3,000 crore + 2.5% of the annual consolidated turnover of the listed entity above INR 40,000 crore or INR 5000 crore, whichever is lower.

ELP Comments

This represents a fundamental departure from the erstwhile 'one-size-fits-all' framework to a more calibrated, turnover-linked model. In the case of large listed entities, it is expected to materially reduce the frequency of shareholder approvals required for routine high-value RPTs, thereby conserving management bandwidth and enhancing operational efficiency.

- **Thresholds for determining material RPTs by subsidiaries of a listed entity:** Threshold for prior approval of audit committee of listed entity for RPTs (above INR 1 crore), whether entered into individually or taken together with previous transactions during a financial year, undertaken by subsidiaries has been revised in order to remove ambiguity, where RPTs undertaken by subsidiary being classified as material RPT and therefore requires approval of shareholders of the listed entity, but does not require approval of audit committee of the listed entity. The revised thresholds for prior approval of audit committee of listed entities are as under:
 - **For subsidiary having audited financial statements:** 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary or the scale-based threshold for material RPT of listed entity, whichever is lower; and
 - **For subsidiaries not having audited financial statements for a period of at least 1 year:** 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or the scale-based threshold for material RPTs of listed entity, whichever is lower.

ELP Comments

The aforesaid changes seeks to ensure uniformity in the determination of thresholds for both subsidiaries with, and those without, an established financial track record. Such consistency in the application of thresholds across all subsidiaries, irrespective of their financial history, is expected to provide greater regulatory clarity and foster uniformity in the approval process for related party transactions.

- **Relaxation in the minimum information to be furnished to Audit Committee and shareholders for the approval of RPTs:** SEBI to issue a circular for specifying minimum information to be provided to the Audit Committee and shareholders for the approval of RPTs, which does not exceed 1% of annual consolidated turnover of the listed entity or INR 10 crore, whichever is lower, whether individually or taken together with previous transactions during a financial year (including transaction(s) which are approved by way of ratification). This will provide relaxation to these RPTs, from the RPT Industry Standards as mentioned in the SEBI Circular dated June 26, 2025.

ELP Comments

The aforesaid change is expected to alleviate the administrative burden on listed entities in respect of small-value transactions, thereby advancing the objective of ease of doing business.

- **Inclusion of provision related to validity of omnibus approval for RPTs granted by the shareholders:** As per Regulation 23(3) of LODR Regulations, the Audit Committee may grant omnibus approval for RPTs. Provisions with respect to validity of omnibus approval for RPTs, granted by the shareholders, as provided in Para (C)11 of Section III of the SEBI Master Circular on LODR ([available here](#)), are to be incorporated under Regulation 23(4) of the LODR, in order to keep requirements relating to omnibus approval at one place.

ELP Comments

The insertion of Para (C)11, Section III of the Master Circular into the LODR Regulations represents a constructive regulatory development, aimed at dispelling uncertainty surrounding the validity of omnibus approvals and at delineating, with greater precision, the requirements applicable to such approvals.

- **Clarifications pertaining to applicability on RPT provisions:** Proviso (e) of Regulation 2(1)(zc) of the LODR Regulations to provide that exemption under the said proviso shall be applicable to retail purchases from any listed entity or its subsidiary by its directors or key managerial personnel or their relatives, without establishing a business relationship, at the terms which are uniformly applicable/offered to employees as well as abovementioned persons. Further, to bring clarity, an explanation to Regulation 23(5) of LODR Regulations to be provided, by clarifying that the term “holding company” used in clause (b) of Regulation 23(5) of LODR refers to and shall be deemed to have always referred to “listed holding company”.

ELP Comments

The aforesaid changes will provide further clarity and consistency in relation to applicability of the RPT provisions.

2. Measures for Ease of Doing Business for entities having listed non-convertible securities - Review of the LODR Regulations

After taking into consideration the comments from the advisory committee (Corporate Bonds and Securitization Advisory Committee) members and from public, SEBI approved the proposal of amending the LODR Regulations, 2015, to provide that:

- The entities having listed non-convertible securities can send a letter providing the web-link to access the annual report to those holder(s) of non-convertible securities who have not registered their email id. The entity may at its discretion include a static Quick Response Code in the letter to access the annual report. This will relax the requirement of sending hard copy of annual report and thereby reduce costs, enhance efficiency of operations and align the requirements for entities having listed non-convertible securities with that for entities with listed specified securities.
- The timelines for entities having listed non-convertible securities, for sending the annual report to the holders of non-convertible securities, stock exchange and debenture trustee, as per provisions of Companies Act, 2013 or the provisions of the statute/ Act of Parliament under which such entity is constituted. Currently, under Section 136 of the Companies Act, 2013, notices and other documents must be sent at least 21 days before the Annual General Meeting (AGM).

ELP Comments

The aforesaid changes are expected to increase operational efficiency and reducing compliance costs for entities with listed non-convertible securities.

