

## Course Outline

# FINANCIAL MANAGEMENT

*For PGCHRM 2013-14 (Batch 15)*

Course Instructor: *Ram Kumar Kakani*



**Contact:**

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**Course Objectives:**

Business is about making money and playing with money. Hence, as a HR executive, one needs to have a fair idea of essential things about finance. This course provides necessary exposure to the student(s) on the basics of financial management. It is to inculcate a broad level of financial awareness among the PGCHRM students. The objective of the course is to acquaint the students with the key finance concepts and techniques such as understanding financial statements, financial analysis, time value of money, and working capital management, where emphasis is laid on sound concepts and their managerial implications.

**Pedagogical Methods:**

The course is based on classes, cases, and project work. Active participation by students is an important feature of the course. A variety of quizzes, take home assignments, tests, and case studies are the main pedagogical instruments.

**Primary Teaching Book & Reading Material:**

1. *“Corporate Finance”* by Ross, Westerfield, Jaffe, & Kakani, 8<sup>th</sup> Edition, Special Indian Edition, Tata McGraw Hill Publications (Higher Education), 2009. [RWJK]

**Other Suggested Readings:**

2. *“How to Read a Balance Sheet”* by Ramachandran & Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, New Delhi, 2009. [RKBS]

3. "How to Read a Profit & Loss Statement" by Ramachandran&Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, New Delhi, 2009. [RKPL]
4. "How to Read a Cash Flow Statement" by Ramachandran&Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, New Delhi, 2009. [RKCFS]
5. "How to Analyze Financial Statements" by Ramachandran&Kakani, Finance Made Easy Series, Tata McGraw Hill Professional Publications, New Delhi, 2009. [RKFS]
6. "Financial Accounting for Management" 3/e by Ramachandran&Kakani, McGraw Hill, 2011 [RK]
7. "Fundamentals of Financial Management" by Van Horne & Wachowicz, EEE Publication, 2009 [VW]
8. "Principles of Managerial Finance" by Lawrence Gitman, Pearson, 2001 [LG]

**Any other good (introductory) book on Corporate Finance OR Financial Management**

**Study Material**

Students will be given a pdf file of a presentation as part of the course material at the end of each session.

**Other Course Policies:**

Students are expected to have their own calculators during the class/examinations.

**Exams** → End-term exam will typically have cases/problems followed by questions. The end-term exam will be comprehensive meaning you will be responsible for all the material covered in the course.

**Class Participation** → I will sometimes randomly call on people to present their answers, case analysis, and assignment solution, and at other times I will allow people to volunteer to present their workedout solutions. Class participation marks will also be based on participation in class discussion, attendance, and being on time.

**System of Evaluation**

Method of Evaluation	Marks
Class Attendance/Participation	15
Take Home Assignment <sup>^</sup>	30
End-term Examination <sup>*^</sup>	55

<sup>^</sup> Please note that non-submission of take home assignment or not attending the end-term examination will lead to 'incomplete' grade being awarded

<sup>\*</sup> Please note that some questions will carry negative marks (for wrong answers)

**Grading Pattern**

Range of Marks	0-30	31-35	35-40	41-45	46-50	51-60	61-70	71-80	81-100
<b>Grades</b>	F	D	D +	C	C +	B	B +	A	A +

*Note: Adjustments in the above could be made to meet the norms of the institute.*

### Sources of Financial Information:

The following sources apart from **CMIE-PROWESS** have extensive information about corporate world, economy and markets.

- Government-owned Websites: Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Ministry of Finance – Government of India (\*.nic.in)
- Stock Exchange Websites: National Stock Exchange (NSE), and Bombay Stock Exchange (BSE)
- Financial Magazine/Newspaper Websites: Business Standard, Hindu Business Line, Financial Express, Wall Street Journal, Financial Times, Business Today, Economic Times, Economist, etc.
- Other websites: Capital Market, Indiainfoline, Indiabulls, Equitymaster, Sharekhan, iInvestor, CRISIL, CMIE, CapitalIdeasOnline, ICICIMarkets, Motleyfool, World Bank, ICICIDirect, 5paisa, CARE, MoneyControl, Myiris, etc.

### TOPICS TO BE COVERED (TENTATIVE):

Session-wise Plan	Suggested Reading
1. Balance Sheet	<b>Chapter 2 in RWJK</b> and RKBS Booklet
2. Balance Sheet Analysis & Introduction to the Profit & Loss Statement	<b>Chapter 2 in RWJK</b> and RKBS+RKPL Booklets
3. Profit & Loss Statement	<b>Chapter 2 in RWJK</b> and RKPL Booklet
4. The Business, Tax, and Financial Environment	<b>Chapter 2 in RWJK</b>
5. Overview of the Financial Management	<b>Chapters 1 and 14 in RWJK</b>
6. The Role of Financial Manager	<b>Chapters 1 and 14 in RWJK</b>
7. Financial Statement Analysis, Future Financial Health – Part I	<b>Chapter 3 in RWJK</b> and RKFSAbooklet
8. Financial Statement Analysis, Future Financial Health – Part II (with a overview of Working Capital Management)	<b>Chapter 3 in RWJK</b> and RKFSA complete book
9. Time Value of Money	<b>Chapter 4 in RWJK</b>
10. Capital Budgeting Techniques	<b>Chapters 5 and 6 in RWJK</b>

Note:

- ◆ *Please note that the above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *PowerPoint presentations: Session-wise Pdf files would be e-mailed after the session.*