SAMPLE QUESTIONS

**Q1. What are the legal provisions on appointment and re-appointment of directors of a listed entity?**

**Your Ans**.

(1) As per Section 152 of the Companies Act, 2013 (CA 2013 ), every director shall be appointed by the company in a general meeting.

(2) As per Section 196 of the CA 2013,a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the board of directors at a meeting

which shall be subject to approval by a resolution at the next general meeting of

the company.

(3) Appointment and re-appointment of a director (except independent directors) is through an ordinary resolution except in certain cases where the age and / or remuneration payable to such directors is above thresholds fixed in the CA 2013 or the LODR Regulations.

**Model Version 1 Ans.**

Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal proposed to align

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**Q.2 As of date, what are the provisions for a person to get appointed of persons who fail to get elected as Whole time Directors /Managing Directors at the general meeting of a listed entity?**

**Your Ans.**

As per Section 161(1) of the CA 2013, the board cannot appoint a person who

fails to get elected as a director at a general meeting as an additional director. However, the CA 2013 does not explicitly prohibit the board from re-appointing a

person as a MD or WTD, whose appointment to such posts was rejected by the

shareholders at the general meeting. Further, the board of a listed entity can

continue to appoint such persons as WTD / MD even after subsequent rejections

by the shareholders.

**Model Version 1 Ans.**

the maximum number of public companies in which a person can be appointed as a director shall not exceed ten

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**Q.3 What are the key requirements for issuer companies to list under Innovators Growth Platform (IGP)?**

**Your Ans.**

(1) 25 per cent of the pre-issue capital, of the issuer company should have been held for at least a period of two years by:

* Qualified Institutional Buyers (QIBs),
* Family Trust (with net-worth > 500 crore),
* Accredited Investors (AI) for the purpose of IGP (individual with net

worth> 5 crore and income > 50 lakh / body corporate with net worth >

25 crore) and

* Regulated entities like Foreign portfolio Investor (FPI), Pooled

investment fund (with minimum Assets under management > USD 150

million) etc.

Further, not more than 10 per cent of the pre-issue capital held by AIs is to

be considered for 25% pre-issue capital eligibility requirement.

(2) Minimum net offer to public should be in compliance with minimum public

shareholding norms and minimum offer size to be Rs 10 crore.

(3) The minimum application size and minimum trading lot to be INR two lakh and in multiples of INR two lakh thereof.

(4) Minimum number of allottees to be 50 and allotment shall be on proportionate basis.

(5) No requirement of minimum reservation of allocation to specific category of investors.

(6) Migration allowed to main board if the company satisfies the conditions for

migration.

**Model Version 1 Ans.**

integrity, experience and solvency

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**Q.4 What is meant by 'Migration to Main Board'?**

**Your Ans.**

In terms of the ICDR Regulations, IGP company shall be eligible to trade on the main board of the stock exchange provided it fulfills conditions of the exchange, viz., during the last three years, it has profits of at least fifteen crores, net tangible asset of at least INR three crores & net worth of at least one crore, listing on IGP for minimum period of one year, has minimum two hundred shareholders etc.

Further in case the IGP company does not satisfy the requirements of profitability, net worth, net assets etc. as required under Regulation 292 (2) of ICDR, 2018, then such IGP company can migrate to the main board provided seventy five percent(75%)of its total capital as on the date of application of migration to the main board is held by QIBs.

**Model Version 1 Ans.**

Minimum number of prospective allottees is fifty

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**Q.5 Why are Broad Market Indices created and which are the major Domestic & International broad market indices?**

**Your Ans.**

A. The broad market indices are constructed to represent the performances of large universe of companies traded on an exchange (domestic or international). Thus, the process and criteria for selection of representative

stocks in such broad market indices is of critical importance.

Some of the major indexes are:

(1) Nifty 50:Constituents of NIFTY 100 index are eligible for inclusion in the NIFTY 50 index. The Nifty 50 consists of the largest 50 stocks by free float market capitalization and liquidity, subject to certain stock selection criteria.

(2) S&P BSE SENSEX 30: Constituents of S&P BSE 100 index are eligible for inclusion in the S&P BSE Sensex 30 index. The S&P BSE Sensex 30 consist of 30

largest, most liquid and financially sound companies that are listed at

BSE.

(3) FTSE 100: The FTSE 100 consist of the largest 100 UK companies by full

market capitalization (i.e. before the application of any investability weightings) which will qualify for inclusion in the index.

(4) Nasdaq 100: The Nasdaq 100 index is designed to measure the

performance of 100 of the largest Nasdaq listed non-financial companies.

**Model Version 1 Ans.**

NOTE: I split the query – Model doesn’t perform well on composite queries.

**Q1. Why are Broad Market Indices constructed?**

**Model\_Ans.**

to ensure that they work in tandem according to the strategy and not at cross purposes

**Q2. which are the major Domestic & International broad market indices**

**Model\_Ans.**

Sensex and Nifty