

**REGULATORY UPDATE**

**COMPANIES (COMPROMISES,  
ARRANGEMENTS AND  
AMALGAMATIONS)  
AMENDMENT RULES, 2025**



## MCA NOTIFIES COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) AMENDMENT RULES, 2025

### INTRODUCTION

The Ministry of Corporate Affairs (MCA) has recently introduced the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 ("Amended Rules"), marking a substantial step forward in India's corporate restructuring landscape.

This development comes against the backdrop of increasing **NCLT caseloads** and the rising need for **simpler, faster restructuring avenues** for corporates. By widening the scope of companies eligible to use the *Fast Track Merger (FTM)* route the MCA has signalled its intent to make business reorganisations smoother, cost-effective, and more accessible.

### WHAT IS FAST TRACK MERGER (FTM)?

Section 233 of the Companies Act, 2013, together with Rule 25 of the 2016 Rules, provides a simplified merger framework supervised by the Regional Director (Power delegated by the Central Government).

Unlike the conventional Section 232 mergers, which fall within NCLT's jurisdiction, FTMs require approvals only from:

- Board of Directors
- Shareholders
- Creditors
- Regional Director (Central Government representative)

This makes FTMs significantly quicker considering the same need not be approved respective NCLTs.

## **EARLIER SCOPE OF FTMS**

Before this amendment, Fast Track Mergers were restricted to:

- Two or more small companies
- A holding company and its wholly-owned subsidiary
- Two or more start-ups
- A foreign parent merging with its wholly-owned Indian subsidiary

## **KEY AMENDMENTS:**

The Amended Rules have expanded the scope of eligible entities for Fast Track Mergers. Each new eligible entity is briefly identified below:

### **1. Unlisted Company Mergers**

One or more unlisted company (other than Section 8 companies) with one or more unlisted Company can now use the FTM route. Provided the Company involved in the comply with the below conditions

- Collective borrowings (loans, debentures, deposits)  $\leq$  ₹200 crore
- There must be no default in repayment of any such borrowings.

The prescribed conditions need to be met at two stages- first, within 30 days before inviting objections from regulatory authorities such as Reserve Bank of India, SEBI, IRDA or Pension Fund Regulatory Development Authority, as the case may be under Section 233(1), and second, at the time of filing the declaration of solvency in Form CAA-10 (as an attachment to form GNL-1).

Along with this declaration, companies are now also required to file a new Form CAA-10A, in which the auditor certifies that the conditions have been satisfied. This auditor's certificate will form part of the annexure to the declaration of solvency.

## 2. Holding Company & Subsidiary

FTMs are now allowed between a **holding company (listed or unlisted)** and one or more of its **unlisted subsidiaries**, even if not wholly-owned.

The caveat being the transferor company must be unlisted.

## 3. Fellow Subsidiaries of the Same Parent

Two or more fellow subsidiaries under a common parent may merge via FTM.

**For eg:** - Company "D" is the subsidiary of Company "C" is the subsidiary of Company "B" and in turn Company "B" is the wholly owned subsidiary (WOS) of Company "A".

Subject to the condition stated in the clause, schemes of merger or amalgamation or transfer or division between Company "A", Company "B", Company "C" and Company "D" or any combination thereof would be covered under this clause.

Again, the transferor must be unlisted.

This change provides a **cost-effective way for internal group consolidations** without prolonged NCLT approvals.

## 4. Reverse-Flip Cross-Border Mergers

Foreign holding companies can now merge into their wholly-owned Indian subsidiaries through FTM.

## 5. Procedural Relaxation

Time limit for filing the petition with the Regional Director has been **extended from 7 days to 15 days** after the conclusion of members' or creditors' meetings whichever is later, in form CAA-11 as an attachment to Form RD-1, along with copy of the approved scheme, report of each of the meeting, and report of the registered valuer.

## 6. Extension of Fast Track Route to Divisions and Transfers of Undertakings

A new sub-rule clarifies that the provisions governing Fast Track Mergers will also apply, *mutatis mutandis*, to schemes involving **division or transfer of undertakings** of a company under Section 232(1)(b) of the Companies Act, 2013.

While approving such a scheme, the **Central Government** has been empowered to incorporate provisions of the nature set out in clauses (a) to (j) of Section 232(3)—which typically deal with aspects like transfer of property, liabilities, legal proceedings, contracts, employees, and tax matters—to the extent relevant.

### CONCLUSION & TAKEAWAYS

The 2025 Amendment is a **welcome step for corporates and conglomerates**, particularly those engaged in internal reorganisations or cross-border structuring. By broadening the scope of Fast Track Mergers, MCA has provided businesses with a **reliable and predictable pathway** for restructuring that avoids the bottlenecks of NCLT proceedings.

For more details, refer to the MCA Notification dated 4<sup>th</sup> September, 2025:

<https://www.mca.gov.in/bin/dms/getdocument?mds=SYSKtbXJsx%252BNzNIhs92xwA%253D%253D&type=open>

**DISCLAIMER: -**

The summary information herein is based on notification issued by Ministry of Corporate Affairs dated 4<sup>th</sup> September, 2025. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.