

Questions to be prepared for Interview

1. CAPM model
2. Yield to maturity
3. Capital Budgeting
4. Cost of Capital (cost of debt, total cost, which is more costly and why)
5. EPS and Diluted EPS
6. Free Cash flow
7. WACC
8. Beta and its significance and calculation
9. Enterprise value
10. Terminal Value
11. Call option and put option
12. Leverage with formulae
13. Accretion and dilution
14. DSCR and ICR
15. Gross Profit, Operating Profit, Net profit
16. ROCE and ROI
17. Cash Flow statement in detail
18. Dep, amortization, depletion
19. Dep on land and revaluation entry
20. Relative valuation
21. A brief introduction about yourself or Take me through your CV.
22. What is DCF?
23. What is FCF(to the firm, to the equity) and its formula and what does it signify?
24. What is Enterprise Value and its formula? (there has to be a clear understanding of EV)
25. What is EBITDA and adjusted EBITDA?
26. What is the difference between Depreciation and Amortization ?
27. What is that specific item which appears in all the three major financial statement?
28. What are Ratios? (A candidate must be well versed with all the ratios, each and every type with concept.)
29. many other questions for testing the knowledge of Financial Management, A SOUND KNOWLEDGE OF FINANCIAL MANAGEMENT AND CONCEPT.
30. What you know about financial statements?
31. What about Cash flow?
32. How much type of expenses? What is Capex ?
33. From where you may know capex of a concern from its financial statements?
34. Do you know about CRR, SLR and Repo etc?
35. What you know about ratios?
36. What are leverages ratios?
- 37.

38. What are solvency ratios?
39. What you know about Basel norms?
40. How many pillars in Basel? Pls explain.
41. How many type of capital a bank have? Explain
42. What is subordinate debt?
43. Pls tell your current profile.
44. Which type of risk you manage?
45. What is market and credit risk and how it is associated with your current profile? . Pls explain with example.
46. Pls explain Systematic and unsystematic risk.
47. What is operational risk and How it is associated with your current profile?
48. What about EPS.? What is Basic and diluted eps?
49. What is PE ratio? Pls Explain with example. What will be your recommendation where PE ratio of a company is less than industry average?
50. What will you check if you are a BM of Bank before funding of 50 crore as revolving credit to an entity?
51. What is DSCR?
52. What is Interest coverage ratio?
53. Can EBIDTA be considered in calculation of DSCR and Interest Coverage Ratio?
54. From EBIDTA or EBIT which will be more relevant in calculation of DSCR and Interest Coverage Ratio?
55. Do you know something about data base?
56. What is 10-k, 10q, 8F, 20F?
57. What is YoY and QoQ and how it is calculated?
58. Pls right down performa of p/L account.
59. What are bank NPA.?
60. What is Enterprise Value?
61. Why minority interest, capital lease are added in EV?
62. What do you know about financial statements
63. Cash flow statements
64. 3 activities included in CFS
65. Dividend paid and received - Treatment in CFS
66. Interest paid and received – Treatment in CFS
67. DFS – in details (From FCFF to EV)
68. Different method of valuation - DCF, RV,TV and others as well
69. Dividend Discount Model
70. WACC meaning and its components
71. Can Beta be negative ?
72. What is EV
73. Why cash is deducted from EV
74. Why minority interest is added back to EV
75. Difference between Equity in Affiliates and Minority Interest
76. Which method is used when a company acquires less than 20 % stake in the company
77. What are diluted securities and examples
78. Which method is used to value a company when a company doesn't give regular dividend

79. Difference between amortization and depreciation
80. What is impairment
81. Difference between amortization and impairment
82. Meaning of Goodwill
83. Is Goodwill amortised or impaired.
84. CRR, SLR, Repo rate ,current rates prevailing in the economy
85. Difference between Repo and Bank rate
86. Difference between Repo and Reverse Repo rate
87. Convertible debt – Impact on PE ratio
88. Operating lease and Capital Lease – Difference and Impact on IS , BS
89. DSCR and Interest times ratio
90. Difference between Relative valuation and transaction valuation
91. Interpretation of PE ratio , EV/EBITDA
92. Which is better P/E or EV multiple for valuation purpose
93. What is 10K, 8K,10Q and its components
94. Meaning of Debt/ EBITDA
95. Recommendation made from DCF model – Colgate Palmolive(Buy or sell decision)
96. Questions based on the current profile
97. Keynesian Theory – economics related questions
98. What are basel norms?
99. What is risk weighted assets?
100. What are basic assumptions which is necessary for preparing financial statements?
101. Enterprise value?
102. Free cash flow to firm?
103. Interest coverage and DSCR?
104. Cash flow?
105. EPS and why we use weighted average number of shares?
106. Proforma of income statement?
107. What is difference between parent company balance sheet and consolidated balance sheet?
108. What is equity investment in associates?
109. Return on capital employed?
110. Debt covenants?
111. Off balance sheet items?
112. Operating lease Vs Financial lease
113. Cash from Operation Vs Net income
114. Cash from Operation Vs free cash flow
115. Cash from Operation Vs operating income
116. Cash from Operation Vs EBITDA
117. What is p/e ratio and which company to invest in making comparison on the basis of P/E
118. What is minority interest
119. How is minority interest entered in Balance sheet ,income statement,cash flow statement'
120. Difference between Amortization and impairment

121. How is Impairment entered in all three financial statement
122. For an automobile company, Is depreciation charged on cars manufactured in automobile company
123. Difference between FII and FDI
124. What is EPS? In depth knowledge
125. What is MARKETCAP? Explain in depth
126. All the ITEMS OF BALANCE SHEET and their proper place.
127. What is TREASURY STOCK METHOD? in depth
128. INTEREST COVERAGE RATIO? in depth understanding
129. What is INVESTMENT IN ASSOCIATION?
130. MINORITY INTEREST ? in depth
131. What is ENTERPRISE VALUE and its complete CALCULATION?
132. What we do to NET DEBT in ENTERPRISE VALUE?
133. Which one is better EBIT or EBITDA?
134. What are WEIGHTED AVERAGE SHARES ?
135. Complete understanding of Ratio Analysis?
136. Formula for WACC and definition?(hint: <http://www.investopedia.com/terms/w/wacc.asp#axzz20fQ9hRo1>)
137. How we treat D & A in CASH FLOW and why? [hint: we add D&A in PAT]
138. A complete FORMAT OF INCOME STATEMENT and complete flow-

Hint: (Please learn the flow)

- Sales – COGS = Gross Profit
- Gross Profit – SG&A = EBIT
- EBIT – Interest - Tax = PAT

Most Important Topics to be covered:

Enterprise Value, Ratios, Basel norms, Integration of Financial Statements with each other, Question on Current Profile.