



Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2023

Course: Fixed Income Securities	Semester : V
Program: BBA-Spz-FM	Time : 03 hrs.
Course Code: FINC3039	Max. Marks: 100
Instructions:	

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	Equity shareholders are paid after paying a. Debenture holders b. Preference shareholders c. Both a and b d. None of these	2	CO1
Q 2 are the creditors of a company a. Debenture holders b. Equity shareholders c. Preference shareholders d. None of these.	2	CO1
Q 3	Which of the following methods are not used in equity valuation a. Dividend Based Valuation b. Earnings Based Valuation c. Cash Flow Based Valuation d. Book Value Based Valuation	2	CO1
Q 4	When the shares are redeemed at a premium it is a for the company which issued shares. a. Loss b. Profit c. Neither profit nor loss d. None of these	2	CO1
Q 5	Which among the following does not fall under the category of government securities? a. Dated securities b. Treasury bills	2	CO1

	<ul style="list-style-type: none"> c. State Development Loans d. Certificate of Deposits 		
Q 6	<p>Identify 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 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>What is the minimum amount with which retail investor can participate in government securities auction?</p> <ul style="list-style-type: none"> a. Rs 5000 b. Rs 10000 c. Rs 20000 d. Rs 25000 	2	CO1
Q 9	<p>CAPM stands for:</p> <ul style="list-style-type: none"> a) Capital assessment pricing model. b) Capital asset pricing model. c) Capital asset placement model. d) None of these. 	2	CO1
Q10	<p>..... is the amount left over after individual consumption:</p> <ul style="list-style-type: none"> a) Investment b) Saving c) Surplus d) Money 	2	CO1
<p>SECTION B 4Qx5M= 20 Marks</p>			
Q 11	<p>Define the term:</p> <ul style="list-style-type: none"> a) Internal Rate of Return b) Equity Risk Premium 	5	CO2

Q 12	Define any three special funds available in the market.	5	CO2
Q 13	Define Real Cash Flow and Nominal Cash Flow.	5	CO2
Q 14	Describe about Fixed Income and also briefly describe the different asset classes in the market.	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q 15	Critically examine the features of Government Bond and briefly explain the following Government Bonds: a) Sovereign Gold Bond b) Inflation Indexed Bond	10	CO3
Q 16	You are required to classify the mutual funds depending upon the assets in which capital has been invested.	10	CO3
Q 17	There is a 9% 5-year bond issue in the market. The issue price is Rs. 90 and the redemption price Rs.105. For an investor with marginal income tax rate of 30% and capital gains tax rate of 10% (assuming no indexation), what is the post tax yield to maturity?	10	CO3
SECTION-D 2Qx15M= 30 Marks			
	Attempt any two questions from this section:		
Q 18	On 1-4-2012 ABC Mutual Fund issued 20 lakh units at Rs.10 per unit. Relevant initial expenses involved were Rs.12 lakhs. It invested the fund so raised in capital market instruments to build a portfolio of Rs.185 lakhs. During the month of April, 2012 it disposed off some of the instruments costing Rs.60 lakhs for Rs. 63 lakhs and used the proceeds in purchasing securities for Rs. 56 lakhs. Fund management expenses for the month of April 2012 was Rs. 8 lakhs of which 10% was in arrears. In April 2012 the fund earned dividends amounting to Rs. 2 lakhs and it distributed 80% of the realized earnings. On 30-4-2012 the market value of the portfolio was Rs.198 lakhs. Mr. Akash, an investor, subscribed to 100 units on 1-4-2012 and disposed off the same at closing NAV on 30-4-2012. What was his annual rate of earning?	15	CO4
Q 19	Investment in Bond provides a fixed income source to investor. You are required to explain the different types of bond available in the market to make investment and also how can the valuation of bond can be done to determine its fair value.	15	CO4
Q 20	The ELU co. is contemplating a debenture issue on the following terms: Face Value Rs.100 per debentures Terms to maturity 7 years. Coupon Rate as given below:	15	CO4

Year	Coupon Rate		
1-2	8%		
3-4	12%		
5-7	15%		

The current market rate of interest in similar debentures is 15% p.a. The company proposes to price the issue so as to yield a (compounded) return of 16% p.a. to the investors. Determine the issue price. Assume the redemption of debenture at a premium of 5%.