Quantitative Methods for Valuation of Financial Assets by A. S. Ramasastri, Response Books – A Division of Sage Publications, New Delhi, 2000, Rs. 325 (cloth) and Rs. 175 (paper).

The book is meant for practioners who need to value financial assets. The author has answered 100 questions selected by him in the area of bonds, equities, portfolios and options.

The author has explained application of spreadsheets using MS Excel for quick calculation of financial returns, indicators etc. This will certainly help the practising professionals and managers.

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It is difficult to teach all the nuances of valuation of bonds, equities, portfolios and options in a 200 page book. The author has also not tried to do that. Hence, the utility of the book will be more as a quick reference to some concepts and as a help in calculating certain figures, coefficients etc.

The author has covered only the options in the area of financial derivatives. The book is on valuation of financial assets and hence, in my opinion, derivatives like futures, forwards and swaps should also have been included.

The author should have been more careful in discussing some of the concepts. He has assumed that stock prices follow normal distribution to derive the BSOPM (p. 148). The distribution assumed by Fischer Black & Myron Scholes is, in fact, lognormal. The formula used by the author to explain the model is for a non-dividend paying stock, which has not been mentioned anywhere in the answer to question 74.

However, the book, on the whole, will be useful to practising chartered accountants, analysts, bankers etc. looking for a quick understanding of some of the quantitative tools for valuation of financial assets.

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