

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

NOTE : Answer ALL Questions.

PART-I

1. The Indian healthcare sector is undergoing rapid consolidation. “Aarogya Healthcare,” a large, publicly listed hospital chain with a strong presence in South India, is looking to expand its reach and service offerings. They have identified “Swasth Jeevan Clinics,” a smaller but well-regarded chain of clinics specializing in primary care and diagnostics, as an attractive acquisition target. Swasth Jeevan Clinics has a strong brand reputation in Western India and a loyal patient base.

Aarogya Healthcare believes that acquiring Swasth Jeevan Clinics will :

- Expand its geographic footprint into Western India.
- Diversify its service offerings into primary care and diagnostics.
- Gain access to Swasth Jeevan Clinics’ established patient base and brand.
- Achieve synergies through economies of scale and shared resources.

The proposed transaction is structured as an amalgamation, where Swasth Jeevan Clinics will merge into Aarogya Healthcare.

Key Individuals :

- **Dr. Lakshmi Reddy** : CEO of Aarogya Healthcare
- **Mr. Sanjay Desai** : CFO of Aarogya Healthcare
- **Dr. Priya Sharma** : CEO of Swasth Jeevan Clinics
- **Mr. Rohan Verma** : Lead Partner at “Verma and Associates,” the investment bank advising Aarogya Healthcare.

(a) Mr. Rohan Verma from Verma & Associates is preparing a presentation for Dr. Lakshmi Reddy and Mr. Sanjay Desai on the strategic rationale for the acquisition and the key areas of due diligence.

- Explain three potential synergies that Aarogya Healthcare could achieve through the acquisition of Swasth Jeevan Clinics. Provide examples that are specific and relevant to the healthcare sector only.
- Identify two key areas of due diligence that Aarogya Healthcare should conduct on Swasth Jeevan Clinics beyond the standard financial due diligence. Explain why each area is important in this specific acquisition scenario.

(5 marks)

(b) Aarogya Healthcare is considering offering a combination of cash and stock to acquire Swasth Jeevan Clinics.

- Discuss two advantages and two disadvantages of using a stock component in the acquisition offer from Aarogya Healthcare’s perspective.

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- What factors should Mr. Sanjay Desai, the CFO of Aarogya Healthcare, consider when determining the appropriate exchange ratio for the stock component of the deal ?

(5 marks)

(c) The amalgamation of Aarogya Healthcare and Swasth Jeevan Clinics will require regulatory approval.

- Identify two key regulatory bodies in India that would likely need to approve this transaction.
- Explain one potential legal challenge that could arise during the amalgamation process and suggest a strategy to mitigate it.

(5 marks)

(d) Dr. Priya Sharma, the CEO of Swasth Jeevan Clinics, is concerned about the integration process and ensuring a smooth transition for her employees and patients.

- Identify two potential cultural differences that could exist between Aarogya Healthcare and Swasth Jeevan Clinics.
- For each cultural difference, suggest a specific strategy that Dr. Lakshmi Reddy, the CEO of Aarogya Healthcare, could use to promote a successful integration and minimize disruption.

(5 marks)

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) Comment (with reasons) whether a scheme of merger or amalgamation under section 233 of the Companies Act, 2013, may be entered between the following companies vide the recent notification of The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 (Notification G.S.R. 603(E) dated 4th September, 2025) :
- (i) ABC Private Limited, company recognized by the Department for Promotion for Industry and Internal Trade (DPIIT), incorporated for 5 years, have an annual turnover under ₹ 51 crore, and work toward innovation or improvement of products/processes with XYZ Private Limited, another company recognized by the Department for Promotion of Industry and Internal Trade (DPIIT), incorporated for 9 years, have an annual turnover under ₹ 91 crore, and work toward innovation or improvement of products/processes;
 - (ii) DEF Private Limited, company recognized by the Department for Promotion of Industry and Internal Trade (DPIIT), incorporated for 9 years 9 months, have an annual turnover under ₹ 95 crore, and work toward innovation or improvement of products/processes with XYZ Ltd, having paid up capital of ₹ 4.5 crore & turnover ₹ 49 crore;
 - (iii) QWE Private Limited, unlisted company, with aggregate loans/deposits of ₹ 151 crore, no default in repayment, with IOP Private Limited, another company without profit motive, designed to promote commerce, art, science, etc.

