

5.0 Q	Concept Name	Page No.
1. Financial Policy & Corporate Strategy		
1	Sustainable Growth	1
2. Risk Management		
6	Weekly, Monthly, Semi-Annually	5
12	Currency VAR	8
14	VAR-Reverse Calculation	11
15	Z Score Probability	13
3. Advanced Capital Budgeting		
7	Expected NPV, Standard Deviation , Coefficient of Variation, Dependent & Independent Cash Flows	21
9	Expected NPV and Standard Deviation (Hillers Model)	24
12	NPV - Risk Adjusted Discount Rate (RADR)	29
13	NPV - Certainty Equivalent Approach (CEA)	30
16	NPV - Inflation Adjusted Nominal and Real Cash Flows	34
20	NPV - Sensitivity Analysis	41
22	NPV - Sensitivity Analysis	45
23	NPV - Decision Tree Analysis	47
27	Replacement Analysis	51
29	Optimum Replacement Cycle	56
32	NPV	62
34	NPV	66
4. Security Analysis		
5	Exponential Moving Average (EMA)	74
6	Run Test	75
7	Auto-Correlation Test	78
5. Security Valuation		
5	Walters Model & Optimum Dividend Payout	84
16	Earnings Model	94
23	Gordon's Model & Sustainable Growth Rate	101
25	Sustainable Growth Rate	105
32	Two Stage Dividend Discount Model	112
36	Five Stage Dividend Discount Model	117
37	Six Stage Dividend Discount Model	118
38	Maintaining Target Receipt by Selling Shares	119
39	Maximum Price of Equity Share	121

41	H Model	124
42	IRR Method to Calculate Cost of Equity K_e	124
43	FCFE and FCFF	127
44	FCFE & Gordons Growth Model	129
48	EV Multiple	133
55	Value of Right & Ex Right Price of Shares	139
56	Value of Right - Rights On and Ex Right	140
62	YTM & YTC	147
66	Value of Bond	151
72	Value of Bond with Forward Rates	158
73	Value of Bond with Different Yields	159
74	Profit or Loss on Investment in Bond	160
76	IRR Method of YTM	163
80	Value of Bond, Duration and Volatility	169
82	Value of Bond, Duration and Volatility	173
87	Duration of Bond (Reverse Calculation)	182
89	Value of Portfolio of Bond and Preference Shares	185
91	Convexity	188
92	Convexity	188
94	Convexity	189
96	Bond Immunisation	194
101	Convertible Bonds	199
104	Convertible Bonds	202
105	Break Even MP & Ideal Conversion Period of Bonds	203
107	Spread of Yield	206
111	Bond Refunding	211
112	Dirty Price and Clean Price of Bond	213
117	Money Market Instrument - Treasury Bill	220
123	Money Market Instrument - Commercial paper	224
128	Money Market Instrument - Certificate of Deposit	228
131	Bond Value & Bond Equivalent Yield	231
132	Repo - Dirty Price , Haircut Adjustment	232
136	Repo Rate, Dirty Price, Clean Price	235
6. Portfolio Management		
5	Portfolio Risk when $R = 1, 0, -1$	242
8	Standard Deviation of Portfolio of Three Securities	245

11	Risk and Return of Portfolio	249
14	Value Added or Active Return of Portfolio	255
16	Expected Return, Variance, Standard Deviation and Beta	258
17	Beta using Correlation Analysis	259
25	CAPM	266
27	Beta and CAPM	267
28	Beta and CAPM	268
33	CAPM and Gordon's Growth Model	273
38	CAPM, Dividend and Earnings Growth Model	278
39	CAPM with Inflation and Gordon's Growth Model	279
46	CAPM, Beta & Change in Composition of Portfolio	289
52	Portfolio Beta	298
53	Portfolio Beta	299
54	Portfolio Return and Portfolio Beta	301
58	CAPM & Beta	306
62	Reducing & Increasing Portfolio Beta	311
65	Return due to Net Selectivity, Returns due to Higher Risk A	316
71	Equation of Line	322
72	CAPM and Arbitrage Pricing Theory (APT)	324
73	Arbitrage Pricing Theory (APT)	325
76	Sharpe's Index Model (SIM)	330
78	Sharpe's Index Model (SIM)	332
79	Market Lines - Capital Market Line	333
83	Beta , Alpha and Security Market Line	337
84	Alpha and Beta of Security (Regression Analysis)	339
86	Security Characteristics Line and Systematic and Unsystem	343
91	Portfolio Evaluation Measures - Sharpe, Treynor, Jensen's	349
93	11 Concepts in 1 Question	352
95	Optimum Portfolio Theory	356
96	Portfolio Rebalancing Theory - CPPI	358
98	Portfolio Rebalancing Theory - Buy & Hold Policy, Constant Ratio Plan	361
99	Portfolio Rebalancing Theory - Constant Ratio Plan	362
101	Minimum Variance (Risk) Portfolio	366
104	Stock Lending Scheme	370
8. Mutual Funds		

