

Mobilization & Management of Finance

(2016-17)

COURSE OUTLINE

FINANCIAL MANAGEMENT(MMFNA16-3)

For PGP-CEM (Batch 2016-17)

COURSE INSTRUCTOR: RAM KUMAR KAKANI



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For the greater good

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Introduction:

Entrepreneurship is the dynamic process of creating incremental wealth. Entrepreneurship is thus considered as the process of creating something new with material value by devoting the necessary time and effort. It is unimaginable to think of successful entrepreneurs with no knowledge of managing finance. Thus We shall discuss entrepreneurial development and its relationship with simple financial theories. What are the Financial Skills they must possess to progress in business? What are those financial aspects of entrepreneurship that enables businesses to succeed? These issues many more shall be delivered in this course.

Course Objectives:

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, working capital Management, capital budgeting techniques (It is a planning process used to determine an organisation's long term investments) and business valuations- Where emphasis is laid on sound concepts and their entrepreneurial implications.

Pedagogical Methods:

The course is based on class lectures / discussions, case analysis, and takes home assignments (project). Active participation by students is an compulsory feature of the course. A variety of quizzes, take home assignments, and case studies are the main pedagogical instruments

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Primary Teaching Book & Reading Material:

“Corporate Finance” by Ross, Westerfield, Jaffe, & Kakaní, 10th Edition, Special Indian Edition, McGraw Hill Education, 2014. [RWJK][Lib Index #658.15ROS-2008-8th edition-64133]

Primary Supporting Material:

➤ “Financial Accounting for Management” 4/e by Ramachandran & Kakaní, McGraw Hill, 2016 [RK] [Lib Index #67785,657.3 RAM-2nd edition(2008),3rd edition(2011),4th edition(2016)]

Other Suggested Readings:

- “Finance Made Easy” Series (Set of Four Books)[How to read a P/L Statement, How to read a Balance Sheet, How to analyze financial statement, How to read Cash Flow Statement] by Ramachandran & Kakaní, 2nd Edition, McGraw Hill Education, 2013, ISBN: 9789332901421. [FME] [Lib Index #657.3RAM,658.15244RAM-2nd edition (2013)]
- “Fundamentals of Financial Management” by Van Horne & Wachowicz, EEE Publication [VW][Lib Index #658.15VAN-2008-12th edition-065561]
- “Principles of Managerial Finance” by Lawrence Gitman, Pearson [LG][Lib Index #658.15-GIT-2001 12th edition-48853]
- Financial Accounting for business manager by Ashish K Bhattacharya [Lib Index #6573-BHA](4th edition-2012)
- Financial Accounting- A managerial perspective by R.Narayanswamy-[Lib Index #657.3NAR](5th edition-2014)
- Financial Management-Text Management & Cases by M.Y Khan [Lib Index #5th Edition-658.15KHA]
- Financial Management by Prasanna Chandra [Lib Index #7th edition-658.15 CHA]

Any other good introductory book on Corporate Finance OR Financial Management

Study Material:

Students will be given a text book (**RWJK**) as part of the course material. It may be noted that the text book should not be considered as exhaustive under any circumstances. Cases and additional notes would also be distributed in the class from time to time¹. Should the students feel that they need more reading material (or detailed notes) for a particular topic – they can get in touch with me.

Other Course Policies:

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

- **Quizzes:** There will be quizzes conducted in between the gap of sessions. This will be based on the topics discussed in the sessions. It would be more of objective type with proper reasoning.
- **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.

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- **Class Participation:** I will sometimes randomly call on people to present their case/assignment solutions and at other times I will allow people to volunteer to present their worked out 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
1	Surprise Quizzes*/ Class Attendance	40%
2	Take Home Assignment	30%
3	End Term Examination *	30%

Grading Pattern:

Range of Marks	0-30	31-40	41-50	51-55	56-60	61-70	71-80	81-90	91-100
Grades	F	D	D +	C	C +	B	B +	A	A +

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

I am no God (i.e., perfect) and therefore there are bound to be 'errors' in estimating the true-worth of your answers (and hence, evaluation). But, I promise, evaluation will be unbiased.

Also, the 'errors' (if any) should cancel out over the length of the evaluation cycle.

