



## MCA Proposes Amendments to Expand Scope of Fast-Track Mergers under Companies Act

The Ministry of Corporate Affairs (“MCA”), on [April 4, 2025](#), [proposed an amendment](#) to the Companies (Compromise, Arrangement and Amalgamation) Rules, 2016 (“CAA Rules”) with an aim to expand the scope of fast-track merger as provided under Section 233 of the Companies Act (“Act”). This move has followed the announcement by the Indian Government in the [Financial Budget 2025-26](#) wherein it was proposed to rationalize the “*requirements and procedures for speedy approval of company mergers*” and to widen “*the scope for fast-track mergers*” to make the process simpler.

Presently, the regulations on fast-track merger under Section 233 of the Act read with Rule 25 of the CAA Rules cover merger between (i) two or more small companies, (ii) holding company and its wholly-owned subsidiary, (iii) two or more start-up companies, and (iv) one or more start-up company with small company.

The proposed draft amendment seeks to widen above-mentioned scope of fast-track merger to include mergers between the following:

- One or more unlisted companies (excluding Section 8 companies, which are formed for charitable purposes) may merge with one or more other unlisted companies, provided that (i) on the date of issuing the notice by the Registrar of Companies inviting objections or suggestions for the proposed merger, or on any date within the 30 days prior, each company involved in the merger has borrowings of less than ₹50 crore from banks, financial institutions, or any other body corporate; (ii) none of the companies have defaulted on their borrowings; and (iii) a certificate from the auditor confirms that these conditions are met.
- A holding company (whether it is listed or unlisted) and its one or more unlisted subsidiary company (whether wholly-owned subsidiary or not).
- Two subsidiaries of the same holding company where the transferor company or companies are not listed.

Furthermore, it is pertinent to note that the draft amendment also proposes that the merger described in Rule 25A(5) of the CAA Rules (merger of a foreign transferor company (incorporated outside India) with its wholly owned Indian subsidiary) to be included within Rule 25 itself, in order to make Rule 25 self-contained.

The stakeholders have been invited to submit their comments or recommendations by May 5, 2025 which can be done through the e-consultation module of the MCA website.

[Access the official notification at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=Vl7V8BHbA7gmKAjfxzhiTw%253D%253D&typ e=open>]



*This update is only for general informational purposes and shall not be construed to constitute legal advice (which can only be given after being formally engaged and familiarizing ourselves with all the relevant facts). Should you have any queries, or require any assistance or clarifications with regard to anything contained in this newsletter, please feel free to contact our partner, Mr. Pradnesh Warke.*

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