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ABOUT

CA VINOD KUMAR AGARWAL

(AIR-2nd, 4th & 24th IN FOUNDATION, INTER & FINAL RESPECTIVELY)

SUMMARY

Founder Member of A.S. Foundation, India's Leading Academy for C.A. Course, CA Vinod Kumar Agarwal is a fellow member of ICAI and a past member of the Board of Studies, ICAI. With a teaching experience of twenty years, he has guided more than 1,00,000 students and is ranked as one of the best teachers for Accounts and Financial Management at Intermediate level and Financial Reporting and SFM at Final Level.

He has authored books on Accounts, Advanced Auditing for CA Final, Auditing for Intermediate, Accounting Standards, Ind AS, Costing and Financial Management, and his books have sold more than 2,00,000 copies.

PUBLICATIONS AND ACHIEVEMENTS

- A merit holder in all the three levels of exams conducted by ICAI (2nd rank, 4th rank, and 24th rank in CA Foundation, CA Intermediate an CA Final respectively).
- Scored 99 marks in Accountancy in CA Foundation.
- Authored books on Accounts, Advanced Auditing for CA Final, Auditing for Intermediate, Accounting Standards, Ind AS, Costing and Financial Management.
- Complied a book "No Truth, Only Interpretations", a book on motivation, inspiration and guidance.
- Compiled a book, "Mind Candy", a book on motivation.
- Compiled a book, "Sweet Voice", a book on inspirational quotes.
- Working experience with India's top firms Firms like M/s. S.B. Billimoria and A.F. Ferguson (both member firm of Deloitte).
- Published article in the Students Newsletter of ICAI on "Valuation of Equity Shares" and "Stock Market Index".
- Presented a paper on "Corporate Governance and Role of Auditor" in National Students Conference held in Goa.

EDUCATION

- Passed the Certified Public Accountant (CPA) (USA) exam in 2007.
- Post-graduation from Pune University with First Class.
- Graduation from B.M.C.C, Pune with distinction.
- Passed the Diploma in Business Finance Conducted by ICFAI, Hyderabad.
- Passed the Derivative Module test conducted by National Stock Exchange.
- Also appeared for UPSC exam and cleared Mains twice.

TEACHING EXPERIENCE

- Teaches Accounts, Advanced Accountancy, Financial management and Economics for Finance at CA Intermediate Level and Financial Reporting and Advanced Financial Management (AFM) at CA Final level.
- Pioneer of creating and distributing video tutorials in pen drives/google drive among students.
- Produced All India Toppers (1st Rank) in CPT examination and final examination apart from more than 250 all India merit- holders.
- More than 30000 Facebook subscribers, more than 42000 YouTube subscribers.
- Sold more than 40000 video lectures in pen-drive and google-drive mode.
- In 2019, launched a brand VKNOW, to become a national brand for digital learning.

TEACHING APPROACH

- Simple and effective way of teaching through concept building, class-room practice, home-exercise, and power-point presentation.
- A large variety of problems are solved in the class to meet the examination requirements.
- Notes are updated frequently covering amendments and exam problems.

Chapter – 4

SECURITY VALUATION

1. In India, a large part of debt securities pay interest on a

(a) floating rate basis
(b) a fixed rate plus a variable portion
(c) a fixed rate
(d) zero coupon basis

ANS. ➡ (c) a fixed rate

2. The Indian debt market is largely wholesale in nature

(a) True
(b) False

ANS. ➡ (a) True

3. In the wholesale debt market, the largest proportion of trading is seen in

(a) Government Securities
(b) Corporate Bonds
(c) T-Bills
(d) PSU Bonds

ANS. ➡(a) Government Securities

4. Which of the following do not represent the amount an investor of a debt security will be paid upon maturity

(a) par value
(b) face value
(c) fair value
(d) redemption value

ANS. ➡ (c) fair value

5. Coupon of a debt security refers to

(a) a piece of paper attached to the certificate
(b) the return on investor would earn
(c) the amount rate of interest paid on par value of the bond
(d) none of the above

ANS. ➡ (c) the amount rate of interest paid on par value of the bond

6. Which of the following do not apply to the term 'maturity' of a debt security?

(a) the date on which the certificates becomes old
(b) the term of the bond
(c) the date of redemption
(d) the date on which the issuer has to repay the amount

ANS. ➡ the date on which the certificates becomes old

7. Call or put provisions are used to modify the fixed maturity of debt securities

(a) True
(b) False

ANS. ➡ (a) True

8. A call provision in a debt issue allows the issuer to

(a) call out the names of the investors
(b) redeem the debt on maturity
(c) extend the tenure of the debt
(d) redeem the debt before maturity

ANS. ➡ (d) redeem the debt before maturity

9. A put provision in a debt issue allows

(a) investor to put away the certificates in safe deposit vaults
(b) investors to redeem debt prior to maturity
(c) issuers to redeem debt prior to maturity
(d) investors to extend the tenure of debt

ANS. ➡ (b) investors to redeem debt prior to maturity

10. Current yield relates interest on a security to

(a) its current market price
(b) its face value
(c) its fair value
(d) the current price of T-Bills

ANS. ➡(a) its current market price

11. To compare bonds with different coupon rates, maturities and prices, investors would use:

(a) current yield
(b) technical analysis
(c) yield to maturity
(d) fundamental analysis

ANS. ➡(c) yield to maturity

12. When market interest rates rise, bond prices

(a) also rise
(b) fall
(c) are not affected
(d) fluctuate either up or down

ANS. ➡ (b) fall

13. Yield curve is also known as
(a) Curve of Interest
(b) Term Structure of Interest Rates
(c) Curve that yields
(d) none of the above
ANS. ➡(b) Term Structure of Interest Rates

14. An important indicator of expected trends in interest rates is
(a) The Economic Times
(b) the Sensex
(c) the Yield Curve
(d) the Chief Minister's Speech
ANS. ➡(c) the Yield Curve

15. It may not be possible to reinvest interest received at the same rate as principal. This is known as
(a) reinvestment risk
(b) inflation risk
(c) interest-rate risk
(d) call risk
ANS. ➡ (a) reinvestment risk

16 A bond's rating indicates its
(a) reinvestment risk
(b) default risk
(c) inflation risk
(d) interest-rate risk
ANS. ➡ (b) default risk

17 If a bond cannot be sold at a price near its value, it means that investment in this bond has
(a) high liquidity risk
(b) high default risk
(c) low liquidity risk
(d) inflation risk
ANS. ➡ (a) high liquidity risk

18. A high credit rating does not mean
(a) high yield spread
(b) high perceived safety
(c) low yield spread
(d) low risk premium
ANS. ➡ (a) high yield spread

19. If 10-year government securities Yield 10% and a 10-Year fixed deposit in a company yields 12%, the yield spread is
(a) 12%
(b) 22%
(c) 10%
(d) 2%
ANS. ➡(d) 2%

20. The "duration" of an interest-bearing bond is
(a) longer than its maturity
(b) less than its maturity
(c) equal to its maturity
(d) the quality of paper used for the certificate
ANS. ➡ (b) less than its maturity

21. A bond with a coupon of 9% when interest rates for similar maturities are 11% will sell
(a) above par
(b) below par
(c) at par
(d) at a price unrelated to the prevailing interest rate
ANS. ➡ (b) below par

22. Inflation and interest rates are inversely proportional
(a) True
(b) False
ANS. ➡ (b) False

23 For a bond paying semi-annual coupon, the effective annual return is
(a) Equal to the yield-to-maturity of the bond
(b) Lower than the yield-to-maturity of the bond
(c) More than the yield-to-maturity of the bond
(d) Less than equal to the yield-to-maturity of the bond
(e) More than equal to the yield-to-maturity of the bond.
ANS. ➡ (c) If a bond pays a semi-annual coupon, the annual return from the bond would be more than the YTM of the bond.

