



## COMPANY LAW TEST

### [MEMBERS & SHAREHOLDERS DEBT INSTRUMENTS – CONCEPTS]

**TOTAL MARKS- 30**  
**TIME ALLOTTED- 1 HOUR**

BELOW ARE THE QUESTIONS COMPULSORY TO ATTEND CARRYING 5 MARKS EACH (5\*10=50 MARKS)

#### QUESTION 1

ABC Ltd. issued shares to various individuals, including Mr. X, who holds American Depository Receipts (ADR) for 500 shares in the company. Mr. X is based overseas, and his ADRs were issued by an overseas depository bank. The company, however, did not enter Mr. X's name in the register of members, and the shares were listed under the name of the overseas depository bank. Mr. X wishes to exercise his voting rights and attend the company's annual general meeting (AGM) as a shareholder.

Discuss whether Mr. X is considered a member of ABC Ltd. and whether he is entitled to attend the AGM based on the provisions of the Companies Act, 2013.

#### QUESTION 2

Mr. P, a non-shareholder of ABC Ltd., filed a petition seeking inspection of the company's statutory documents, including the register of members, and requested copies of the documents. He argued that as a member of the public, he had the right to inspect the registers as provided under Section 94 of the Companies Act, 2013. However, the company refused his request, stating that Mr. P had no commercial interest in the company and, as such, was not entitled to file a petition under the provisions of the Act.

Discuss the rights of Mr. P to inspect the statutory registers of ABC Ltd. and whether his petition was valid, based on the provisions of the Companies Act, 2013

#### QUESTION 3

XYZ Ltd. issued shares to a group of individuals, including Mr. A, as per the company's share allotment process. Mr. A was allotted 1000 shares, and the share certificate was signed. However, Mr. A did not physically receive the shares, and his name was entered in the register of members. Later, a dispute arose, with Mr. A claiming he was a shareholder of XYZ Ltd. The company contended that since Mr. A did not physically receive the shares, he could not be regarded as a shareholder.

In light of Section 2(55) of the Companies Act, 2013, discuss whether Mr. A can be considered a member of XYZ Ltd. Provide your analysis based on relevant provisions and case law.

#### QUESTION 4

ABC Pvt. Ltd. is a private company engaged in the business of construction. Due to increased demand, the company has decided to borrow funds for expansion purposes. The company intends to borrow an amount that exceeds its paid-up share capital and free reserves. The Directors of the company are not aware about the provisions under the Companies Act, 2013 The Directors seek your advice on whether they need to pass a special resolution to borrow the additional funds.

**Question:** Advise the Directors of ABC Pvt. Ltd. on whether they need to pass a special resolution to borrow money exceeding the prescribed limits of paid-up share capital and free reserves, as per the provisions of the Companies Act, 2013.

**QUESTION 5**

ABC Limited, a private company, has been raising funds for expanding its operations in the renewable energy sector. The company has received money from various sources and seeks your advice on whether these amounts are classified as "deposits" under the provisions of the Companies Act, 2013. The company has received the following amounts:

1. **Rs. 15 crore** from a foreign government-owned development financial institution as part of a long-term financing agreement for infrastructure development.
2. **Rs. 10 lakh** from one of its promoters, who is also a director of the company, with a declaration that the amount was not sourced from borrowing.
3. **Rs. 2 crore** from a Public Financial Institution (PFI) to fund a renewable energy project.
4. **Rs. 5 lakh** from customers as advance payment for the supply of solar panels, with delivery to occur in the next six months.
5. **Rs. 25 lakh** in the form of convertible notes by a start-up venture capital fund.

The company is uncertain whether any of these amounts should be classified as "deposits" under the Companies Act, 2013, as this would trigger certain legal obligations.

**QUESTION 6**

XYZ Limited, a large manufacturing company, intends to raise funds through public deposits to expand its operations in India. The management of the company has proposed to accept public deposits as a part of its long-term financing strategy. However, they are unsure if the company qualifies as an eligible company under Section 76 of the Companies Act, 2013, which regulates the acceptance of deposits from the public. XYZ Limited has the following financial details and facts:

- The company's net worth is Rs. 120 crore.
- The company's turnover is Rs. 450 crore.
- A Special Resolution has already been passed at the Annual General Meeting (AGM) approving the acceptance of public deposits.
- The company has not yet filed the Special Resolution with the Registrar of Companies.

Based on the above facts, advise XYZ Limited on whether it is eligible to accept public deposits under Section 76 of the Companies Act, 2013, and whether any further actions are required before it can proceed with accepting public deposits.