

Time - 2 Hours

Total Marks- 50

- N.B- 1. All questions are compulsory  
2. Figures to the right indicate full marks.  
3. Draw neat diagrams wherever necessary.

Q.1 Case study

Fincorp Investments Ltd. is a well-established financial institution managing a diverse range of portfolios for clients. The investment team is tasked with maximizing returns while adhering to risk management principles. The investors prioritize a balanced approach, combining the stability of government bonds with the potential returns offered by corporate bonds. Mrs. Patil is looking to diversify her investment portfolio to ensure stability and mitigate risk. She is particularly keen on maintaining a conservative approach with a focus on bonds with the best credit ratings to safeguard in capital. She is a retired professional and aims to preserve her capital while generating a reasonable level of income.

Fincorp Investments Ltd. Has decided to invest half of her capital into Government bonds and the other half into corporate bonds taking into consideration the highest credit ratings to ensure safety and security of her investment. It is important to diversify to minimize the impact of potential economic downturn or market fluctuation.

- A. Evaluate the case study and explain the reason for diversification (5)  
B. Why was credit ratings taken into consideration while investing? (5)

- Q.2 A) Write about the various participants in the debt market (10)

OR

- B) What are the features and benefits of Debt market? (10)

- Q.3 A) What are the features of Central Government securities? (10)

OR

- B) Write in detail about the issuance process of Government securities. (10)

- Q.4 A) Classify corporate bonds according to their market segments. (10)

OR

- B) Describe NSE- MIBOR. (10)

- Q.5 A) Explain Yield Curve. What are the types of yield curve? (10)

OR

- B) XYZ Ltd. Issued a bond with a face value of ₹1,000, an annual coupon rate of 6%, a market value of ₹900, and a time to maturity of 10 years. Calculate Yield to Maturity for this bond (10)

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