

Course Outline**Financial Management***For**PGCHRM 25 (UCS), 2018-19*Course Instructor: Ram Kumar Kakani**Contact:**

Office: +916576653104; Email: kakani@xlri.ac.in;

Introduction:

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. In other words, managers (irrespective of their specializations) need to understand simple Financial Management. 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. Therefore, I will strongly advise you not to take the course just as another hurdle that you must clear to get a bullet point on the CV. If you need any extra help in the course, do not hesitate to get in touch with me.

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, shareholder value maximization, and simple capital budgeting techniques, where emphasis is laid on sound concepts and their managerial implications.

Pedagogical Methods:

Financial Management course is based on mini lectures, case analysis, continuous individual assignments and vivid illustrations. Active participation by students is an important feature of the course. A variety of quizzes, class illustrations, and case studies are the main pedagogical instruments.

Study Material

Students will be given four books as part of the course material. It may be noted that these book set should not be considered as exhaustive under any circumstances. List of suggested readings are given in the next few sections.

Primary Teaching Book & Reading Material:

1. Ramachandran, Neelakantan & Ram Kumar Kakani. *How to Read a Balance Sheet. Finance Made Easy Series, 2nd Edition*. McGraw Hill, 2013, [Henceforth, referred as **BS**]
2. Ramachandran, Neelakantan & Ram Kumar Kakani. *How to Read a Profit & Loss Statement. Finance Made Easy Series, 2nd Edition*. McGraw Hill, 2013, [Henceforth, referred as **PLS**]
3. Ramachandran, Neelakantan & Ram Kumar Kakani. *How to Analyze Financial Statements. Finance Made Easy Series, 2nd Edition*. McGraw Hill, 2013, [Henceforth, referred as **AFS**]
4. Ramachandran, Neelakantan & Ram Kumar Kakani. *How to Read a Cash Flow Statement. Finance Made Easy Series, 2nd Edition*. McGraw Hill, 2013, [Henceforth, referred as **CFS**]

Other Study Materials

Students will be given a 2-4 pdf files of short readings / presentations as part of the course material at the end of each session.

Other Suggested Readings:

- ⌘ "Corporate Finance" by Ross, Westerfield, Jaffe, & Kakani, 10th Edition, Special Indian Edition, McGraw Hill Education, 2014. [RWJK]
- ⌘ "Financial Accounting for Management" 3/e by Ramachandran & Kakani, McGraw Hill, 2011 [RK]
- ⌘ "Fundamentals of Financial Management" by Van Horne & Wachowicz, EEE Publication [VW]
- ⌘ "Principles of Managerial Finance" by Lawrence Gitman, Pearson [LG]

Any other good introductory book on Corporate Finance OR Financial Management

Other Sources of Financial Accounting Information:

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

- ◆ **Government & Related Institutional Websites:** [Securities and Exchange Board of India \(SEBI\)](#), Reserve Bank of India (RBI), Ministry of Finance – Government of India (*.nic.in), [National Stock Exchange \(NSE\)](#), and [Bombay Stock Exchange \(BSE\)](#).
- ◆ **Financial Magazines / Financial Newspaper Websites:** [Business Standard](#), [Hindu Business Line](#), [Financial Express](#), [Economic Times](#), etc.
- ◆ Other websites: Capital Market, Indiainfoline, Indiabulls, Equitymaster, Sharekhan, iInvestor, CRISIL, CMIE, CapitalIdeasOnline, ICICIMarkets, Motleyfool, World Bank, ICICIDirect, 5paisa, CARE, MoneyControl, Myiris, etc.
- ◆ **‘Investors Section’ / ‘Shareholders Section’ of Company Websites:** For instance: [Infosys Ltd](#), [Reliance Industries](#) & [Tata Steel](#).

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 student to present their case/assignment solutions and at other times I will allow students to volunteer to present their work solutions. Class participation marks will also be based on participation in class discussion, attendance, and being on time.

Plagiarism/Cheating → Students are requested to go through the students manual regarding the rules and regulations related to cases of copying & similar act. Cheating in examinations or assignments will be dealt with severely. Please note that aiding and abetting your batch mates will also be given equal penalties. NO subsequent justifications/ arguments will be entertained.

System of Evaluation:

Method of Evaluation	Course Marks
A) Class Participation & Related Home Work [^]	65
B) End-term Examination* [^]	35
Total	100

Note: [^] Please note that non-submission of home work or not attending the end-term examination will lead to ‘incomplete’ grade being awarded; * indicates that some questions might carry negative marks

Grading Pattern*

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

Note: *However, the above grading pattern is subject to the compliance with Institute’s norms (and thus, can be modified).

We are no Gods (i.e., perfect) and therefore there are bound to be ‘errors’ in estimating the true worth of your answers (and hence, evaluation). However, we promise, evaluation will be unbiased. Also, the ‘errors’ (if any) should cancel out over the length of the evaluation cycle.

Session Plan:

Session Nos.	No. of Sessions	Session-wise Plan	Suggested Reading
1	1	Balance Sheet	Book: How to read a Balance Sheet
2	1	Balance Sheet Analysis & Introduction to the Profit & Loss Statement	Books: How to read a Balance Sheet and How to read a Profit & Loss Statement
3-4	2	Profit & Loss Statement	Book: How to read a Profit & Loss Statement
5	1	Financial Statement Analysis, Future Financial Health – Part I	Book: How to analyze Financial Statements

Session Nos.	No. of Sessions	Session-wise Plan	Suggested Reading
6	1	Financial Statement Analysis, Future Financial Health – Part II (with overview of Working Capital Management)	Book: How to analyze Financial Statements
7	1	The Role of Financial Manager	Short Reading Note (soft copy will be emailed)
8	1	Time Value of Money and followed by Cost of Capital	Short Reading Note (soft copy will be emailed)
9	1	Capital Budgeting Techniques Introduction	Short Reading Note (soft copy will be emailed)
10	1	Cash Flow and its link to the Business, Tax, and Financial Environment	Book: How to read a Cash Flow Statement

Note:

- ◆ *Prior reading of the suggested reading material would help in the class discussion and assimilation process.*
- ◆ *The above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *PowerPoint presentations & Excel Sheets: Session-wise Pdf files would be e-mailed after the session.*