3	Holding Period Return on Reinvestment of Dividend and	373
6	Front End and Back End Load	375
7	Entry Load (Front End Load)	376
10	Mutual Funds Earnings & Investors Benefit	377
13	Effective Yield	381
14	Effective Yield (Reverse Calculation)	382
16	NAV (Reverse Calculation)	384
19	Dividend Reinvestment, Bonus & Growth Plan	390
21	Dividend Reinvestment and Bonus Plan (Reverse	395
22	NAV	398
29	NAV	408
31	NAV	412
32	NAV	414
33	NAV (Reverse Calculation)	416
34	NAV	417
39	NAV using Sharpe Ratio, Tryenor Ratio, Standard	423
40	Fund Manager's Fees	425
41	Return Before Management Expenses	426
42	Dividend Equalization Method	426
43	NAV (Reverse Calculation)	428
9. Derivatives Analysis & Valuation		
7	Futures Pricing	4
9	Contango and Backwardation	6
10	Forward Pricing	7
11	Initial Margin and Mark to Market	8
13	Initial Margin and Mark to Market	10
17	Open Interest	14
19	Return on Short Selling	15
24	Arbitrage with Futures Contract	19
28	Hedging with Futures	23
30	Hedging with Futures	24
31	Hedging with Futures	25
34	Hedging with Futures (Reverse Calculation)	31
38	Reducing Portfolio Beta	36
39	Hedge Ratio	38
40	Hedge Ratio	38

43	Hedging with Futures	40
44	Hedging with Futures	42
48	Profit and Loss on Option Settlement	44
54	Value of call Option	50
56	Break Even Point in Options	52
57	Binomial Model	52
62	Two Period Binomial Model	58
64	Black-Scholes Model	60
65	Black-Scholes Model	62
67	Portfolio Replicating Model	66
68	Index Swap	67
69	Real Options - Growth Option	67
70	Real Options - Abandonment Option	69
71	Real Options - Timing Option	70
10. Interest Rate Risk Management		
1	Forward Rate Agreement (FRA)	73
4	Forward Rate Agreement (FRA)	76
8	Calculating Theoretical FRA	80
10	Calculating Theoretical FRA & Arbitrage with FRA	82
11	Calculating Theoretical FRA & Interest Rate Guarantee	83
13	Forward Rate Agreement (FRA) & Interest Rate Futures	86
14	Interest Rate Futures (IRF)	88
17	Swapping Housing Loan	91
21	Cheapest to Deliver Bond	94
24	Cap Option	97
26	Cap Option	100
30	Interest Rate Swap	104
31	Interest Rate Swap	105
34	Interest Rate Swap	108
35	Interest Rate Swap	109
37	Interest Rate Swap	112
11. Foreign Exchange Exposure & Risk Management		
1	Strategies for Exposure Management	113
4	Cross Rates	115
8	Return for Foreign and Domestic Investor	118
11	Cover Rate	121

