



INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE

Post Graduate Programme in Management

Course Outline

Course Code and Course Title	PGP 107 Financial Markets and Instruments
Course type	Compulsory
Pre-requisites (if any)	NIL
Course Credit	2
Total no. of sessions	16
Session Duration	75 mts
Term	I
Year and Batch	1 st Year 2021-22, PGP25
Sections (if any)	-

Instructor(s)	Ram Kumar Kakani
Contact Details	495-2809-421; 421 (intercom)
Office Room	304 i.e., Block 3, Room 04
Consultation Hours	You're welcome, to raise your queries (via email)

Introduction

This is your gateway to the world of finance essentially focusing on the investments from a corporate's perspective. A thorough grounding is provided to understand the sources of capital and mechanisms for raising the capital, comprehend the nature and characteristics of different financial instruments, the markets where they trade and finally looking at their valuation. The objective of the valuation exercises in the course is limited to the extent of preparing the participants to estimate cost of capital, which is a key ingredient to valuing real investments and capital projects that will be taken up in the following course during Term 2.

Learning Outcomes/Course Objectives

The aim of this course is to impart the skill-set required to make the investment decisions. After completing the course the participants will be able to:

1. Appreciate the sources of capital, financial markets and instruments.
2. Understand the investment decisions of the firm
3. Comprehend the risk and return trade-offs in financial investments

Textbooks and Learning Materials –

Text Books

1. Principles of Corporate Finance by Brealey, Myers and Allen (International Edition) (BMA) - Recommended
2. Financial Management, Theory and Practice by Prasanna Chandra(PC) - Recommended
3. Corporate Finance by Aswath Damodaran
4. Corporate Finance by Ross, Westerfield and Jaffe

Reference Books

1. Essentials of Investments by Bodie, Kane Marcus [BKM] (Recommended)
2. Time Value of Money by Timothy A. Luehrman – HBS publication
Pub Date: Dec 22, 2015
Product #: 8299-PDF-ENG

Technology and Software

MS Excel will be used extensively

Other Resources (Journals, Internet Websites) (if any)

1. McKinsey Quarterly
2. Financial Analysts Journal
3. Journal of Portfolio Management

The following web sites will aid in your understanding of the course as well as the markets:

1. www.sebi.gov.in
2. www.rbi.org.in
3. www.nseindia.com
4. www.bseindia.com
5. Government & other related Institutional Websites: [Ministry of Company Affairs](#) / [Ministry of Finance](#)
6. Financial Magazines / Financial Newspaper Websites: [Business Standard](#), [Hindu Business Line](#), [Financial Express](#), [Wall Street Journal](#), [Financial Times](#), [Business Today](#), [Economic Times](#), etc.
7. 'Investors Section' / 'Shareholders Section' of Company Websites: For instance: [Infosys Ltd](#), [Reliance Industries](#) & [Tata Steel](#).

Pedagogy – Learning Process

The pedagogy is a two-phase model – concept discussion session followed by a session that makes you put to use the concepts by working out exercises and caselets. Past students' experience indicate that doing problems soon after the material is covered in class is the best way to learn finance. The problems and exercises that will be used in the class are graded according to level of difficulty but are taken from the books mentioned in the references list. **Active participation by students is an important feature of the course. Class discussions and continuous group assignments are important tools.**

Evaluation Components/Assessment of Student Learning

Evaluation Component /Assessment Tool	Percentage	Description (How students are assessed on Learning objectives)
Individual problem set submissions and Class participation	30%	These components are required to check and evaluate the students' understanding of concepts and application of appropriate tools and techniques.
Quizzes (best 3 out of 4)	20%	These components are required to check and evaluate the students' understanding of concepts and application of appropriate tools and techniques.
End term	50%	These components are required to check and evaluate the students' understanding of concepts and application of appropriate tools and techniques.

Grading Pattern*

Grading pattern is subject to the compliance with Institute's norms (and will adhere to the same).

In case of non-objective questions/assessments: *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). However, I promise, evaluation will be unbiased. Also, the 'errors' (if any) should cancel out over the length of the evaluation cycle.*

Session Plan

Sl. No	Topic	Likely no. of sessions	Readings from (BMA/PC)
1	Financial Markets and Instruments	4	Chap 1 of BMA
2	Principles of valuation – Time value concepts	5	Chap 2 of BMA
3	Bond valuation	3	Chap 3 of BMA
4	Stock valuation	4	Chap 4 of BMA
5	Investment Decisions	5	Chap 5 &6 of BMA
6.	Risk and return		Chap 7,8,9 of BMA
7.	Sources of long term finance		Chap from PC

Note:

- ◆ *The above sequence is tentative (and would be altered based on initial class experience).*
- ◆ *Additional lecture sessions, guest lectures by practitioners & tutorial sessions could be arranged on request.*
- ◆ *Class discipline rules include – (a) No usage of any electronic items without permission – essentially any item that could disturb others in the classroom shall be confiscated and submitted to the PGP office within seven working days; and (b) PowerPoint presentations & Excel Sheet: If used, Session-wise Pdf files would be e-mailed after the session.*

Additional Instructions (if any)

All the exams, quizzes and class tests will be closed book type, unless stated otherwise. Quizzes may be announced or unannounced and End term examination will be based on the entire course topics **not just post mid term.**