

TEST SERIES 2: QUESTIONS

1. Hari is acquiring the share of XYZ Ltd. The company has also issued 12% Convertible Debenture.

The data related to such convertible debenture is as follows:

Face value	₹ 1000
No. of shares per debenture	20
Market price of per share of XYZ Ltd.	₹ 48
Straight value of debenture	₹ 940
Market price of convertible debenture	₹ 1060

From the above case scenario, choose the most appropriate answer of following MCQs.

1. Stock value of debenture is.....
 - (a) ₹ 1000
 - (b) ₹ 1060
 - (c) ₹ 940
 - (d) ₹ 960
2. Considering the basis of Market Price of Debenture percentage of downside risk shall be approximately.....
 - (a) 12%
 - (b) 12.77%
 - (c) 11.32%
 - (d) 10.42%
3. Conversion Premium shall be approximately.....
 - (a) 12%
 - (b) 12.77%
 - (c) 10.63%



- (d) 10.42%
4. The conversion parity price of the stock shall be approximately.....
- (a) ₹ 50
- (b) ₹ 53
- (c) ₹ 48
- (d) ₹ 47
5. Premium over Straight Value of Debenture shall be approximately
- (a) 12%
- (b) 12.77%
- (c) 10.63%
- (d) 10.42%

(5 x 2 = 10 Marks)

2. Bank A is in need of fund for a period of 14 days. To meet this financial need on 20th September 2013 Bank A enters into an agreement with Bank B under which it will sell 10% Government of India Bonds issued on 1st January 2013 @ 5.65% for ₹ 8 crore (Face value is ₹ 1,00,000 per Bond).

The clean price of same Bond is ₹ 99,420 and the Initial Margin be 2% and the maturity date of Bond is 31st December 2018. Consider 360 days in a year and interest is payable annually. Based on above Case Scenario, answer the following questions:

6. The arrangement entered between Bank A and Bank B will be called
- a. Call Money Arrangement
- b. Commercial Bill Arrangement
- c. Commercial Paper
- d. Repurchase Option
7. Dirty Price of the Bond will approximately be.....
- a. ₹ 103,530
- b. ₹ 106,700



- c. ₹105,000
d. ₹ 108,160
8. The start proceeds of the transaction shall be approximately
.....
a. ₹ 8,38,36,604
b. ₹ 8,36,52,800
c. ₹ 8,58,36,804
d. ₹ 8,48,52,585
9. The second leg of the transaction shall be approximately.....
a. ₹ 8,38,36,604
b. ₹ 8,36,52,800
c. ₹ 8,58,36,804
d. ₹ 8,48,52,585
10. The amount of Accrued Interest per Bond shall be approximately
.....
a. ₹ 7280
b. ₹ 7200
c. ₹ 7340
d. ₹7140

(5 x 2 = 10 Marks)

3. Pine & Associates is the statutory auditor of BB Ltd., a listed company and started its operations 6 years ago. The fieldwork during the audit of the financial statements of the company for the year ended 31st March, 2024 was completed on 1st May, 2024. The auditor's report was dated 15th May, 2024. During the documentation review of the engagement, it was observed that the engagement quality control review was completed on 18th May, 2024. The engagement partner had completed his reviews in entirety by 12th May, 2024. Comment?

(4 Marks)

