



ELIGIBILITY OF COMPANIES FOR FAST TRACK MERGERS WIDENED

On **September 4, 2025**, the **Ministry of Corporate Affairs (MCA)** issued a significant **notification, G.S.R. 603(E), amending Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2014 ('the Rules')**. This amendment introduces important changes aimed at enhancing regulatory reach through administrative process for mergers and demergers and broadening the scope of companies eligible for fast-track mergers and demergers.

This MCA notification is a welcome move for stakeholders involved in corporate restructuring. It reflects the government's intent to improve the ease of doing business in India, especially in the area of compromises, arrangements, and amalgamations, which are increasingly becoming vital tools for business expansion, survival, and strategic growth.

The key highlights of the notification are as follows:

1. Enhanced Regulatory Oversight

The amendment to Sub-rule (1) of Rule 25 of the Rules now mandates that if a Company is regulated by a sectoral regulator such as the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), or Pension Fund Regulatory and Development Authority (PFRDA), it must issue a notice of the proposed scheme inviting objections or suggestions from such sectoral regulators in Form CAA-9 along with the existing requirement of notifying the Registrar of Companies, Official Liquidator, and persons affected by the scheme.

Furthermore, if the company involved in the scheme is a listed entity, it must also issue a notice to the Stock Exchanges where it is listed, inviting objections or suggestions

Additionally, Rule 25(4) of the Rules has been amended to require such companies to submit a statement addressing the objections or suggestions received from the sectoral regulators and stock exchanges, if any, along with the scheme, before the Central Government (CG) in Form CAA-11.

2. Fast-Track Demergers and Expanded Scope for Fast-Track Schemes

Previously, only mergers or amalgamations involving two or more start-ups or small companies or a wholly owned subsidiary company with its holding company were eligible for the fast-track approval route.

With this notification, the scope has been significantly widened to also include demergers (divisions) under fast-track mode by introducing sub-rule (9) under Rule 24.

The new amendment to Sub-rule (1A) of Rule 24, is that, in addition to the start-up companies and small companies eligible for fast-track merger, the categories of companies allowed to avail fast-track mergers, amalgamations, including demergers, are as follows:



- i. One or more unlisted companies (excluding Section 8 companies) with an aggregate outstanding amount of loans, debentures, or deposits not exceeding ₹200 crore, provided that there has been no default in repayment within 30 days prior to filing Form CAA-9.
- ii. Between a holding company and its subsidiary, provided that the transferor company is not listed.
- iii. Among two or more subsidiaries of the same holding company, provided that the transferor company is not listed.
- iv. Where a transferor is a foreign holding company of a wholly owned Indian subsidiary, decides to merge, amalgamate with its wholly owned Indian subsidiary.

3. Introduction of New and Revised Forms

The amendment also introduces and modifies several statutory forms under the compromise, arrangement, and amalgamation framework:

- i. **Form CAA-9:** Must now also be filed with sectoral regulators and stock exchanges, wherever applicable.
- ii. **Form CAA-10A:** A new Form requiring a certificate from the statutory auditor certifying that unlisted companies (excluding Section 8 companies) vailing fast-track scheme under Rule 24 (1A) (iii):
 - a. Outstanding loans, debentures, or deposits, do not exceed ₹200 crore in the aggregate and
 - b. Have not defaulted in repayment obligations.
- iii. **Form CAA-10:** The declaration of solvency by directors must now be submitted as an attachment to Form GNL-1.
- iv. **Form CAA-11:** The notice of approval of the scheme is to be submitted with CG, Registrar and official liquidator shall now be an attachment to Form RD-1.

The Amendment to fast-track process is a welcome step by the MCA and marks a significant step in modernising India's corporate restructuring framework. The Amendment also aligns with the Budget Speech (2025-2026) of the Hon'ble Minister of Finance, emphasizing the need to rationalise and accelerate the company merger approval process.

By widening the scope of the Fast Track Route, a greater number of companies can now access a quicker and streamlined merger process. The eligible companies will have an option to seek approval from the Central Government (through the Regional Director) to undertake mergers/ demergers, thus allowing them to bypass the traditionally cumbersome National Company Law Tribunal approval process. This change is expected to result in faster approval for merger and demerger schemes, lessen the workload of the NCLT, and reduce the overall transaction costs.