

# Chapter 10- Redemption of Debentures

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## 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