24. A bond's duration equals the number of years to the bond maturity under which one of the following conditions?
(a) The bond's coupon rate equals the market interest rate when the
(b) The bond's quality rating does not change.
(c) Market interest rates do not fluctuate.
(d) The bond pays no coupon interest.
(e) None of the above.
ANS. ➡ (d) A bond's duration will be equal to its term to maturity if and only if it is a zero

coupon bond. When an investor makes no intermediate recoveries, the duration will equal to term to maturity.

25. The market price of a zero coupon bond which yields 15% to maturity and matures in six years, if it is issued at a face value of Rs.200 is Rs. _____ .

(a) 86.47
(b) 85.36
(c) 84.96
(d) 84.26
(e) 83.84.

ANS. ➡ (a) 200 x $PVIF_{(15\%,6)}$ = 200 x 0.432 = 86.4.

26. The YTM of a zero coupon bond whose market price is Rs.400 and issued at aface value of Rs.500 if it matures in five years is _____%.

(a) 4.514
(b) 4.534
(c) 4.544
(d) 4.564
(e) 4.582.

ANS. ➡(d) 500 x PVIF(x%,5) = 400
∴ PVIF(x%,5) - 400/500 = 0.8

27. Which of the following is/are false?

(a) When the bond is selling at a premium, its YTM exceeds the coupon rate.
(b) If the bond's YTM is equal to its coupon rate, the bond is sold at a premium.
(c) The duration of a perpetual bond is infinity.
(d) As the YTM of a bond increases, its duration decreases irrespective of the other variables.
(e) All of the above.

ANS. ➡ (e) Bond price and YTM are inversely related. Thus, when the bond is selling at a premium, its YTM would be below the coupon rate. If the bond's YTM is equal to its coupon rate, the bond is sold at face value.

28. An investor while computing YTM of a bond using interpolation obtained that at r = 1 1%, the present value of future cash flows was Rs.935.45 and at r = 13%, the value was Rs.905.85. If the market price of the bond was Rs.925, the YTM on this bond is_____%.

(a) 11.25
(b) 11.31
(c) 11.70
(d) 11.38
(e) 11.41.

ANS. ➡ **(c)** YTM = 11 +[(13 - 1 1)(935.45 - 925)/(935.45 - 905.85)] = 11.70.

29. Which of the following statements define the liquidity risk properly?

(a) That portion of an asset's total risk caused by discounts and selling
(b) Variability of return caused by the fact that a security may legally be redeemed before its maturity date.
(c) Variability of return caused by the fact that one security may be converted to another security.
(d) That portion of an asset's total risk caused by alternating bull and bear market conditions which tend to affect all securities systematically
(e) That portion of an asset's total risk which arises when the people who manage an investment asset make errors that affect the asset's value

ANS. ➡ (a) That portion of an asset's total risk caused by discounts and selling∴ X = 4 + [(5 - 4) (0.822 - 0.800)/(0.822 - 0.784)] - 0.57

ANS. ➡ (d) The maximum possible duration = (1 + r)/r = (1 + 0.1345) 0.1345 = 8.4

30. Which of the following statements about the term structure of interest rates is true?

(a) The expectations hypothesis indicates a flat yield curve if anticipated future short-term rates exceed current short-term rates.
(b) The expectations hypothesis contends that the long-term rate is equal to the anticipated short-term rate.
(c) The liquidity premium theory indicates that, all else being equal, lower maturities will have lower yields.
(d) The market segmentation theory contends that borrowers and lenders prefer particular segments of the yield curve.
(e) None of the above.

ANS. ➡ According to the segmentation theory, in the market a group of investors always prefer instruments maturing within certain periods, against maturing in other periods. So only d is true.

31. The _____ a coupon paying bond's term to maturity (TTM), the _____ the difference between its TTM and its duration.

(a) Longer: smaller
(b) Shorter; greater
(c) Longer; greater
(d) None of the above
(e) Both (a) and (b) above.

ANS. ➡ (c) The longer a coupon paying bond's term to maturity (TTM) the greater the

difference between it's TTM and its duration.

32. A bond yields 13.45% to maturity and matures in 11 years. The duration of this bond can be maximum of _____ years.
(a) 5.87
(b) 6.54
(c) 7.69
(d) 8.43
(e) 10.00.

33. The YTM for a seven-year bond is 10%) and for a 10-year bond it is 13%. The average forward rate in years 8, 9 and 10 will be_____%.
(a) 19.56
(b) 20.30
(c) 20.84
(d) 21.24
(e) 21.74.

ANS. ➡ **(b)** $(1.13)^{10} = (1.1)7(1 + r)^3$
$\therefore (1.13)^{10}/(1.1)^7 = (1 + if = 1.7419$
$\therefore (1.7419)^{1/3} = (1+r) = 1.203$
$\therefore$ r = 0.203 or 20.3%

34 A nine-year bond has an yield to maturity of 10% and a modified duration of 6.54 years. If the market yield changes by 50 basis points, the bond's expected price change is
(a) -3.27%
(b) -3.66%)
(c) -3.97%
(d) -4.00%
(e) -4.66%.

ANS. ➡ **(a)** P = - 6.54 x 0.5 - 3.27%.

35. All other things being equal, which one of the following bonds will have the maximum volatility?
(a) 15-year, 15% coupon bond.
(b) 5-year, 10% coupon bond.
(c) 15-year, 10% coupon bond,
(d) 15-year, 15% coupon bond.
(e) 10-year, 15% coupon bond.

ANS. ➡ **(c)** All other things remain constant, longer (shorter) the maturity period, greater is the volatility. In addition to maturity period, the volatility of a bond depends upon the coupon interest rate. Lower the coupon rate, higher is the bond volatility.

36. By investing in bonds, a trader is subjecting himself to the following risks
(a) Interest rate risk
(b) Reinvestment risk
(c) Default risk
(d) Maturity risk
(e) All of the above.

ANS. ➡ **(e)** By investing in bonds one is subject to interest rate risk because bonds provided fixed rate of interest, reinvestment risk arises because coupon income received may not get the same return as YTM. Default risk is there because concern party may default in payment, bond has maturity risk also because value of the bond may change between the time of issue and maturity.

37 YTM is same as
(a) NPV
(b) IRR
(c) Geometric mean return
(d) Both (a) and (c) above
(e) Both (b) and (c) above.

ANS. ➡ **(e)** Calculating the IRR for the stream of cash flows gives the true return on the bond, which is known as the YTM.

