

## Articles



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### **Fast Track Mergers : Recent changes : Expansion of boundaries**

Section 233 of the Companies Act, 2013 ("the Act") provides for Merger or Amalgamation of certain companies which are considered and approved by the jurisdictional Office of the Regional Director of the Ministry of Corporate Affairs ("MCA"). This process is also popularly known as Fast-track merger mechanism. Merger or Amalgamation of the following class of companies / cases are covered under this process :

- a. between two or more small companies;
- b. between a holding company and its wholly-owned subsidiary company;
- c. between two or more start-up companies;
- d. one or more start-up company with one or more small company.

MCA vide the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 dated September 4, 2025 and as published in the Official Gazette on September 8, 2025 has widened the scope of class of companies to be covered under this process and has also made some other significant amendments related to this mechanism and a brief note on certain salient features of such amendments, *inter alia*, are as follows :

A) Henceforth, following class of companies / cases shall also be covered under the provisions of Section 233 of the Act :

1. Merger or Amalgamation of Unlisted and Low-Debt companies (except Section 8 company) :

One or more unlisted company with one or more unlisted company, where every company involved in the merger :

- (a) has, in aggregate, outstanding loans, debentures or deposits not exceeding two hundred crore rupees, and

- (b) has no default in repayment of loans, debentures or deposits referred to in sub-clause (a),

on a day, not more than thirty days before the date of notice referred to in clause (a) of sub-section (1) of Section 233 of the Act and on the date of filing of scheme under sub-section (2) of Section 233 of the Act.

2. A holding company (listed or unlisted) and a subsidiary company (listed or unlisted). However, in this case, the transferor company(ies) should not be a listed company(ies).
3. One or more subsidiary company of a holding company with one or more other subsidiary company of the same holding company where the transferor company or companies are not listed.
4. Merger of 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.

B) Now, the final application (vide Form CAA-11 as an attachment to e-form RD-1) for approval of the Scheme needs to be filed with the Office of the concerned office of the Regional Director, within 15(fifteen) days post obtaining requisite approval of the shareholders/creditors, as the case may be. Earlier, the same was required to be filed within 7(seven) days post obtaining requisite approval of the shareholders/creditors, as the case may be.

C) Further, with the final application (Vide Form CAA-11 as an attachment to e-form RD-1) for approval of the Scheme, a certificate from the auditor of the company that the company meets the conditions stipulated for Merger or Amalgamation of Unlisted and Low-Debt companies, as mentioned above, vide Form CAA-10A also needs to be filed.

It can be summed up that, the aforesaid changes are having wide impact as it opens up fast-track mergers to more unlisted but not necessarily “small” companies – especially those with moderate debt but no defaults and for a wider set of companies, internal reorganizations (especially within groups) can be done quicker and less expensively.

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