

## CA Final

### AFM vs SFM (As Per ICAI Study MAT)

Chapter Name	Introduced (New Stuff)
1. Financial Policy And Corporate Strategy	<ul style="list-style-type: none"> <li>Advanced Role of CFO In Various Matters Including Value Creation</li> </ul>
2. Risk Management	No Change
3. Advanced Capital Budgeting Decisions	New Chapter Introduced
4. Security Analysis	<ul style="list-style-type: none"> <li>Equity Research and Tools Available</li> </ul>
5. Security Valuation	<ul style="list-style-type: none"> <li>Role and Responsibilities of Valuers                             <ul style="list-style-type: none"> <li>✓ Role of Valuers</li> <li>✓ Responsibilities of Valuers</li> </ul> </li> <li>Precautions Need to Be Taken By A Valuer Before Accepting Any Valuation Assignment</li> </ul>
6. Portfolio Management	<ul style="list-style-type: none"> <li>Gold under Alternative Investment Avenues</li> </ul>
7. Securitization	<ul style="list-style-type: none"> <li>Risks in Securitization                             <ul style="list-style-type: none"> <li>✓ Credit risk or Counterparty risk</li> <li>✓ Legal risks</li> <li>✓ Market risks</li> </ul> </li> <li>Tokenization                             <ul style="list-style-type: none"> <li>✓ Applications of Blockchain</li> <li>✓ Risks associated with Blockchain</li> <li>✓ Meaning of Tokenization</li> <li>✓ Tokenization and Securitization</li> </ul> </li> </ul>
8. Mutual Funds	<ul style="list-style-type: none"> <li>Evaluation of Mutual Funds                             <ul style="list-style-type: none"> <li>✓ Quantitative Parameters</li> <li>✓ Qualitative Parameters</li> </ul> </li> <li>Role of Fund Managers In Mutual Funds</li> </ul>

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	<ul style="list-style-type: none"> <li>✓ Actively Managed Funds</li> <li>✓ Passively Managed Funds</li> <li>• <b>Role of FIIs in Mutual Funds</b></li> </ul>
<p><b>9. Derivatives Analysis and Valuation</b></p>	<ul style="list-style-type: none"> <li>• <b>Exotic Options</b> <ul style="list-style-type: none"> <li>✓ Exotic Vs. Traditional Option</li> <li>✓ Types of Exotic Options</li> </ul> </li> <li>• <b>Credit Derivatives</b> <ul style="list-style-type: none"> <li>✓ Collateralized Debt Obligations (CDOS)</li> <li>✓ Types of CDOs</li> <li>✓ Risks involved in CDOs</li> <li>✓ Credit Default Swaps (CDSs)                             <ul style="list-style-type: none"> <li>▪ Main Features of CDS</li> <li>▪ Uses of Credit Default Swap</li> <li>▪ Parties to CDS</li> <li>▪ Settlement of CDS</li> </ul> </li> </ul> </li> <li>• <b>Real Options</b> <ul style="list-style-type: none"> <li>✓ How Real Option is different from Financial Option</li> <li>✓ Valuation of Real Options</li> <li>✓ Type of Real Options                             <ul style="list-style-type: none"> <li>▪ Growth Options(Illustration 4)</li> <li>▪ Abandonment Option(Illustration 5)</li> <li>▪ Timing Option(Illustration 6)</li> </ul> </li> </ul> </li> <li>• <b>Weather Derivatives</b></li> <li>• <b>Electricity Derivatives</b> <ul style="list-style-type: none"> <li>✓ Electricity Forwards</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>✓ Electricity Futures</li> <li>✓ Electricity Swap</li> <li>• <b>Derivative Mishaps and Lessons</b> <ul style="list-style-type: none"> <li>✓ Orange County's Case</li> <li>✓ Barings Bank's Case</li> <li>✓ Protector &amp; Gamble (P&amp;G) and Gibson Greetings' Case</li> <li>✓ Lessons from Derivative Mishaps                             <ul style="list-style-type: none"> <li>▪ Don't buy any derivative product that you don't understand</li> <li>▪ Due diligence before making Treasury Department as a Profit Centre</li> <li>▪ Specify the Risk Limits</li> <li>▪ Separation of Front, Middle and Back Offices</li> <li>▪ Ensure that a hedger should not become a speculator</li> <li>▪ Carry out Stress Test, Scenario Analysis etc.</li> </ul> </li> </ul> </li> </ul>
10. Foreign Exchange Exposure and Risk Management	<ul style="list-style-type: none"> <li>• <b>Role of Swift in Foreign Exchange</b></li> <li>• <b>National and International Payment Gateways</b></li> <li>• <b>Popular Derivative Products</b> <ul style="list-style-type: none"> <li>✓ Forward Importer</li> <li>✓ Forward Exporter</li> <li>✓ FX Call Option</li> <li>✓ FX Put Option</li> <li>✓ IRS USD Floating to Fixed</li> </ul> </li> </ul>
11. International Financial Management	<ul style="list-style-type: none"> <li>• <b>International Financial Centre (Gift City)</b> <ul style="list-style-type: none"> <li>✓ Benefits of IFC</li> <li>✓ Constituents of IFC</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>✓ GIFT City - India's International Financial Services Centre</li> <li>• <b>Sovereign Funds</b></li> </ul>
<b>12. Interest Rate Risk Management</b>	<ul style="list-style-type: none"> <li>• <b>Benchmark Rates</b></li> </ul>
<b>13. Business Valuation</b>	<ul style="list-style-type: none"> <li>• <b>Going Concern and Non-Going Concern Valuation</b></li> <li>• <b>Valuation of Distressed Companies</b> <ul style="list-style-type: none"> <li>✓ Modified Discounted Cash Flow Valuation</li> <li>✓ DCF Valuation + Distress Value</li> <li>✓ Adjusted Present Value Model</li> <li>✓ Relative Valuation</li> </ul> </li> <li>• <b>Valuation of Start Ups</b> <ul style="list-style-type: none"> <li>✓ Why traditional methods cannot be applied?</li> <li>✓ Value Drivers for startups</li> <li>✓ Methods for valuing startups                             <ul style="list-style-type: none"> <li>▪ Berkus Approach</li> <li>▪ Cost-to-Duplicate Approach</li> <li>▪ Comparable Transactions Method</li> <li>▪ Scorecard Valuation Method</li> <li>▪ First Chicago Method</li> <li>▪ Venture Capital Method</li> </ul> </li> <li>✓ Valuation of Digital Platforms                             <ul style="list-style-type: none"> <li>▪ Income Approach                                     <ul style="list-style-type: none"> <li>○ Discounting Rate</li> <li>○ Specific considerations</li> </ul> </li> <li>▪ Market Approach</li> <li>▪ Cost Approach</li> </ul> </li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>✓ Valuation of Professional/ Consultancy Firms</li> <li>✓ Impact of ESG on Valuation</li> </ul>
<b>14. Mergers, Acquisitions &amp; Corporate Restructuring</b>	<ul style="list-style-type: none"> <li>• <b>Unlocking the Value Through Mergers &amp; Acquisitions and Business Restructuring</b></li> </ul>
<b>15. Startup Finance</b>	<ul style="list-style-type: none"> <li>• <b>Concept of Unicorn</b></li> <li>• <b>Few other reasons why India became such a sustainable environment for start-ups to thrive in</b></li> <li>• <b>Succession Planning in Business</b> <ul style="list-style-type: none"> <li>✓ Meaning of Succession Planning</li> <li>✓ Why is there a need for succession planning?</li> <li>✓ Business succession strategy</li> <li>✓ Challenges</li> </ul> </li> </ul>