38. If a bondholder is to receive the stated YTM. he has to invest the interim cash flows at
(a) Existing interest rates
(b) Coupon rate
(c) Stated YTM
(d) An interest rate of a long-term government dated security
(e) Current yield.

ANS. ➡ **(c)** If a bondholder is to receive the stated YTM he has to invest the interim cash flows in stated YTM.

39 Holder of a 10% bond which pays interest semi-annually on June 30 and on December 31 of every year sold it on March 30th. The amount of accrued interest that he should receive is Rs._____. The face value of the bond is Rs.100. (A month consists of 30 days each.)
(a) 2.50
(b) 6.00
(c) 7.00
(d) 8.00
(e) 9.00.

ANS. ➡ **(a)** 100 x 0.10 x 3/12 — 2.50

40. The approximate yield to first call of a bond whose current price is Rs.90 and paying a coupon of 12% per annum with semi-annual interest payments, callable in 3 years at Rs. 110 and issued at par is

(a) 16.37%
(b) 17.57%
(c) 18.67%
(d) 19.77%
(e) 20.87%.

ANS. ➡**(c)** [(2 x 6) + (110 - 90)/3]/[(110 + 90)/2] = 18.67

41 Consider the data given below:

Market price of the bond = Rs.95
Years to maturity = 6
Coupon rate = 13% payable annually
Issue price = Rs.l00

For this bond the approximate yield to maturity is

(a) 13.18%
(b) 14.18%
(c) 15.18%
(d) 16.18%
(e) 17.18%

ANS. ➡**(b)** YTM = [C + (F - P)/n]/[(F - P)/2] = [13 + (100 - 95)/6]/[f 100 + 95)/2]
= 0.1418 or 14.18%.

42 Immunization refers to elimination of

(a) Price and default risk
(b) Reinvestment risk and price risk
(c) Default and reinvestment risk
(d) Maturity and default risk
(e) Maturity and reinvestment risk.

ANS. ➡ **(b)** A change in interest rate has two effects - reinvestment effect and price effect. If the interest rates move up after the purchase of the bond, interest income from the bond will be reinvested at a higher rate and so interest earned on reinvestment of interest will be higher. But the rise in interest rate reduced the bonds price and hence the investor incurs a capital loss. Immunization tries to eliminate the reinvestment risk and price risk.

43 Which of the following is true?

(a) Price risk and reinvestment risk act in the same direction.
(b) Immunization is said to have occurred when the returns from holding a bond by assuming constant interest rates throughout the holding period is same as the returns irrespective of the movements in the interest rates.
(c) Zero coupon bonds have their duration less than their maturity period.
(d) Duration remains constant throughout.
(e) Duration plays a crucial role for an investor who opts for buy and hold or passive strategy.

ANS. (b) ➡ Price risk and reinvestment risk acts in different directions. Zero coupon bonds have duration equal to their maturity period and the duration changes as the maturity approaches.

Duration does not play a crucial role for an investor with passive strategy so (b) is true

44 A 12% bond pays interest annually and is issued at par (Rs.100). It matures in three years and the required rate of return is 13%. The duration of this bond is years.

(a) 2.345
(b) 2.547
(c) 2.686
(d) 2.754
(e) 2.965.

ANS. ➡

Years (1)	Interest (2)	PV @1 3%
(3) PV x Interest (4)		Year x PV
1 12	0.88	10.60
2 12	0.78	9.40
112 0.69	77.28	231.84
	97.28	261.24

Duration = 261.24/97.28= 2.686

45 The modified duration of the bond referred to in question 271 is _____ years, if the market returns a rate of 10.5% and the interest being paid annually.

(a) 2.25
(b) 2.34
(c) 2.43
(d) 2.49
(e) 2.53.

ANS. ➡

Years (1)		Interest
(2) PV @10.5% (3)		Year x PV (4)
1	12	10.8597
2	12	9.8278
3	112	83.0101
		103.6976

Duration = 279.5456/103.6976 = 2.695776
Modified duration = 2.695776/(1 + 0.105) = 2.43
[Hint: MD = D/(l + r/p)
Where D = duration (years)
r = market yield (decimal)
p = interest payments per year]

46 The percent change in the price of a bond whose modified duration is 4.56 years if the interest rate changes by 100 basis points is

(a) 2.89
(b) 3.68
(c) 4.56
(d) 5.21
(e) 5.82.

ANS. ➡ **(c)** 4.56/1 = 4.56 years

47 The duration of a bond increases at a decreasing pace as the maturity of the bond is increased. This is due to the fact that

(a) The number of coupon payments increase
(b) The number of years before the bond, is redeemed will increase
(c) As the payments of interest and principle are extended, the present value of these payments is reduced
(d) Both (a) and. (b) above
(e) All of (a) and (c)

ANS. ➡ **(c)** Increase in the frequency of coupon payment decreases the duration. Larger the coupon, smaller is the duration of the bond. A bond with higher coupon rate pays higher cash flows every year than the one with a lower coupon rate.

48 For a firm's stock the constant growth rate in dividends is 4% and the required rate of return on this stock is 13%. The duration of equity for this stock will be _____ years.

(a) 10.00
(b) 10.11
(c) 11.11
(d) 11.20
(e) 11.34

ANS. ➡ **(c)** Duration = 1 /(k - g) = 1 /(0.13— 0.4) = 11.11 years

49. A zero coupon bond which is going to mature in two years is issued for Rs.85. Give the required rate of return during the first year is 9%, the same during the second year will be_____.

(a) 6.50%
(b) 7.00%
(c) 7.93%
(d) S. 00%
(e) 8.53%.

ANS. ➡**(c)** 85 x 0.09 = 7.65 85 + 7.65 = 92.65

Thus, required rate of return for the 2nd year = (100 - 92.65)/92.65 = 0.0793 or 7.93%

50. If the modified duration of a bond is 6:417, a 50 basis points fall in interest rate would

(a) Increase the price of the bond 3.21 percent
(b) Decrease the price of the bond by 3.21 percent
(c) Increase the price of the bond by 12.8 percent
(d) Decrease the price of the bond by 12.8 percent
(e) None of the above.

ANS. ➡ **(a)** A 50 basis points fall in interest rate would increase the price of the bond by 3.21 percent (i.e. 6.417 x 0.5).

51 An annual coupon bond with duration of 9 years, coupon of 14% and YTM of 15% will have a modified duration of

(a) 6.9 years
(b) 8.18 years
(c) 8.33 years
(d) 9.78 years
(e) 7.83 years.

ANS. ➡ **(e)** Modified duration = D/(1 + y/f) = 9/(1 + 0.15) = 7.83

52. A financial institution with a known liability maturing after 10 years should

(a) Purchase a bond with a higher YTM
(b) Purchase a bond with the required YTM and 10 years maturity
(c) Purchase a bond with the required YTM and 10 years duration
(d) Purchase a bond with a higher coupon
(e) None of the above.

ANS. ➡ **(c)** A financial institution with a known liability maturing after 10 years should purchase a bond with the required YTM and 10 years duration. [**Hint:** Match maturity of liability with duration of bond].

