DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

M.A. (Corporate Law)
Advanced Diploma in Corporate Law

Academic Year: 2024-2025

Second Semester Repeat Examination (May, 2025)

1.2.5.Law of Investment and Foreign Exchange

Duration of the Examination: 2 ½ hours **Total Marks : 70 marks**

INSTRUCTIONS TO CANDIDATES

- **a) Read the instructions carefully and adhere to the same.**
- **b) Please mention your DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.**
- **c) The questions to be interpreted as given and no clarification can be sought from the Invigilator.**
- **d) Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.**
- **e) Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.**
- **f) Candidates are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.**
- **g) Copying is strictly prohibited and is considered as a serious academic mis-conduct and the University will take action as it deems fit.**

Section – A

Answer FIVE questions out of SEVEN questions and each question carries 10 marks. **(5 x 10 marks = 50 marks)**

1. M/s. Indian Finance Ltd. is a public company incorporated under the Companies Act, 2013, having its registered office in Mumbai. For the financial year 2023-24, the company has earned a net profit of Rs. 8 crores after tax. However, the company also has accumulated losses from the previous financial years amounting to Rs. 3 crores.

During the year, the company transferred Rs. 1 crore to the general reserve and Rs. 50 lakh to the debenture redemption reserve as per its financial policy. The Board of Directors of the company is considering declaring a dividend for the financial year 2023-24 and has approached you, the legal advisor, for your advice on the following matters:

- **a.** Can M/s. Indian Finance Ltd. declare a dividend out of the profits for the year 2023-24, considering the past accumulated losses?
- **b.** What is the maximum amount of dividend that M/s. Indian Finance Ltd. can declare?

c. What legal provisions and steps must the company follow for the declaration and payment of the dividend?
d. If the company declares a dividend, when must the dividend be paid, and what are the relevant deadlines for the payment process?

2. Pearson Ltd., is a public limited company. It was observed that the company requires only Rs. 100 crores of the paid-up share capital for the business operations. Therefore the Board of Directors decided to restructure the capital portfolio and improve the financial outlook of company. You are approached by the company for legal advice on various modes where the company can go for reduction of share capital.

Balance sheet of Pearson Ltd as on 31st March, 2024

Liabilities	**Amount (Rs. Crore)**	**Assets**	**Amount (Rs. Crore)**
Equity & Liabilities		Assets	
Equity Share Capital (20 crore shares of Rs. 10 each)	200	Fixed Assets	250
Reserves & Surplus (Accumulated Losses)	(100)	Current Assets	100
Long-Term Borrowings	150		
Current Liabilities	100		
Total	**350**	**Total**	**350**

3. M/s. Veera Ltd., a publicly listed company, has been performing well financially and has accumulated a surplus cash balance of Rs. 15 crores as of the financial year 2023-24. The Board of Directors is considering a buyback of its own shares to enhance shareholder value and improve earnings per share (EPS). The company is seeking your expert opinion on this issue and the Board of directors of the company requested you to prepare a detailed note on Buy-back of securities

4. Explain the law and procedure relating to reduction of share capital with relevant judicial precedents

5. "*After adoption of Liberalization policy there is a necessity to adopt liberalized foreign exchange policy in India*" in the light of given statement, explain the importance of Foreign Exchange Management Act, 1999 and its contribution to Indian economy.

6. The Dispute Settlement Understanding (DSU) is considered the cornerstone of the WTO system. Discuss the structure and functioning of the Dispute Settlement Mechanism (DSM) of the WTO

7. *"India's Vibrant and rapidly growing economy has fostered a diverse array of investment opportunities, enticing a wide range of funds that cater to different financial objectives and risk appetites"*. In the light of given statement quote and evaluate the different kinds of funds operating in India

Section – B

Write short notes on any FOUR questions out of SIX questions and each question carries 05 marks. (4 x 5 marks = 20 marks)

A. Explain the difference between transfer and transmission of shares.

B. Write a note on derivative contracts

C. Write a note on Employees stock option plans

D. Write a note on further issue of shares under Companies Act, 2013

E. Briefly analyse the FDI policy and its impact on Corporate Sector

F. Briefly comment on "Bilateral investment Treaties"