

Lexygen India Digest

October 2025

The October 2025 issue of the Lexygen India Digest summarises the amendments notified by the Ministry of Corporate Affairs to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 permitting more categories of companies to undertake fast-track mergers. The regulatory updates section also summarises the amendments issued by the Securities and Exchange Board of India to the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 introducing a new method by which alternative investment funds may offer co-investment facilities to accredited investors. The market updates section of this issue reports some significant private equity deals in the financial services, information technology, industrial, manufacturing, electric vehicles, e-commerce, and consumer sectors; fundraising by Indian and India-focused private equity and venture capital funds; mergers and acquisitions in the healthcare, education technology, and energy sectors; and certain other important deals.

REGULATORY UPDATES

A. MCA NOTIFICATIONS

MCA amends rules on fast-track mergers under the Companies Act, 2013

The Ministry of Corporate Affairs (“MCA”) has, *vide* notification dated September 4, 2025, notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 (“**Amendment Rules**”) to (i) permit additional classes of companies to undertake fast track merger/demerger procedures, (ii) introduce new forms to streamline the procedure to apply for a fast track merger, and (iii) amend certain provisions of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**CAA Rules**”).

The CAA Rules previously introduced the concept of a fast-track merger under section 233 of the Companies Act, 2013 (“**Act**”), and permitted certain categories of companies to merge without approaching approval of the National Company Law Tribunal.

Until now, only two or more ‘small’ companies (i.e., companies having share capital and/or turnover below prescribed thresholds), two or

more start-ups (i.e., eligible companies registered as start-ups), a holding company and its wholly owned subsidiary, or a foreign parent company and its Indian wholly owned subsidiary were eligible to undertake fast track mergers.

The key amendments introduced by the Amendment Rules are summarised below.

- The Amendment Rules have expanded the scope of companies that are eligible to undertake fast-track mergers to include mergers between:
 - (i) One or more unlisted companies subject to the following requirements; (a) every company involved must not have in aggregate, outstanding loans, debentures, or deposits exceeding INR 2 billion; (b) no company involved shall be in default in repayment of such loans, debentures or deposits referred in (a) above; (c) the conditions in (a) and (b) above must be satisfied on a

day not more than 30 days prior to the filing of the scheme of amalgamation with the relevant authorities; and (d) a certificate in the Form CAA-10A from the statutory auditor of each company involved is to be filed along with the scheme, certifying that the company meets the specified conditions outlined above.

- (ii) A holding company and a subsidiary company, whether listed or unlisted; provided, that the transferor company should not be a listed company.
- (iii) One or more subsidiary companies of a holding company with one or more other subsidiary companies of the same holding company, provided that the transferor company or companies shall not be listed companies.
- The Amendment Rules have also revised certain filing requirements to state that