



Dr. V. N. Bedekar Institute of Management, Thane
Teaching Plan (MMS/PGDM)
Academic Year (2018-2019)

Programme Name: PGDM

Trimester: V

Name of the subject: Derivative and Risk Management

Maximum marks: 100

No. of Sessions: 10

Name of the Faculty: Dr. Meenakshi Malhotra

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Weblink:

Learning Objectives:

1. To understand the concepts related to derivatives markets and gain in-depth knowledge of functioning of derivatives markets.
2. To learn the derivatives pricing for financial risk management.
3. To acquaint learners with the trading strategies based on the market condition.

Reference Books:

R1: Hull John C. - Options, Futures and other derivatives

R2: Shrivastava- Derivatives and Risk Management

R3: Manu Sharma- Financial Derivatives: A Case Study Based Learning



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Plan:

Session No	Topics to be covered	Books referred/ Recommended/ References- Print/Articles/ News/Research papers/ Online database/ Software /Simulations used	Learning outcomes	Evaluation of Students understanding by MCQs, Quiz, Short Test
1	Application of Derivatives for Risk Management & Speculation (Leveraging)	Hull John C. - Options, Futures and other derivatives http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26 https://www.nseindia.com/	Understanding the basics of derivatives markets	MCQ, Presentation
2	Futures & Forwards Pricing & Valuation of Futures/Forwards Risk Management using Futures	Hull John C. - Options, Futures and other derivatives Manu Sharma- Financial Derivatives: A Case Study Based Learning http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26 https://www.nseindia.com/	Understanding the process of pricing and valuation of forwards and futures	Quiz, Presentation, Short Cases of market condition.
3	Mechanics & Properties of Options	Hull John C. - Options, Futures and other derivatives Options Trading Strategies Module-NSE http://www.moneycontrol.com/india/fnoquote/hcl-technologies/HCL02/2018-07-26	Understanding mechanics of options	MCQ, Presentation, Case Study
4	Basic Option strategies Risk	Shrivastava- Derivatives and Risk Management Options Trading Strategies Module-NSE	To understand pay off of each	Presentation, Numerical cases



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	Management Protective Put Covered Call	http://www.theoptionguide.com/condor.aspx	strategy	
5	Introduction to Option Valuation Binomial Model for Valuation Risk Neutral probabilities and their interpretation Binomial Models application for American options where the underlying pays the dividend	Hull John C. - Options, Futures and other derivatives Manu Sharma- Financial Derivatives: A Case Study Based Learning https://corporatefinanceinstitute.com/resources/knowledge/valuation/option-pricing-models/	Valuations of options and creating scenario analysis using Excel	MCQ, Presentation, Case study
6	Black & Scholes Model Understanding Weiner & Markov processes Log-Normal distribution ITO- LEMMA & its application in Stochastic processes Using ITO -LEMMA - to derive Black & Scholes Model for stock / currency options Interpreting the B & S formula Seeing Option sensitivity to different variable using Excel	Hull John C. - Options, Futures and other derivatives Manu Sharma- Financial Derivatives: A Case Study Based Learning http://www.optiontradingpedia.com/free_black_scholes_model.htm https://corporatefinanceinstitute.com/resources/knowledge/valuation/option-pricing-models/	Valuations of options and creating scenario analysis using Excel	MCQ, Presentation
7	Understanding Options Greeks	Shrivastava- Derivatives and Risk Management http://www.optiontradingpedia.com/delta_neutral_trading.htm	Understanding Options Greeks	Quiz, Presentation



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	Delta/Theta/Vega & Gamma risks of options Understanding option Greeks for various trading strategies (volatility & Directional Spreads)	m		
8	Delta/ Dynamic Hedging and relating the cost of Delta hedging with the option price determined by Black & Scholes - Model. Elasticity (Beta) of an option in the CAPM framework. This would clarify the “risk return” profile (which is often misunderstood for various options trading strategies)	Shrivastava- Derivatives and Risk Management http://www.optiontradingpedia.com/delta_neutral_trading.htm	Understanding the parameters of delta hedging strategy and CAPM model	Case Study, Presentation
9	Options Volatility: Historical & Implied Volatility Volatility Smile Term Structure of Volatility Some advance Models of volatility estimation	Shrivastava- Derivatives and Risk Management https://www.investopedia.com/university/optionvolatility/volatility2.asp	Understanding volatility	MCQ, Presentation, Numerical
10	Value At Risk Historical Simulation Model Building Approach Stress Testing	Shrivastava- Derivatives and Risk Management https://www.investopedia.com/terms/s/stresstesting.asp https://www.investopedia.com/articles/04/092904.asp	Volatility and its relation to demand and supply of options	MCQ, Presentation, Case Study, test



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	& Back Testing			
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Practical Approach : Other activities (At least 4 distinct activities)

Sr. No.	Activity Name	Topic Covered	Learning outcomes	Source
1	Academic Projects	Strategy formulation	Actual practical experience of trading and investment	https://etportfolio.indiatimes.com/pw_portfolio.cms#/portfolio/
2	Group Discussion	Derivatives and other products comparison	Practical Knowledge and increase in class participation	
3	Business Quiz / Business News sharing	Trading and settlement in NSE, Greeks, Derivative Knowledge	Practical Knowledge and increase in class participation	https://economictimes.indiatimes.com/personal-finance
4	Videos / Simulation	Options, Derivatives, Valuation	Easy learning and concept clarity for students	https://www.youtube.com/watch?v=FLGRPYAtReo&t=1s
5	Use of Softwares and Labs	Financial model on Options	Live Trading	https://www.moneycontrol.com/ https://login.axisdirect.in/
6	Presentation By students	Group Presentation	Subject Knowledge and improvement in presentation skills.	



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Evaluation:

Internal:

Component	Details	Marks
Class Test	Option Trading Strategies	20
Presentation/Live project	Group Presentation on syllabus topics/ Live trading and investment	10
Participation/ Case Study	Quiz, Business news	5
Others	Attendance	5

Signature of Faculty

Signature of the Co-ordinator