53 A deep discount bond issued at Rs.2,500 will be redeemed at Rs. 1,00,000 after 25 years. If capital gains is taxed at 20% and indexation benefits of 6% annually is available then the post-tax yield for the investor is

(a) 12 percent
(b) 14,3 percent
(c) 15.9 percent
(d) 15 percent
(e) Insufficient information

ANS. ➡ **(d)** Issue price is Rs.2,500; redeemable at Rs. 1,00,000. On 1,00,000 there will be a capital gain tax of 20%. Indexation benefit is of 6%. 20% of 1,00,000 is Rs.20.000. Amount receivable is Rs.80,000. Indexation benefit of 6% on 80,000 is 0.06(80,000 - 2,500)

= 4,650. Post tax income is 84,650. Post-tax

yield is = $25\sqrt{\frac{84,650}{2,500}} - 1 = 15.12\%$.

54. For bonds with a longer term to maturity the realized yield will be

(a) Closer to the yield to maturity
(b) Closer to the coupon rate
(c) Closer to the reinvestment rate
(d) Closer to the post-tax YTM
(e) Closer to the risk-free rate.

ANS. ➡ (c) For bonds with longer term to maturity realized yield will be closer to the reinvestment rate. By contrast, for bonds with shorter term to maturity, realized yield will be closer to the YTM.

55. If the market price of a bond is less than its face value then

(a) Coupon interest rate is less than the current yield
(b) Current yield is less than the YTM
(c) The YTM will be less than the realized yield
(d) Both (a) and (b) above
(e) Both (a) and (c) above.

ANS. ➡ (d) The market price of the bond will be equal to the par value of the bond, if the YTM equals its coupon rate. If YTM increases above the coupon rate, the market value drops below the face value.

56 The interest rate risk of a bond for a one percent change in market rate of interest is 5.91 percent. Given that the YTM of the bond is 10 percent and the coupon rate of interest is also 10 percent, which of the following is/are true?

For a 2 percent increase in market rate of interest, the bond's price will decline by 11.82 percent.

The duration of the bond is 6.501 years.

The duration of the bond is equal to its term to maturity.

(a) Only (i) above.
(b) Only (ii) above.
(c) Both (i) and (ii) above.
(d) Both (i) and (iii) above.
(e) Both (ii) and (ii) above.

ANS. ➡ (b) IE = 0.591 = D x YTM / (1 + YTM) = D x 0.1/1.1

∴ D = 6.501 years

57. Which of the following is true about bond price volatility?

(a) The longer the maturity, greater the bond price volatility.
(b) The lower the coupon, greater the bond price volatility.
(c) The higher the YTM, higher the bond volatility.
(d) All of the above.
(e) Both (a) and (c) above.

ANS. ➡ (d) All the statements given in the question are correct. Hence, option (d) is the answer.

58. If the market price of a bond is less than its face value, then

(a) The current yield will be less than YTM
(b) YTM will be less than coupon rate
(c) Current yield will be less than the coupon rate
(d) YTM will be equal to current yield
(e) Current yield will be more than YTM.

ANS. ➡ (a) The market price of the bond will be equal to the par value of the bond, if the YTM equals its coupon rate. If YTM increases above the coupon rate, the market value drops below the face value.

59. A bond with a face value of Rs.1,000 and paying coupon at 10% annually has a maturity of 8 years. Its current market price is Rs.890 and it will be redeemed on maturity at 5% premium to its face value. The current yield of the bond is

(a) 10.0%
(b) 10.7%
(c) 11.23%
(d) 11.43%
(e) 11.50%.

ANS. ➡ (c) Current yield = Coupon/Market Price = 100/890 = 11.23%.

60. Which of the following types of risk is the major concern for bond investors?

(a) Diversifiable risk.
(b) Interest rate risk.
(c) Business risk.
(d) Market risk.
(e) Purchasing power risk,

ANS. ➡ (b) Interest rate risk is the major concern for bond investor.

61. Which the following is not an assumption while calculating YTM?

(a) There is no default in payment of interest and principal.
(b) The bond is held to maturity.
(c) There is a call and put option on the bond.
(d) Coupon payments are reinvested at the YTM.

(e) None of above

ANS. ➡ **(c)** Except option (c) all others are assumptions, while calculating YTM.

62. An insurance company with a known liability after 10 years can immunize its interest rate risk by investing in a

(a) Bond with a maturity of 10 years
(b) Bond with a duration of 10 years
(c) Perpetual bond
(d) Floating rate note
(e) Zero coupon bond having maturity of more than 10 years.

ANS. ➡ **(b)** Insurance company can protect itself from the interest rate risk by resorting to bond immunization. Bond immunization is the strategy of matching the bonds duration (and not the term-to-maturity) with the time horizon of the investors.

63. If the YTM of a 1-year GOI bond and a 2-year GOI bond are 7.97% and 8.86% respectively, then the implicit one year forward rate at the end of year 1 is

(a) 7.09%
(b) 9.23%
(c) 9.66%
(d) 9.70%
(e) 10.08%.

ANS. ➡**(d)** $(1 + r_2)^2 = [(1 + r_1)(1+ f_2)]$

$\therefore (1 + f_2) = (1.0886)^2/1.0797$

$\therefore f_2 = 1.0976 - 1 = 9.76\%$

64. Bonds issued by the Government of India are free from

(a) Interest rate risk
(b) Purchasing power risk
(c) Reinvestment risk
(d) Default risk
(e) Foreign exchange risk.

ANS. ➡ **(d)** Bonds issued by the Government are free from default risk, since the Government never defaults on making payment when the bills mature.

65. The convexity measure the sensitivity of

(a) Bond prices to interest rate changes
(b) Duration to interest rate changes
(c) Duration to interest in term to maturity
(d) Duration to changes in compounding periodicity
(e) YTM of a bond to its market price.

ANS. ➡ **(b)** The duration of the coupon-bearing bond does change as interest rates change. For some bonds, the sensitivity of duration to interest rates is small (for the zero coupon it is zero) while for others it can be quite large. Convexity measures this sensitivity of duration to interest rate changes.

66 The YTM of a bond will be equal to its realized yield if

(a) The coupon payments are reinvested at YTM
(b) The bond is held till maturity
(c) All coupon and principal payments are made on time
(d) At least one of the above three conditions is satisfied
(e) Only (a), (b) and (c) above.

ANS. ➡ The YTM of a bond will be equal to realized yield if.

(a) Coupon is reinvested at YTM
(b) The bond is held till maturity
(c) All coupon and principal payments are made on time.

67. if spot rates on 1 year, 2 year and 3 year GOI securities are 7 percent, 8 percent and 9 percent respectively, then one year forward rate for the 3rd year is equal to

(a) 9.26 percent
(b) 11.03 percent
(c) 10 percent
(d) 9 percent
(e) None of the above.

ANS. ➡ **(b)** $1+ r_n = [(1 + r_1)(1 + f_2)(1 + f_3)]^{1/n}$

$1+ r_3 =[(1 +r_1)(1 + f_2)(l +f_3)]^{1/3}$

$\therefore f_3 = \{(1+r_3)^3/[(1+r_1)(1+f_2)]\}$-l

$= \{(1 + 0.09)^3/[(1+ 0.07X1 + 0.09)]\} - 1 = 0.1103$ or 11.03%.