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- (iv) ABC Ltd. (listed & transferor) with its subsidiary company MNP Ltd. (unlisted & transferee);
- (v) ABC Ltd. (unlisted & transferor) with MNP Ltd. (unlisted & transferee), both are subsidiary of XYZ Ltd.

(5 marks)

- (b) Promoters (acquirers) of ABC Private Ltd. hold 85% share-holding and further acquires another 6% from the market @ ₹ 120 per share; bringing their holding to 91%, they shall trigger a buyout of the remaining 9% minority shares; Book value of the shares is ₹ 105; Earning per share is ₹ 10 and price earnings ratio is 15; Determine the final offer price of shares the registered valuer should fix considering the provisions of the Rule 27 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for minority shares under Section 236.

(5 marks)

- (c) Due Diligence is an investigation or audit of a potential investment. It seeks to confirm all material facts in regard to a sale. It is a way of preventing unnecessary harm/hassles to either party involved in a transaction. Briefly explain different types of due diligence that are typically conducted during a Mergers & Acquisitions (M & A) transaction.

(5 marks)

- (d) Restructuring aims at improving the competitive position of an individual business and maximizing its contribution to corporate objectives. It also aims at exploiting the strategic assets accumulated by a business i.e., monopolies, goodwill, exclusivity through licensing,

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etc. to enhance the competitiveness advantages. Thus restructuring helps in bringing an edge over competitors. Indian technology majors have embarked upon the process of restructuring and focusing on three core areas Cloud, agile and automation. Mention any five examples of technology restructuring in India.

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) X Ltd. makes a bid to purchase Company Y Ltd. Y Ltd. rejects the bid and thereafter used a strategy against X Ltd. to stop the acquisition, Y Ltd. sold off its cement, chemical, and aluminium divisions and borrowed over ₹ 100 Crore, effectively hurting its own financial position to successfully ward off the takeover. What is the name of this strategy ? What are the risk and consequence of this strategy ?

(5 marks)

- (ii) ABC Ltd. wanted to buy back its shares and provided the following information as on 31st March, 2026 : 60,000 equity shares of ₹ 100 each : General Reserve – ₹ 36,00,000 : P & L (Cr) ₹ 40,00,000; Security Premium ₹ 4,00,000; Secured Loans ₹ 40,00,000; Unsecured Loans ₹ 20,00,000; Offer Price ₹ 250; Determine the maximum quantum of buy-back (in amount as well as number of shares) as per provision of section 68 of the Companies Act, 2013.

(5 marks)

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(iii) StellarTech, a privately held company specializing in innovative battery technology for electric vehicles, has experienced rapid growth in recent years. Founded by Ava Sharma and Ben Carter, StellarTech has developed a ground-breaking battery with significantly improved energy density and charging speed. However, to scale up production and meet growing demand, StellarTech requires substantial capital investment.

NovaCorp, a publicly listed company in the renewable energy sector, has struggled to maintain profitability and relevance in the face of increasing competition. Catherine Dubois, NovaCorp's CEO, recognizes the need for a strategic shift and is actively seeking opportunities to revitalize the company.

StellarTech and NovaCorp have identified a potential reverse acquisition as a mutually beneficial solution. StellarTech would gain access to the public markets and NovaCorp's listing, while NovaCorp would acquire a promising technology and a new growth engine. The proposed deal would result in StellarTech's shareholders owning 70% of the combined entity, with Ava Sharma becoming the CEO of the newly formed company, "StellarNova Technologies"

From StellarTech's perspective, what are the primary reasons for considering a reverse acquisition with NovaCorp instead of pursuing a traditional Initial Public Offering (IPO)? Identify and analyse the key risks associated with this reverse acquisition for both StellarTech and NovaCorp.