14	Gain or Loss on Cross Currency Transaction	123
18	Appreciation and Depreciation on Forward Contract	127
19	Broken Period Forward Rate	128
22	Interest Rate Parity Theory (IRPT)	130
26	Appreciation & Depreciation, PPPT & Expected Return	132
27	Appreciation & Depreciation & Expected Return	134
28	Interest Rate Parity Theory (IRPT)	134
29	Interest Rate Differential	137
31	Currency Arbitrage with Cross Rates	138
37	Currency Arbitrage with Interest Rate Differential	144
39	Currency Arbitrage with Interest Rate Differential	146
41	Theoretical Forward Rates	148
43	Transaction and Economic Exposure	150
47	Leading or Lagging	154
49	Investment (Borrowing) of Surplus (Deficit) Foreign	156
51	Investment (Borrowing) of Surplus (Deficit) Foreign	160
52	Investment (Borrowing) of Foreign Currency	161
54	Investment in Equity or Fixed Interest Bearing Security	164
56	Letter of Credit & EEFC	166
62	Leading or Lagging	172
65	Hedging with Forward Contract	175
73	Hedging with Different Foreign Currency Invoicing	184
74	Hedging with Home Currency Invoicing, Forward or	185
77	Hedging with Forward or Futures Contract	189
79	Hedging with Forward or Options Contract	191
80	Hedging with Forward or Options Contract	193
83	Hedging with Forward, Options or Money Market	197
89	Currency Swap	205
91	Non Deliverable Forward Contract	208
95	Forward Contract - Cancellation before Due Date	211
96	Forward Contract - Cancellation on Due Date	212
97	Forward Contract - Extension on Due Date	213
100	Forward Contract - Extension before Due Date	216
102	Forward Contract - Early Delivery (Delivery before due	218
105	Forward Contract - Early Delivery (Delivery before due	221
109	Forward Contract - Late Extension (Extension after due	229

110	Forward Contract - Late Extension (Extension after due	231
112	Nostro, Vostro & Loro Account	234
115	Nostro, Vostro & Loro Account	236
12. International Financial Management		
3	Global Depositary Receipts	240
4	Foreign Company Investing in India	241
7	Foreign Currency Approach - NPV	245
9	Home Currency and Foreign Currency Approach - NPV	248
12	Home Currency Approach - Inflation, Nominal & Real Cash Flows - NPV,	253
13	Foreign Currency Approach - Annual CFAT, NPV	254
14	Indian Company investing in Foreign Country - Adjusted	256
15	Indian Company investing in Foreign Country (GDR) -	257
17	Foreign Company Investing in India - NPV	262
19	Foreign Company Investing in India - NPV	268
20	External Commercial Borrowing (ECB)	271
21	Indian Company investing in Foreign Country - NPV	273
13. Business Valuation		
3	Range of Valuation - Market Price and Discounted Cash	278
7	Earnings Capitalisation Method	283
9	Earnings Capitalisation & Net Asset Value Method	286
12	Net Worth and Dividend Valuation Model	292
13	Chop Shop Approach	295
16	Value of Firm	298
17	Value of Firm	299
18	Value of Firm	300
19	Value of Firm	301
22	Value of Share using Free Cash Flow to Equity	306
24	Value of Strategy Based on Present Value of Cash Flows	308
28	Enterprise Value	320
35	Economic Value Added (EVA)	326
36	Economic Value Added (EVA)	327
39	Economic Value Added (EVA) & Market Value Added	331
40	Economic Value Added (EVA)	332
43	Economic Value Added (EVA)	337
44	Economic Value Added (EVA)	338

45	Economic Value Added (EVA) (Reverse Calculation)	340
46	Relative Valuation	340
14. Mergers, Acquisitions and Corporate Restructuring		
7	Market Value, Post Merger MP, Impact on MP	349
8	Post Merger EPS, PE, MP; Exchange Ratio	351
11	Post Merger EPS, MP, Market Value	354
15	True Cost of Merger - Equity Based	360
18	True Cost of Merger - Cash & Equity Based	363
20	Buy Back of Equity Shares	365
24	Buy Back of Equity Shares	369
25	EPS, PE Ratio, BVPS, ROE, Growth Rate, Post Merger - EPS, MP, Gain or Loss	371
29	Benefit of Merger	379
31	Purchase Consideration, No. Of Shares, Post Merger EPS,	383
36	Swap Ratio, Promoters Holding, Post Merger EPS, MP, Free Float Market Cap	392
38	Bonus Ratio, Market Price and Free Float Market	396
42	Swap Ratio, CAR & Gross NPA, Balance Sheet After	404
44	Maximum and Minimum Exchange Ratio	408
45	Maximum and Minimum Exchange Ratio	410
50	Maximum and Minimum Share Price	418
52	NPV of the proposed merger	421
53	Before and After Merger Value of Company	422
54	Return on Shares before and after merger, Impact of	424
56	Divestiture Decision	426
57	Divestiture Decision	427
59	Corporate Restructuring	430
63	Geared and Ungeared Beta	436
64	Geared and Ungeared Beta	438
65	Capital Structure Decision	440
66	Capital Structure Decision	442