Working Notes:

Forward rate denoted by f2 can be determined from the equation

$(1+r_2) = [(1+r_1)(1+f_2)]^{1/2}$

i.e. $1 + f_2 = (1 + r_2)^2/(1 + t_1)$ or

$f_2 = [(1 + 0.08)^2/(1 + 0.07)] - 1 = 1.09 – 1 = 0.09.$

68 A perpetual bond with a current yield of 8.5 percent has a duration of

(a) 8.5 years
(b) 11.76 years
(c) 12.76 years
(d) 15 years
(e) Infinite years.

ANS. ➡**(c)** For a perpetual bond, duration = (1 + r)/r = (1 + 0.085)/0.085 = 12.76 years.

69 The Duration of a bond is 7.25 years and the YTM of the bond is 10.5 percent. Estimate the percentage change in the

bond's value if the bond's average YTM increases to 12 percent

(a) -11.6%
(b) -9.8%
(c) 10.7%
(d) 11.6%
(e) None of the above.

ANS. ➡ **(b)** D_{Mod} = D/(1 + Y/f) = 7.25/(1 + 0.105) = 6.56 years

The percentage price volatility is measured using D_{Mod} as AP/P x 100 = - $D_{Mod.}$ AY = - 6.56 x (12 - 10.5) = - 9.84

70. Which of the ml lowing describes Current Yield (CY) on a bond?

(a) $CY = \frac{\text{Coupon interest}}{\text{Face Value}}$
(b) $CY = \frac{\text{Coupon interest}}{\text{Current market price}}$
(c) $CY = \frac{\text{Coupon interest}}{\text{Market price of the bond one year ago}}$
(d) $CY = \frac{\text{Coupon interest + Capital gains}}{\text{Face value}}$
(e) $CY = \frac{\text{Coupon interest + Capital gains}}{\text{Current market price}}$

ANS. ➡ **(c)** Current Yield = Coupon interest/Current market price

71. If the current one year interest rate is 20% and the one year interest rate next year is expected to be 22%, then the current two-year interest rate should be

(a) 21.50%
(b) 21.00%
(c) 20.89%
(d) 20.79%
(e) 20.69%.

ANS. ➡**(b)** $(1+ r_2)^2 = (1.20)(1.22)$

$\therefore r_2 = \sqrt{(1.2)(1.22)-1} = 1.2099 - 1 = 0.2099$ or 21%.

72 Cisco technologies has 1 million, AAA rated 12% bonds outstanding, maturing in seven years from now. If the market interest rate is 14%, the price of the bond is {Assume that the coupons arc payable annually and face value is Rs.l00).

(a) Rs. 91.00
(b) Rs. 91.46
(c) Rs. 91.80
(d) Rs. 92.00
(e) Rs. 93.00.

ANS. ➡**(b)** P = 12 $PVIFA_{(14\%7)}$ + 100 $PVIF_{(14\%.7)}$, - 91.46

73 The duration of a bond is .5 years, and its YTM is 12%. The change in the price of the bond for a one percent change in interest rate will be.

(a) 3.00%.
(b) 3.33%
(c) 4.46%
(d) 5.00%,
(e) None of the above.

ANS. ➡ **(c)** DN1od = D/(l + Y/f) = 5/(1 + 0.12) = 4.4642 years

The percentage price volatility is measured using D_{Mod} as AP/P x 100 = — $D_{Mod.}$ △Y

= -4.46 x 0.01 x 100 = 4.46%

74. An investor bought a bond at Rs.89.30 paying a coupon of 13%. If he sells it after two years at a price of Rs.98, the realized yield will be

(a) 21.45%
(b) 20.84%
(c) 19.43%
(d) 18.24%
(e) 17.54%.

ANS. ➡ **(c)** One period (2 years) return

= [26 + (98 - 89.3)]/89.3 = 0.38857

∴ Realized return = 0.38857/2 = 0.194 or 19.4%

75. Default free bonds can still have ;

(a) Price change risk
(b) Interest rate risk
(c) Marketability risk
(d) Political risk
(e) All of the above.

ANS. ➡ **(b)**A default free bond is not immune to interest rate risk.

76 Which of the following will help minimize the purchasing power risk in investing?

(a) Seek out bond investments whose interest rates do not vary much.
(b) Seek assets with high positive nominal rate of return.
(c) Seek assets with high positive real rate of return.
(d) Do not invest during inflationary periods.
(e) Both (b) and (d) above.

ANS. ➡**(d)** An investor can minimize the purchasing power risk (also called inflation risk) by investing in assets with high positive real rate of return.

77 A bond with annual coupon payments has the following characteristics:

Coupon rate - 14%
YTM - 15%
Duration - 9 years
The bond's modified duration (in years)

is

(a) 6.93
(b) 7.83
(c) 8.18
(d) 8.33
(e) 9.78

ANS. ➡ **(b)** Modified duration = 9 years/(l + 0.15) = 7.83

[Hint: MD =D/(1 + r/p)

Where,

D = duration (years)

r = market yield (decimal)

p= interest payments per year]

78. Which of the following is/are not feature(s) of bonds issued by a government agency?

(a) They are secured.
(b) They are issued at discount and redeemed at the face value.
(c) The interest rate can be changed before the maturity of the bond if government wishes so.
(d) Both (a) and (c) above.
(e) Both (b) and (c) above.

ANS. ➡ **(c)** The bonds issued by the government are secured. T-Bills are issued at a discount and redeemed at a face value and Government buy term bonds carry a coupon rate of interest.

Interest rate cannot be changed before the maturity of the bond.

79. If a 2-year redeemable bond is purchased and held till maturity, the rate of return earned is called

(a) Coupon rate
(b) Required rate of return
(c) Yield to maturity
(d) Current yield
(e) Either (b) or (d) above.

ANS. ➡ **(c)** The rate of return earned by an investor, who purchases a bond and holds it till maturity, is called the yield to maturity.

80. When the required rate of return is equal to the coupon rate, value of the redeemable bond is equal to its

(a) Market value
(b) Face value
(c) Present value of the stream of interest inflows
(d) Average of par value and maturity value
(e) None of the above.

ANS. ➡ **(b)** This is the theorem showing the effect on the bond values influenced by the relationship between the required rate of return and the coupon rate. When the required rate of return is equal to the coupon rate, the value of the bond is equal to its par value.

81. When the coupon rate is less than the required rate of return the discount on the bond _____ as maturity approaches.

(a) Decreases
(b) Increases
(c) Does not change
(d) First decreases and then increases
(e) First increases and then decreases.

ANS. ➡ **(a)** This is a bond theorem showing the effect of the number of years to maturity on the bond values. When the coupon rate is less than the required rate of return the discount on the bond decreases as maturity increases.

82. Given the maturity, an increase in bond's yield causes a price decrease that is ____ the price increase caused by an equal size decrease in yield.

(a) Higher than
(b) Smaller than
(c) Equal to
(d) Greater than or equal to
(e) Smaller than or equal to.

ANS. ➡ **(b)** This is the theorem showing how YTM determines a bonds market price and vice versa, as bond's price will fluctuate in response to the change in market interest rates. For equal sized increases and decreases in the YTM, the price movements are not symmetrical.