Sources of Financial Information:

The following sources have extensive information about corporate world, economy and markets. Click on the hyperlink below:

- *Government-owned Websites:* Securities and Exchange Board of India (SEBI), <http://www.sebi.gov.in/sebiweb/> Reserve Bank of India (RBI), <https://www.rbi.org.in/> Ministry of Finance – Government of India (*.nic.in) <http://www.mca.gov.in/>
- *Stock Exchange Websites:* National Stock Exchange (NSE), <https://www.nseindia.com/> and Bombay Stock Exchange (BSE) <http://www.bseindia.com/>
- *Financial Magazine/Newspaper Websites:* Business Standard <http://www.business-standard.com/>, Hindu Business Line <http://www.thehindubusinessline.com/>, Financial Express <http://www.thehindubusinessline.com/>, Wall Street <http://www.wsj.com/india>, Financial Times <https://www.ft.com/>, Economic Times <http://economictimes.indiatimes.com/>, etc.
- *Other websites:* Equitymaster <https://www.equitymaster.com/>, Indiabulls <https://www.indiabulls.com/>, MoneyControl <http://www.moneycontrol.com/>, Capital Market <http://www.capitalmarket.com/>, Indiainfoline, <http://www.indiainfoline.com/> Sharekhan <http://www.sharekhan.com/stock-market/HomePage.aspx>, Investor <http://in.investing.com/>, CRISIL <http://www.crisil.com/index.jsp>, CMIE <https://www.cmie.com/>, CapitalIdeasOnline <http://capitalideasonline.com/wordpress/>, ICICI Direct <http://content.icicidirect.com/idirectcontent/Markets/MarketOverview.aspx>, Motleyfool <http://www.fool.com/>, World Bank <http://www.worldbank.org/>, 5paisa <https://www.5paisa.com/>, CARE <http://www.careratings.com/>, etc.

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TOPICS TO BE COVERED (TENTATIVE):

SI No	Session wise Plan	Suggested Reading
1&2	Introduction to Corporate Finance , Basics of Financial Statements	Chapter 1 of RWJK: Introduction of Corporate Firm & its types, importance of Cash flow in running a business. Management of financial aspects and tackling the problems faced by business organisation
	Detailed Discussion on Financial Statements and Cash Flow in an organisation, Share Valuation Method	Chapter 2 of RWJK: Concepts & Principles related to maintaining Financial Statements of an organisation will be discussed. It contains Topics such as Trading & P/L Accounts, Balance Sheet, Cash Flow Statements etc+Class notes
3	Financial Statement Analysis & Financial Models	Chapter 3 of RWJK: Calculation, Comparison & analysis on performance of business. It will include comparative Statement, Ratio analysis etc.
4	Discounted Cash Flow Valuation	Chapter 4 of RWJK: Analysis of Time Value of Money and Valuation
5, 6,& 7	Capital Budgeting and its various method of calculations	Chapter 5,6,7 of RWJK: Analysis on the future prospects of the business , calculations on time value of money. Also determining the worthiness of the project being invested
8	Cost of Capital,Risk Faced and consecutively how such risk is being handled. Also evaluating the returns which the respective project will give	Chapter 10,11,12,13 of RWJK : Discussing on the Possible Risk & Return business has to face(SWOT Analysis). Also calculating Cost of Capital, its covariance & correlations and the various portfolios.
9&10	Working Capital Management, Cash Management And a discussion on credit managements.	Chapter 26,27,28: Short Term Financing , Cash Management System. Also credit & inventory Management inclusive of calculations

Note:

- ◆ Please note that the above sequence is tentative (could be altered based on class experience).
- ◆ Additional lecture sessions, tutorial sessions would be arranged on request& will be enabled by Ms.Tanushree Biswas. CR may contact her for the same. Already I have discussed with CRs on a few sessions on budgeting, ROI computations for HR,
- ◆ Class discipline rules include – (a) No usage of laptops or other electronic items (except calculators) – essentially any item that could disturb others in the classroom; (b) Mobile: If a student gets caught having a mobile (or similar instrument) Then the Mobile will be deposited with the Dean Office after 7 working Days; and (c) PowerPoint Presentations: Session-wise Pdf files would be e-mailed after the session.