

Trimester: VI		
Examination: End Term Examination		
Program code: 11 Program: MBA -PT-Finance	Class: SY	Trimester: VI (SVU 2023)
Name of the Constituent College: K. J. Somaiya Institute of Management		Name of the department/Section/Center: Finance
Course Code:	Name of the Course: Fixed income securities	

Maximum Marks: 50

Date: 22-04-24

Notes:

1. Answer any five questions (5*10=50 Marks)

Question No.		Max. Marks
Q1.	Explain any three debt instruments available in short-term debt market	10M
Q2.	Explain the factors that influence interest rates by emphasizing the role of RBI in managing interest rates.	10M
Q3.	Determine the duration of a bond which has face value of Rs 1000, coupon rate 9% annual, maturity 4 years, YTM 10%. What is the modified duration? If the YTM goes up from 10% to 11%, determine the new price of the bond.	10M
Q4.	A Rs. 1,000 bond has a coupon rate of 8% and matures after five years. Interest rates are currently 7%. a. What will be the price of this bond if the interest is paid annually? b. What will be the price if investors expect the bond to be called with no call penalty after three years?	10M
Q5.	Ramesh is considering investing in a bond currently selling for Rs. 8500. The bond has four years to maturity, a Rs. 10,000 Face value, and a 9 per cent coupon rate. The next annual interest payment is due one year from today. the approximate discount factor for investments of similar risk is 10%. a) Calculate the intrinsic value of the bond. Based on this calculation, should Ramesh purchase the bond? b) Calculate the YTM of the bond. Based on this calculation, should Ramesh purchase the bond?	10M
Q6.	Distinguish the features of Government Bonds vs. corporate Bonds	10M
Q7.	Explain the concepts of STRIPS and SWAPS in the Bond market	10M