83 A change in YTM affects those bonds with a higher YTM _____ it affects bonds with a lower YTM.

(a) Less than
(b) More than
(c) Same as
(d) Either of (a) or (c) above
(e) Either of (b) or (c) above.

ANS. ➡ **(b)** This is the bond theorem showing how YTM determines a bond's market price. A change in YTM affects those bonds with a higher YTM more than it affects bonds with a lower YTM.

84. An investor would buy a bond if

(a) The intrinsic value is lower than the market value
(b) The intrinsic value is higher than the market value

(c) The current market value is lower than the redemption value
(d) The current market value is less than the face value
(e) The required rate of return is equal to coupon rate of interest.

ANS. ➡ **(b)** When the intrinsic value or the present value of a bond is higher than the market value, it implies that the bond is under priced. Hence, an investor would buy a bond.

85. Nadir Shah purchases a bond today and sells 6 months before its maturity. The yield realized is known as

(a) Holding period return
(b) Current yield if coupon interest is received
(c) Yield to maturity
(d) Both (a) and (b) above
(e) All of (a), (b) and (c) above.

ANS. ➡ **(a)** The rate of return earned by an investor who purchases a bond and does not hold till maturity is called the holding period return.

86. For a bond held to maturity, YTM is not affected by

(a) Annual interest payment
(b) Discount rate
(c) Redemption value
(d) Number of years to maturity
(e) Current market price of the bond.

ANS. ➡**(e)** For a bond held to maturity YTM is the discount rate which equals the present value of promised cash flows, and hence is not affected by the current market price of the bond.

87 Which of the following statements is false?

(a) The required rate of return determines the premium or discount on the bond value.
(b) If the YTM increases the bond's market price decreases.
(c) The coupon rate affects the YTM.
(d) If the market price and face value are equal then coupon rate is more than YTM.
(e) All of the above.

ANS. ➡ **(d)** Bond's price moves inversely proportional to its yield to maturity. When market price and face value are equal, the coupon rate is equal to the YTM.

88. If the coupon rate of bond X is greater than bond Y with the same YTM and maturity

(a) The bond X's price will change more than Y for a change in YTM
(b) The market price of bond Y is more than that of X
(c) The current yield of both the bonds would be same
(d) The bond Y's price would change more than that of X for a change in YTM
(e) Both (b) and (d) above.

ANS. ➡ **(d)** Since coupon rate of bond Y is relatively less, the bond Y's price would change more than that of X for a change in YTM.

89. The coupon rate on a bond is set equal to

(a) Its yield to maturity
(b) A percentage of its market price
(c) A percentage of its maturity value
(d) A percentage of its par value
(e) A percentage of its issue price.

ANS. ➡ **(d)** The interest rate payable on a bond = Par value x Coupon rate. Hence the coupon rate is set on equal to a percentage of its par value.

90 When the required rate of return on a bond is greater than the coupon rate

(a) The premium on the bond declines as maturity approaches
(b) The discount on the bond declines as maturity approaches
(c) The value of the bond is greater than its par value
(d) The greater is its price change, in response to a given change in the required rate of return
(e) None of the above.

ANS. ➡**(b)** When the required rate of return on a bond is greater than the coupon rate the discount then the value of the bond is less than the par value. This discount on the bond declines as maturity approaches.

91. In an ever changing scenario of interest rates in the bond market, if discount bonds and premium bonds are sold at the same price, it indicates that

(a) The bonds have approached maturity
(b) The YTM = Coupon rate
(c) The bonds are having the same coupon rate, same maturity value and same face value
(d) The investors cost of funds are approximately equal
(e) All of the above.

ANS. ➡ The discount or premium on a bond declines as maturity approaches. Hence if

discount bonds and premium bonds are sold at the same price, it indicates that the bonds have approached maturity.

92. Coupon yield is equal to current yield, if and only if

(a) The market interest rates are regulated
(b) The market price of the bond is equal to the face value of the bond
(c) The bonds are highly volatile
(d) The market price is more than the par value
(e) The face value is more than the market value.

ANS. ➡ (b) When the required rate of return is equal to the coupon rate, the value of the bond is equal to its par value.

93. Yield to maturity of a perpetual bond is equal to

(a) Interest/Face value
(b) Interest/Market price
(c) Interest/Average of face value and market price
(d) Interest rate
(e) (Interest + Annual Redemption)/Average Investment.

ANS. ➡ (b) Yield to maturity of a perpetual bond i.e., bonds with no maturity is equal to the interest divided by the market price.

94. A bond with a face value of Rs.100 provides 12% annual return and pays Rs.105 at the time of maturity, which is 10 years from now. If the investors required rate of return is 13%, at what price should the company issue the bond?

(a) Rs.634.84.
(b) Rs.34.55.
(c) Rs.96.087.
(d) Rs.573.27.
(e) Rs.130.63.

ANS. ➡ (c) $P_0 = 12 \times PVIFA_{(13\%,10)} + 105 \times PVIF_{(13\%,10)} = Rs.96.087$.

95. The straight value of a convertible security is dependent on

(a) The realized yield of a security identical in features to the convertible bond, but not including the conversion clause
(b) The YTM of a security identical in features to the convertible bond, but
(c) The yield to call of a security identical in features to the convertible bond, but not including the conversion clause
(d) The current yield of a security identical in features to the convertible bond, but not including the conversion clause
(e) None of the above.

ANS. ➡ (b) The straight value of a convertible security is dependent on the YTM of the security identical in features to the convertible bench but not including the conversion clause.

96. Which of the following statements best describe(s) the consequences of converting bonds or preferred stock to common stock?

(a) Converting an issue to common stock reduces the company's risks of going bankrupt as it avoids the cash outflow.
(b) Converting an issue to common stock increases the EPS.
(c) Converting an issue to common stock tends to decrease the EPS.
(d) Both (a) and (c) above.
(e) All of the above.

ANS. ➡ (c) Converting an issue to common stock decreases the proportion of voting control of the existing shareholders.

97. Default risk is nil in:

(a) Treasury bills
(b) IDBI bonds
(c) ICICI bonds
(d) Reliance bonds

ANS. ➡ (a) Treasury bills

98. By investing in bonds, a trader is subjecting himself to the following risks:

(a) Interest rate risk
(b) Default risk
(c) Reinvestment risk
(d) All of the above

ANS. ➡(d) All of the above

99 X Ltd. issued ₹100, 12% Debentures 5 years ago. Interest rates have risen since then, so that debentures of the company are now selling at 15% yield basis. What is the current expected market price of the debentures?

(a) ₹75
(b) ₹80
(c) ₹90
(d) ₹85

ANS. ➡(b) Market value of Debentures = $\frac{\text{Interest on Debenture}}{\text{Current Yield Rate}} = \frac{12}{0.5} = Rs.80$

100 Which one of the following is not an explanation of the relationship between a bond's interest rate and its term-to-maturity?

(a) Default (credit) risk hypothesis.
(b) Expectations hypothesis.

(c) Liquidity preference hypothesis.
(d) Segmentation hypothesis.
(e) None of the above.

