

Chapter 10- Redemption of Debentures

Question 1

Provide the meaning of Redemption of Debentures.

Answer: Redemption of Debentures means, discharging the liability on a/c of the debentures issued by an enterprise executing the repayment to the debenture holders.

Question 2

Premium payable on redemption of debentures is in the nature of,

- Liability a/c
- Asset a/c
- Expense a/c
- None of these

Answer: Liability a/c

Question 3

What are the methods that are followed while redeeming a debenture?

Answer: Methods that are followed while redeeming a debenture are,

- Redemption of Debentures in a Lump sum on maturity
- Redemption of Debentures out of the capital
- Redemption of Debentures out of cash

Question 4

Expand DRI.

Answer: DRI refers to – Debentures Redemption Investment

Question 5

Expand DRR.

Answer: DRR refers to – Debentures Redemption Reserve

Question 6

The provisions of the Companies Act, 2013 in respect of redemption of debentures are to protect the interest of,

- Debenture holders

- Creditors
- Shareholders
- Bankers

Answer: Debenture holders

Question 7

Mention 3 points that are to be kept redeeming the debentures.

Answer: 3 points that are to be kept redeeming the debentures are,

- Time of Redemption of Debentures
- Amount of Redemption of Debentures
- Sources of Redemption of Debentures

Question 8

What are the 2 specified securities for DRI?

Answer: Specified securities for DRI are,

- In deposit with any Scheduled Bank, which is free from any charge
- In the unencumbered securities of the Central Government or any State Government

Question 9

A Bank Ltd. is to redeem ₹. 10,000/-; 10% debentures of ₹. 100/- each on 30th June 2017. How much amount must be transferred to DRR by it?

- ₹. 2,50,000/-
- ₹. 1,00,000/-
- ₹. 5,00,000/-
- Nil

Answer: Nil