(5 marks)

(iv) Company A merges with Company B.

- The companies sign the agreement on January 1, 2026.
- The board decides to set the financial transfer date as April 1, 2025 (beginning of the financial year for accounting convenience).
- Legal approvals from the NCLT are obtained, and the final filing with the RoC happens on June 1, 2026.

What are the appointed and effective dates of this merger ? Company A earns a profit of ₹ 15 Lakh in the period between of April, 2025 to May 2026, which company shall take into account of this profit and why ? What is the difference between the appointed date and effective date ?

(5 marks)

PART-II

3. (a) “Sunrise Technologies” (target company), a privately held software development firm, is being acquired by “Global Innovations” (acquiring company), a publicly listed technology conglomerate. Both companies are based in India. Priya Sharma, the CFO of Global Innovations, needs to determine a fair exchange ratio for the share swap.

Information Available :

- Financial statements for both companies are available.
- Industry standards and regulatory requirements are understood.
- Global Innovations plans to use a combination of the income approach (Discounted Cash Flow) and market value approach (comparable company analysis) for valuation.
- Strategic fit and potential synergies have been identified as significant factors.

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You, being Priya, considering the planned acquisition of Sunrise Technologies by Global Innovations, outline your end-to-end valuation process from gathering data to justifiable exchange ratio, for Board approval.

(5 marks)

(b) Examine whether ABC Private Limited, set up for rendering professional or financial services, including valuation services, can get itself registered as a registered valuer in the following (independent) cases under the The Companies (Registered Valuers and Valuation) Rules, 2017 :

- (i) XYZ Pvt. Limited holds 50% of the voting power of ABC Pvt. Limited and has control over the composition of board of directors of the company;
- (ii) ABC Private Limited has only two directors and all the directors are registered valuers.
- (iii) Ethical track record, honesty, and trustworthiness of A, one of directors, of ABC Private Limited, are not good.

(5 marks)

4. (a) A company is selling a division (Slump Sale) for a lump sum consideration.

Data :

- Book Value of Assets : ₹ 100 Lakhs
- Revalued Market Value of Assets : ₹ 150 Lakhs
- Liabilities to be transferred : ₹ 40 Lakhs
- Synergy gains expected : ₹ 10 Lakhs

Compute the Adjusted Net Assets Value and Minimum Sales Consideration.

(5 marks)

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- (b) Company A is merging with Company B, determine a fair exchange ratio based on Net Asset Value (NAV) and Earnings per Share (EPS).

Particulars	Company A (Acquirer)	Company B (Target)
Equity Shares	10,00,000	5,00,000
Net Assets (Book)	₹ 50,00,000	₹ 20,00,000
Fair Value of Assets	₹ 60,00,000	₹ 30,00,000
Net Profit (PAT)	₹ 10,00,000	₹ 4,00,000
Market Price per Share	₹ 100	₹ 60

(5 marks)

PART-III

5. (a) A company, “ABC Ltd.”, contributed ₹ 10 Lakhs to the Insolvency and Bankruptcy Fund to support the corporate restructuring framework, as enabled under Section 224 of the IBC, 2016. A financial creditor initiates Corporate Insolvency Resolution Process (CIRP) against ABC Ltd. due to default. During the CIRP, ABC Ltd. faces a severe cash crunch, unable to pay crucial salary dues to its labourers, risking the preservation of its manufacturing unit. Advice the company about the options available in this circumstance. Which are the amounts credited for the creation of Insolvency and Bankruptcy Fund ?

(5 marks)

- (b) “Tech Growth Pvt. Ltd.” is undergoing liquidation by the NCLT. A forensic audit reveals that Mr. Sharma, a director and major shareholder (contributory), has transferred ₹ 5 crores of company funds to his personal offshore account.