ANS. ➡ **(a)** There is no such hypothesis. Other theories mentioned in b. c and d explains the relationship between bond's interest rate and its term to maturity.

111 A bond which has a call option

(a) Would not necessarily have to be redeemed when reaching maturity
(b) Could be retired at any time prior to maturity
(c) Could not be retired for a specified period after the date of issue, but after that could be retired at any time
(d) Would likely be retired before its maturity date by issuing a similar term bond carrying a higher promised yield
(e) None of the above.

ANS. ➡ **(c)** A callable bond is a bond which allows the issuer to repurchase the bond for a specified price on certain dates prior to the bond maturity. So (c) is the correct answer.

112 Which of the following statements about duration characteristics is true?

(i) The duration of a coupon bond will always beless than its term to maturity.
(ii) There is generally an inverse relationship between term to maturity and duration.
(iii) There is a positive relationship between coupon and duration.
(iv) There is an inverse relationship between yield to maturity and duration.

(a) Both (i) and (ii) above.
(b) Both (i) and (iii) above.
(c) Both (i) and (iv) above.
(d) Both (ii) and (iii) above.
(e) Both (iii) and (iv) above.

ANS. ➡ **(c)** Option (ii) is not true because there is a direct relationship between term to maturity and duration.

Option (in) is also not true because there is a active relationship between coupon and duration.

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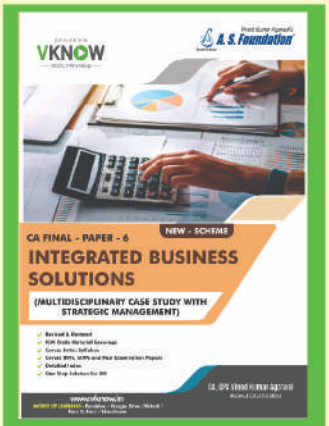

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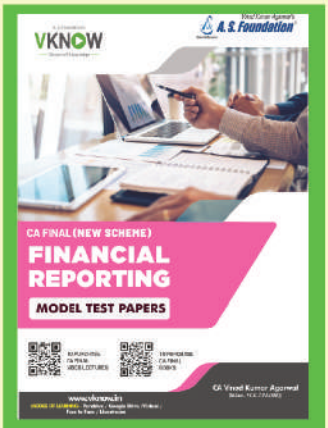

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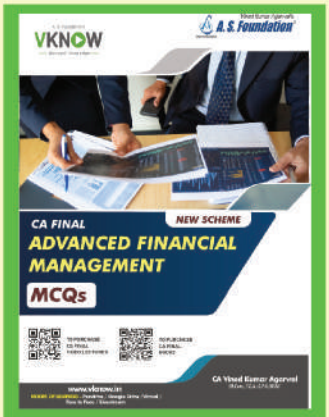

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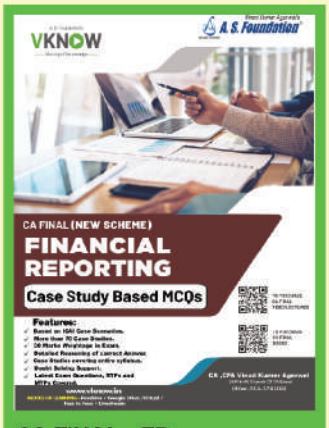

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CA VINOD KUMAR AGARWAL'S STUDENTS

FEEDBACK

Hello Sir,
After studying the first group of CA final in just four months, I passed in the first attempt and the feeling is amazing. Scored 53 in FR and 63 in SFM.. writing paper was so easy because I was familiar with every question and logic which was taught by you... Taking your class was my one of the best decision in my life..
Also I want to share that my financial condition is not good to purchase lectures of any faculty.. literally I decided to start with self study but You offered your lectures at very low price and it was golden opportunity for me..the tears of joy in my mother's eyes after hearing the result reminded me of you....
The amount of respect I have for you is not something I can put into words..
THANK YOU GURUJI...!

-Rushikesh Pokalekar

Hello, sir you are the best teacher. You are the best faculty for practical subject as well as theory subjects. I really enjoyed your class. Lots of questions like all past questions, RTP, MTP, study material question solved in classroom. It is very helpful for me because lot of practice is needed to tackle the exam. Sir, your theory subject Economics is very helpful for me because it solves practical approach in the classroom, lots of examples.
Thankyou so so so much sir.

- Payal Ramesh Mali

Hello, I am Rushikesh Shrihari Puri, studied the FM-ECO subject under the guidance of CA Vinod Kumar Agarwal sir. Sir won't speak much more about himself but his pervasive domain of knowledge regarding subject he teaches even Accounts can enlighten your brain with great thoughts & knowledge. Just last words to say, that please & a humble request to take real guidance under his roof of knowledge for becoming CA & human too. Yes, this institute is not on marketing basis, it is on the experience of student to student.
So, enjoy your CA inter journey as we all have enjoyed

- Rushikesh Shrihari Puri

Vinod sir teaches with utmost conceptual clarity which helped me retain concepts very easily, with logical explanation is at peaks which helps solve tricky question very easily. All RTP, MTP and past year questions were solved in class itself and sir teaches in a way that develops your thinking process which would eventually lead to solving of hard questions in very efficient and effective way.
Thankyou Vinod sir for everything.

-Sarthak Nalawade

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FEEDBACK

Sir,I have purchased your SFM class...and i have scored exemption in it! Just wanted to thank you for all the concept clarity and making the subject so easy...Your way of teaching was simply awesome because you have always given reason behind every concept...and hence we never have to mug up any concept. Thank u so much sir.
Regards,
Nishigandha R. Daulatkar

Hello sir Wanted to convey my thanks to you for your wonderful guidance in my SFM subject. Scored 72 marks I was not prepared for rest of the group so just jumped into SFM preparation and achieved exemption. It was just because of your wonderful conceptual clarity and guidance.
Regards,
Nishtha Chopra

Dear Sir,I am your virtual class student Mayuri Sutar. I have majorly done my CA Final classes with AS Foundation (FR, SFM, Audit and Costing) regular as well as revision classes.Your SFM revision lecture are really helping me to complete my syllabus in very short time.

Thnx for entire team for processing my order in a speedy way. Very happy to take classes from Vinod sir who has such a great heart in understanding the needs of students and providing classes at such affordable prices.I will repay my debt to Vinod sir by scoring Exemption in May 21 attempt and post the Mark sheet here itself...Once again thnx thnx thnx....a lot

Good morning,
I wrote only 2nd group in this May 2022 attempt and I cleared that group and I attended Risk Management class from Vinod sir and I got exemption in that and I got 60 marks in that subject.

-Sonia S

Hello sir you are really the best teacher forever for the chapter portfolio management even 1st standard student can understand the concepts thoroughly.thank you so much sir.
- Venkatalakshmi Lakshmi.

Respected Vinod Sir,
Sir your FR and SFM regular batch lectures really helped me in my interview . Received an internship offer from Tresvista for an Investment Research role . Thank you for all the classes.

Thanks & Regards, Joydeep Gorai

Hello.. I have taken FR
and SFM class from Vinod Sir.
I scored 62 in FR and 64 in SFM.
My registration no. is [redacted]
I cleared CA in this attempt.
- Diganta Chowdhury

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FEEDBACK

Thank you so much VK sir,
Your teaching techniques helped me a lot to take 73 marks.

