

### **Title of the Book: "Financial Derivatives"**

Author of the Book: **Prof. S.S.S. Kumar**  
Associate Professor, IIM, Kozikode  
Publisher: PHI Learning Pvt. Ltd.

Reviewed by: **Dr. Shweta Ahalawat**  
Academic Associate, Finance Area, IIM Rohtak

The concept as well as the subject of derivatives has generated huge attention for itself within the past of few years. The learning process is usually difficult in any new subject; however, in this difficulty emanates from the lack of an appropriate textbook. Most of the textbooks that are available in the market are written in the western context and involve complex mathematics. Some sacrifices rigor for the sake of making math simple. This book "FINANCIAL DERIVATIVES" by Mr. S.S.S. Kumar, Associate Prof., IIM, Kozikode, is the earnest attempt to bridge this gap by ensuring that the perfect balance between both aspects are attained, with a strong student orientation. This book offers an absolute package of theoretical aspects and practice exercise to the readers ranging from students of prominent B- Schools to the professionals at the pinnacle of their careers.

#### **Content**

The book presents the concepts related to derivative in a simple and accessible manner, delegating complex mathematics to the appendices and focusing on intuition and appreciation, by organizing the text accordingly. The book does not sacrifice rigor or undermine the importance of mathematics, without which participating in the derivative markets is rather difficult and unthinkable.

The book begins by providing an introduction to the Derivative Markets, before proceeding towards laying the quantitative foundations. It was followed by fundamentals of financial future, forward rate agreement; interest rate future and

stock index future. Their economic benefits and risk factors have also been discussed. Last set of chapters concentrates on the financial derivatives that go by the name of "Options". The basics of options pricing model have also been elaborated which was followed by discussion regarding options hedging and trading strategies. The book has also thrown some light on foreign exchange derivatives and over the counter products. The last chapter is dedicated safely to the case studies on derivatives misfortunes.

#### **Key features of the book**

Easy to use, comprehensive, lucid, and enriched text developed to encourage critical thinking and appreciation by means of activities, tips and case studies are the hall mark of the book.

Each of the derivatives products appreciation is illustrated with the help of solved problems and practice problems.

A detailed glossary of terms and references are provided at the end of the book.

- An international approach has been taken keeping in mind the increasing globalization and financial integration.
- The language has been kept easy. A number of figures, tables, and practical illustrations have been used to make the learning process effective and enjoyable.
- Inclusion of case studies is to ensure that the students understand the concept in the practical perspective too.

**Conclusion**

The main purpose of this book is to give a comprehensive and basic introduction to the modeling of financial derivatives, covering the Futures, Forwards, Swaps, Options and Option pricing stretching from Black Scholes modeling to current day research on volatility. This book takes a three- pronged approach in making the subject accessible:

- Giving adequate theoretical explanations
- Providing numerical illustrations
- Including constructive case-studies

The practical approach and easy-to-understand language of the book make it a thoroughly interesting read. Derivatives have become prominent financial tools for investors looking for effective risk management strategies. Therefore, this book will give expertise in different types of derivatives and their practical applications in risk management.