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The Liquidator issues a notice for Mr. Sharma to appear and explain the transactions and pay the calls due on his shares.

Mr. Sharma ignores the summons and books a flight to Dubai, intending to flee India. What courses of action is available under the provisions of section 301 of the Companies Act, 2013 ?

(5 marks)

- (c) A (Individual Insolvency Professional), is associated for last 10 years in the field of Insolvency Professional.

Current Assignment Load as on 1st January 2026 as follows :

3 **Liquidations** : Companies L₁, L₂, L₃ (admitted Claims of ₹ 700, 750 & 1000 Crore)

2 **RPs** : Companies R₁, R₂ (admitted Claims of ₹ 800, 950 Crore)

2 **IRPs** : Companies I₁, I₂ (admitted Claims of ₹ 1050, 1100 Crore)

Scenario A : New Assignments Offered from T Group

A is asked to act as RP for new three companies, admitted Claims ₹ 750, 850, 950 Crore.

Scenario B : New Assignments Offered from R Group

A is asked to act as Liquidator for a new three companies with admitted Claims ₹ 900, 950, 1050 Crore.

Scenario C : New Assignments Offered from U Group

A is asked to act as Liquidator for a new two companies with admitted Claims ₹ 1050, 1100 Crore.

Advice A (IP) which group's offer of assignments can be accepted ?

(5 marks)

- (d) ACIL (“Corporate Debtor”) was admitted into Corporate Insolvency Resolution Process (“CIRP”) under the IBC by the NCLT.

The Resolution Plan submitted by RF Limited (“Successful Resolution Applicant/SRA”) was approved by the Committee of Creditors (CoC) for the Corporate Debtor. Accordingly, the Resolution Professional filed an application under Section 30(6) of IBC before the NCLT, seeking approval of resolution plan.

On 01.09.2021, the NCLT kept the approval of SRA’s Resolution Plan in abeyance and directed the Official Liquidator (OL) to provide exact figures/value of assets. The SRA filed an appeal before the National Company Law Appellate Tribunal (“NCLAT”) against the order dated 01.09.2021.

The main issue before the Supreme Court was regarding the jurisdiction of the NCLT’s to order a revaluation when there were no objections raised regarding the Resolution Plan’s Approval process. The Court had the question of whether the NCLT & NCLAT have overstepped their powers in overlooking the decision of the CoC (Committee of Creditors).

Discuss whether the NCLT & NCLAT have overstepped their powers in overlooking the decision of the CoC, based on a decided case law.

(5 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) The enactment of the Insolvency and Bankruptcy Code (IBC) has impacted corporate governance and the rule of law in India. Discuss this impact with reference to the case of *Arun Kumar Jagatramka v. Jindal steel and Power Ltd*, particularly regarding the shift in control, the time-bound resolution process, and the role of the Committee of Creditors (CoC) ?

(5 marks)

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- (b) A corporate debtor is a specialized manufacturing unit with valuable machinery but poor cash flow. Instead of selling the machinery, the CoC uses 39BA (1) to recommend that the RP invite a “compromise” arrangement where the current promoter pays off 60% of debt over 2 years, allowing the company to stay operational. Prepare a note on Assessment of Compromise or Arrangement as per Regulation 39BA (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
(5 marks)
- (c) In the context of cross-border insolvency proceedings under the Insolvency and Bankruptcy Code (IBC), what is the significance of determining the “Centre of Main Interests” (COMI) of a corporate debtor, and how does the COMI influence the recognition and enforcement of foreign insolvency proceedings in India ?
(5 marks)
- (d) Imagine that you’re advising a Government that wants to improve its insolvency and creditor rights system to boost economic growth and attract more investment. Based on the World Bank’s principles, what specific, actionable steps should they take to strengthen :
- (1) **The overall legal framework for lending and debt recovery ?** (Focus : Compatible Credit and Enforcement Systems)
 - (2) **The system for registering and enforcing claims on assets used as security for loans ?** (Focus : Collateral Systems)
 - (3) **The courts and processes used to resolve insolvency cases and enforce creditor rights ?** (Focus : Enforcement Systems)
 - (4) **The availability and reliability of information about borrowers’ creditworthiness ?** (Focus : Credit Information System)

