



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2023

Course: Fixed Income Securities

Program: B.Com-H

Course Code: FINC3002P

Semester : VI

Time : 03 hrs.

Max. Marks: 100

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	The rating of corporate bonds upto _____ grade is generally categorized as investment grade. a) BBB b) BB c) C d) A	2	CO1
Q 2	CAPM means: a) Capital assessment pricing model. b) Capital asset pricing model. c) Capital asset placement model. d) None of these.	2	CO1
Q 3	The words 'Bull and Bear' are associated with a) Import and Export b) Banking c) Marketing d) Speculator	2	CO1
Q 4	What is the minimum limit of Commercial Paper, an instrument of Money Market. a) 5 Lac b) 10 Lac c) 1 Lac d) None of the above	2	CO1
Q 5	Name the account that is maintained with RBI in which government securities are held? a) Nostro Account	2	CO1

	<ul style="list-style-type: none"> b) Vostro Account c) Subsidiary General Ledger (SGL) d) Escrow Account 		
Q 6	<p>The value of bond and debenture is</p> <ul style="list-style-type: none"> a) Present value of interest payment it get b) Present value of contractual payment it get till maturity c) Present value of redemption amount d) None of the above 	2	CO1
Q 7	<p>When the debentures are issued at less than the face value they are deemed to be issued at a</p> <ul style="list-style-type: none"> a) Discount b) Premium c) Par d) None of the above 	2	CO1
Q 8	<p>Which is the correct purpose behind issuing the government securities?</p> <ul style="list-style-type: none"> a) To finance the government expenditure and managing cash mismatch of the government b) To decrease the fiscal deficit of government c) To improve cash flow in market d) None of the Above 	2	CO1
Q 9	<p>Before payment to Equity shareholders which security holders are paid.....</p> <ul style="list-style-type: none"> a) Debenture holders b) Preference shareholders c) Both a and b d) None of these 	2	CO1
Q 10	<p>Which of the following methods are not used in equity valuation:</p> <ul style="list-style-type: none"> a) Dividend Based Valuation b) Earnings Based Valuation c) Cash Flow Based Valuation d) Book Value Based Valuation 	2	CO1
<p>SECTION B 4Qx5M= 20 Marks</p>			
Q 11	Discuss the applicability of SEBI (Issue and Listing of Non Convertible Securities) Regulations, 2021.	5	CO2
Q 12	Describe how to value a bond.	5	CO2

Q 13	What is Debt Instrument? Explain the features and objective of the debt instrument.	5	CO2																					
Q 14	Define the term: a) Discount Rate b) Equity Risk Premium	5	CO2																					
SECTION-C 3Qx10M=30 Marks																								
Q 15	Calculate the implied Growth Rate and Return on Equity Current stock price = Rs. 65 Next year's dividend =Rs. 4 Capitalization rate =12% Earnings retention ratio =50%	10	CO3																					
Q 16	Critically examine the features of Government Bond and briefly explain the following Government Bonds: a) Sovereign Gold Bond b) Fixed Rate Bond	10	CO3																					
Q17	X Ltd. is foreseeing a growth rate of 12% per annum in the next 2 years. The growth rate is likely to fall to 10% for the third year and fourth year. After that the growth rate is expected to stabilize at 8% per annum. If the last dividend paid was ` 1.50 per share and the investors' required rate of return is 16%, find out the intrinsic value per share of Z Ltd. as of date. You may use the following table:	10	CO3																					
	<table border="1"> <tr> <td>Years</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>Discounting Factor</td> <td>1</td> <td>0.86</td> <td>0.74</td> <td>0.64</td> <td>0.55</td> <td>0.48</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Years	0	1	2	3	4	5	Discounting Factor	1	0.86	0.74	0.64	0.55	0.48									
Years	0	1	2	3	4	5																		
Discounting Factor	1	0.86	0.74	0.64	0.55	0.48																		
SECTION-D 2Qx15M= 30 Marks																								
	Attempt any two questions from this section																							
Q 18	Explain the different types of Debt Mutual Funds. Also differentiate between the Debt Fund and Debt Securities.	15	CO4																					
Q 19	Mr. X, an investor purchased 200 units of ABC Mutual Fund at rate of Rs 8.50 p.u., one year ago. Over the year Mr. X received Rs 0.90 as dividend and had received a capital gains distribution of Rs 0.75 per unit. You are required to find out: (a) Mr. X's holding period return assuming that this no load fund has a NAV of Rs 9.10 as on today. (b) Mr. X's holding period return, assuming all the dividends and capital gains distributions are reinvested into additional units as at average price of Rs 8.75 per unit.	15	CO4																					
Q 20	Y Limited, just declared a dividend of Rs 14.00 per share. Mr. B is planning to purchase the share of X Limited, anticipating increase in growth rate	15	CO4																					

	<p>from 8% to 9%, which will continue for three years. He also expects the market price of this share to be Rs.360 after three years.</p> <p>You are required to determine:</p> <p>(i) The maximum amount Mr. B should pay for shares, if he requires a rate of return of 13% per annum.</p> <p>(ii) The maximum price Mr. B will be willing to pay for share, if he is of the opinion that the 9% growth can be maintained indefinitely and require 13% rate of return per annum.</p> <p>(iii) The price of share at the end of three years, if 9% growth rate is achieved and assuming other conditions remaining same as in (i) above.</p>		
--	---	--	--