

Question 1: Risk Related Question with scenario

Question 2: Suppose you approach a bank for getting loan. And the bank offers to lend you Rs.1, 000,000 and you sign a bond paper. The bank asks you to issue a bond in their favor on the following terms required by the bank:

Par Value = Rs 1, 000,000,

Maturity = 3 years

Coupon Rate = 15% p.a,

Security = Machinery

You are required to calculate the cash flow of the bank which you will pay every month as well as the present value of this option.

Question 3: There are some risks (Unique Risk) that we can diversify but some of the risks (Market risks) are not diversifiable. Explain both types of risk.

Question 4: There are two stocks in the portfolio of Mr. N, Stock A and Stock B. the information of this portfolio is as follows:

Common stock	Expected rate of return	Standard deviation
Stock A	15%	10%
Stock B	20%	15%

Calculate the expected rate of return on this portfolio assuming that Stock A consists of 75% of the total funds invested in the stocks and the remainder in Stock B.

Question 5: Two statement were given in first we have to tell the value of growth rate "g" if it is not calculated then find the second value of "g"

Question 6: Values of four year was given we have to calculate NPV for them also tell is this acceptable