Regards,
Manjunath Doddamani

I scored 68 in SFM.. all thanks to you... From hating financial management in IPCC...to an exemption in CA final.. credits to you.

Thank you to Rakesh agrawal and VK sir.. I bought video lectures from A.S. Foundation. I got 59 marks in costing And 74 marks in FSCM. Thanks a lot

Regards,
Abarna J

Hello sir,Glad to share that I cleared CA final exam..Had cleared grp 2 in July attempt already..Scored exemption in FR & SFM..
Big big thanks to you !!
Thanks and regards,
CA Swapnil Kshirsagar

I took vinod sir's FR and SFM..scored exemption in both

Regards,
Shebin Sebastian

Sir today I cleared my CA final group 1 with exemption in all subjects I secured 63 in FR & 63 in SFM
Thanks a lot sir for your guidance :)

Please convey my message to Vinod Sir. Because of him I was able to pass when result is just 11%

I have done Vinod Sir's FR revision lecture's and able to score 55 Marks in FR. Thank you very much Vinod Sir. I cleared group 1

Regards,
Abhijit Mohan Lokhande

Hi Sir, I had secured exemptions in SFM(60) and FM(73) in previous attempts. SFM score helped me clear G1 this time.

Regards,
Kaushal

Sir, I cleared CA final in 1st attempt. Special thanks to VK Agarwal Sir for all his guidance and motivation ☺☺

Regards,
Siddhi Suman Parab

Hello sir I have taken CA final FR and SFM lectures from A.S Foundation. Now I have cleared both groups of CA Final

Regards,
Ashwani Kumar

I am very thankful to vinod sir. I cleared group 1 and scored 53 in SFM. Vinod sir's SFM class helps in clearing SFM.

Regards,
Ashutosh Kumar

I completed SFM revision it's good. Sir covered all concepts.
- Srinath Y.C

Dear Vinod Sir, Very well explained. In first 30 minutes sir has built the base with help of various examples.
-Milan Jeswani.

Hi sir. Good evening. I have taken SFM from you. I have cleared group-1.
I am very thankful to you sir.
I really loved the way you teach sir.
Regards
Sai Eshwar

I am also purchasing this sfm lectures and I have also done the FR from vinod sir by virtual classes ,it's really helpful and having easy understanding methods.

Ye sir hai jinke wajah se CA intermediate students ko bahut help milti hai. Aur to aur maine Vinod sir ke classes kiye hai. Inke jaise padhanewale kash hi koi ho sakate hai.
- Laxman Patil

Dear Vinod Sir, I've attended your FR and SFM regular classes. I liked it very much and I've recommended the same to my friends too. Many of my friends have already watched your class. Thank you so much sir.
Regards,
Anu

A. S. Foundation's
VKNOW
Victory of Knowledge

VK SIR STUDENT'S FEEDBACK

Vinod Kumar Agarwal sir-
• Teaches with 100% conceptual clarity,
• All of the queries are solved on emails within a day or two.
• Gives minimal homework,
• Almost all of the questions are solved in the class
• His lectures are effective
• The best thing is, in every chapter he teaches almost 60 questions whereas in ICAI material there are around 15 questions only
• Those questions includes ICAI material + Previous Exam questions + MTP RTP. So everything is covered
• He also, marks down the questions which seems to be important
• Although students of this generation tends more towards younger teachers maybe because they use humour, but the experience that VK sir has is exceptional!

-Saddab Idrisi

Hello Sir,
Bought your CA Inter Accounting Standards Group 2 book; I must say the book is so comprehensive that it covers everything in it.
I went through the lectures provided on YouTube, the way you covered the standards for examination purpose as well as for real life application was commendable.Thank you so much sir for all your efforts.

Regards,
Sakshi K

These is Unnat Chandak. I took CA Final FR classes from AS Foundation. Sir has taught us in very simple way and has covered all previous attempt paper questions in his book.His teaching techniques and practice questions helped me to get exemption in FR.

Respected Vinod Sir,
Good evening sir. Hope you are well . Sir I was from an engineering background enrolled in FR regular batch from Feb 2022 (online) . Sir, your teaching made me confident in FR.
Thank you for all the important lectures delivered by you. And books are very good for revision.
Will always be thankful to you for FR .

Thank & Regards
Name - Joydeep Gorai

Hi...i took risk management classes from Vinod sir...I cleared my 2nd grp of CA final.. scored good marks in Risk management...

Notes of risk management helped me a lot
-Supriya paygude

A. S. Foundation's
VKNOW
Victory of Knowledge

CA VINOD KUMAR AGARWAL'S STUDENTS

FEEDBACK

Subject : CA Final SFM Face-to-Face Batch

In the era of online/pen-drive lectures, it was great to have an opportunity to attend SFM classes face to face by VK Agarwal sir.
The portion was covered extensively & main focus was given on conceptual understanding. Face to Face batch helped me in covering full potion efficiently. Sir has taught SFM in such a way that now it feels easy & it has given me confidence that I can score marks in it & get exemption as well.
The class has been engaging & sir's enthusiasm to teach us is infectious & makes us excited to study more & love the subject.
He has covered all types of questions in the class not just from ICAI material but also from other reference material.

- Meenal Malpote

SFM Revision Batch

The batch was awesome & I got maximum out of it, that I could. Almost every concept was explained with detailed explanation, followed by solving problems in the class. Didn't have to mug up any rule or concept because it was explained thoroughly. Practice booklet provided by you have lots of problems that a student can do after chapters are over. The material was updated perfectly having latest types of sums asked by ICAI, even the RTP, MTP and exam questions of may 2023 were covered.
This batch was great covering huge syllabus in just 30 days. Thnakyou sir.

-Champak Dixit

Face to face batches are the essence of learning and I have rediscovered the joy of studying after doing this SFM fully exam oriented face to face batch.
Sir has covered all concepts and has made us solve all varieties of questions in this short amount of time. Doing video lectures was taking very long & was not as fun as doing face to face lectures. I was lucky to find this batch and I'm amazed how quickly we were able to cover all of SFM, this has saved me a lot of precious time & has opened the doors for considering giving both groups.
The way sir has taught us, it made me understand and grasp all chapters. The notes given are concise & precise & easy for revision. I'm very confident in this subject now & I have also joined the FR Fully exam oriented face to face batch.
Sir has brought back my joy of learning. He is one of the rare faculties who is less interested in marketing & strives to help students in every way possible.

-Ajit Pawar

Hello Sir,
I am Abhay Singh From Chhindwara .
I want to express my heartfelt gratitude to you Sir, for providing free of cost class. I'm fortunate for receiving knowledge from the very experienced teacher V.K Agarwal Sir.
When I started your lecture it seemed very easy from me to understand the concept because you are providing indepth knowledge about every concept.
Alongwith it, you tell us about which topic is important for exam and also the question which is frequently asked in the exam .
And the Advanced Accounts Book is so precise that I am getting all MTP, RTP, previous year questions in a single book which helps me to get more practice of a variety of question in single compact book.
Thank you so much sir!

-Abhay Singh