3. **Amendments to SEBI (Foreign Portfolio Investors) Regulations, 2019 (FPI Regulations) to facilitate ease of doing business for Foreign Portfolio Investors (FPIs) based in International Financial Services Centres (IFSCs)**

With the objective of enhancing the ease of doing business for FPIs operating from IFSCs, the SEBI Board has approved the following:

- **Registration of Retail Schemes as FPIs:** Currently, alternative investment funds in IFSCs with a resident Indian sponsor or manager are permitted to register as FPIs. Expanding this framework, SEBI has now approved a proposal to also allow retail schemes in IFSCs with a resident Indian sponsor or manager, to register as FPIs.
- **Alignment of Contribution Limits with IFSCA Regulations:** Hitherto, the limits on sponsor contribution by resident Indian non-individuals in funds set up in IFSC, as specified by SEBI and IFSCA, were at variance, leading to the risk of non-compliance by such entities. To address this, SEBI has approved a proposal to amend FPI Regulations, so that such sponsor contributions shall now be subject to a maximum of 10% of corpus of the Fund (or AUM, in case of retail schemes).
- **Operationalization of Investment by Indian Mutual Funds in Overseas MFs/UTs:** - SEBI, via its circular dated November 4, 2024, permitted Indian mutual fund schemes to invest in overseas Mutual Funds or Unit Trusts (MFs/UTs) that have exposure to Indian securities, subject to specified conditions. In order to operationalise this framework, the Board approved amendments to the FPI Regulations, so that overseas MFs/UTs registering as FPIs shall now be permitted to include Indian mutual funds as constituents, subject to the conditions of the aforementioned circular.

ELP Comments

The aforesaid changes reflect SEBI's intent to ease business operations for FPIs in IFSCs by expanding registration eligibility to retail schemes, harmonising sponsor contribution limits with IFSCA, and enabling overseas MFs/UTs to include Indian mutual funds as constituents. These measures reduce compliance frictions, promote cross-border fund flows, and strengthen IFSC's positioning as a global fund management hub.

4. **Proposal to introduce the "Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI)" framework for FPIs and FVCIs**

SEBI has approved the introduction of the Single Window Automatic & Generalised Access for Trusted Foreign Investors ("SWAGAT-FI") framework for FPIs and Foreign Venture Capital Investors ("FVCIs") to facilitate easier investment access for objectively identified and verifiably low-risk foreign investors, to enable a unified registration process across multiple investment routes for these entities and to minimize repeated compliance requirements and documentation for such investors. Certain key highlights of the SWAGAT-FI framework are as under:

- **Foreign investors eligible for identification as SWAGAT-FIs include:**
 - Government and Government-related investors, such as central banks, sovereign wealth funds ("SWFs"), international or multilateral organizations/agencies, and entities controlled or at least 75% owned (directly or indirectly) by such entities.
 - Appropriately regulated Public Retail Funds ("PRFs") with diversified investors and investments, managed independently and regulated by their home jurisdiction, including: (a) mutual funds and unit trusts open to retail investors, operating as blind pools with diversified investments and independent investment managers;

(b) insurance companies investing proprietary funds without segregated portfolios; and (c) pension funds regulated in their home jurisdictions.

- **Registration and eligibility:** Eligible FPI applicants may opt for SWAGAT-FI identification at the time of initial registration. Existing FPIs meeting eligibility criteria may also convert to SWAGAT-FI status. SEBI will publish jurisdiction-wise lists of eligible fund structures based on a trust-but-verify approach aligned with the exemptions under the Additional Disclosure Framework dated August 24, 2023.
- **Relaxations for SWAGAT-FIs:** SWAGAT-FIs will be entitled to the following relaxations:
 - option to register as FVCI without additional documentation, if already registered or applying as FPIs;
 - exemption from the FVCI Regulation requiring at least 66% investment in eligible unlisted assets;
 - registration validity, KYC review, and fee payment (USD 2,500) to be applicable for a 10-year block instead of the standard 3-year cycle;
 - exemption from the 50% aggregate contribution cap applicable to non-resident Indians, Overseas Citizens of India, and resident Indian individuals in FPIs; and
 - option to use a single demat account for holding all securities acquired as FPI, FVCI, or foreign investor units, with systems in place to ensure proper tagging and identification across channels.
- **Implementation Timeline:** A six-month timeframe has been provided for the full implementation of the SWAGAT-FI framework.

ELP Comments

The SWAGAT-FI framework is a welcome initiative that simplifies access for low-risk foreign investors by enabling unified registration across FPI and FVCI routes, reducing documentation, and extending registration validity to 10 years. The framework provides significant compliance relief through relaxations such as exemption from investment restrictions, fee rationalisation, and use of a single demat account.

5. Launch of 'India Market Access' Website for FPIs

SEBI noted the launch of a new website titled 'India Market Access' (www.indiamarketaccess.in), developed as a dedicated platform for current and prospective FPIs. The website is a unified initiative by India's Market Infrastructure Institutions (MIIs) including for National Stock Exchange, Bombay Stock Exchange, Indian Clearing Corporation Ltd., NSE Clearing Ltd., Central Depository Services (India) Ltd. and National Securities Depository Ltd. Further, the website offers comprehensive, user-friendly resources, including step-by-step guidance for new FPI registration via the Common Application Form (CAF), advisory on required documentation for accessing Indian markets as an FPI, applicable SEBI and RBI regulations for FPIs, guidelines on taxation and repatriation procedures and information on roles and responsibilities of key market participants in the FPI ecosystem.

ELP Comments

The launch of the India Market Access portal is a significant initiative to provide a single, user-friendly interface for both current and prospective FPIs. By consolidating regulatory, tax and operational guidance in one place, the platform is expected to enhance transparency, reduce information gaps, and significantly ease the

onboarding process for foreign investors, thereby strengthening India's positioning as a more accessible and investor-friendly market.

The SEBI Board meeting released vide press release PR No. 62/2025 dated September 12, 2025 is [available here](#).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com or write to our authors:

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