- (5) **The options for companies and creditors to negotiate solutions outside of formal court proceedings ?** (Focus : Informal Corporate Workouts)

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A. (i) Collins & Aikman (C&A), an automotive supplier, operated as a multinational group. It entered insolvency with its main insolvency proceedings initiated in the United States (the Center of Main Interests-COMI).

Simultaneously, multiple non-main proceedings were initiated in several European jurisdictions (including UK, Germany, and France) where C & A had subsidiaries and assets.

Each national court had the power to manage the assets within its jurisdiction. This fragmentation posed a risk of dismantling the company's European network, making a groupwide restructuring impossible.

Therefore, the company needs such coordination among all the proceedings, how should the company proceed with to manage this problem.

(5 marks)

- (ii) Regulation 31A of the IBBI (Liquidation Process) Regulations, 2016, mandates that a liquidator must constitute a Stakeholders' Consultation Committee (SCC) to ensure transparency, accountability, and creditor participation, with voting rights proportional to admitted claims.

(a) What is the time limit of forming the SCC and by whom ?

(b) What is composition of SCC and on which matters it advises ?

(5 marks)

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- (iii) Recognizing the need to alleviate the compliance burden for Insolvency Professionals (IPs), the IBBI has issued a circular dated June 28, 2024, concerning the filing of forms to monitor voluntary liquidation processes under the Insolvency and Bankruptcy Code (IBC) and the regulations made thereunder.
- (a) What are the advantages of the new forms introduced or modified by this circular ?
- (b) What is the scope and coverage of the information required in these forms ? (i.e., What specific aspects of the voluntary liquidation process do these forms address ?)
- (c) What are the prescribed timelines for filing each of the forms introduced or modified by this circular ?

(5 marks)

- (iv) M/s. Agarwal Textiles Ltd., a company based in Surat, Gujarat, faced significant financial distress due to a downturn in the textile industry and accumulated debts of ₹ 500 crore. Investigations revealed that during the period of 2015-2018, before the initiation of the Corporate Insolvency Resolution Process (CIRP), Mr. Rajesh Agarwal, the then Managing Director, had allegedly engaged in fraudulent transactions, diverting funds to shell companies owned by his relatives. These transactions are currently under investigation by the Enforcement Directorate (ED) for offences under the Prevention of Money Laundering Act 2002 (PMLA).

The CIRP commenced on January 1, 2024. A resolution plan was approved by the Committee of Creditors (CoC) on December 1, 2024, and subsequently sanctioned

by the National Company Law Tribunal (NCLT) on January 15, 2025. The resolution plan involved a complete change in management, with M/s. Khanna Ventures Pvt. Ltd., led by Mr. Sanjay Khanna, taking over the company. Mr. Khanna and his team were not in any way related to the previous management and had no prior involvement with Agarwal Textiles Ltd.

Following the approval of the resolution plan, the ED sought to attach the assets of Agarwal Textiles Ltd., arguing that the company was a beneficiary of the proceeds of crime committed by the former MD, Mr. Agarwal. M/s. Khanna Ventures Pvt. Ltd. filed an application before the NCLT, seeking immunity from such attachment under Section 32A of the IBC, contending that the resolution plan had been approved and implemented in good faith, and the new management was entirely independent of the previous wrongdoers.

Can Agarwal Textiles Ltd., under the new management of M/s. Khanna Ventures Pvt. Ltd. claim immunity under Section 32A of the IBC from the attachment of assets by the ED for offences committed by the former management before the commencement of the CIRP ? Analyse the applicability of Section 32A in this scenario.

(5 marks)

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