

**POST-GRADUATE DIPLOMA**  
**IN**  
**INVESTMENT**  
**AND**  
**FINANCIAL ANALYSIS**  
(Effective from June 2014)

**SEMESTER-I**

- Paper-I: Financial Management
- Paper-II:: Techniques of Financial Analysis
- Paper-III : Managerial Economics
- Paper-IV: Accounting for Managers

**SEMESTER-II**

- Paper-V: Investment Management
- Paper-VI: Marketing of Financial Services
- Paper-VII: International Financial Management
- Paper-VIII: Taxation: Direct and Indirect Taxes
- **Project Report(Dissertation)**

## **SEMESTER-I**

### ***PAPER – I: FINANCIAL MANAGEMENT***

#### **Unit 1: Financial Management Overview:**

- Evolution
- Objectives/Goals
- Functions and Scope
- Relationship of Finance to Economics and Accountancy
- Emerging Role of the Financial Manager

#### **Unit 2: Valuation Concepts in Financial Decisions:**

- Time Value of Money – Compound Value, Future Values, Net Present Value
- Present Value of Bonds and Shares
- Risk and Returns – Theory, Evidence and Application

#### **Unit 3: Investment Decisions: Long Term Investments:**

- Techniques of Capital Budgeting
- Risk Analysis in Capital Budgeting
- Cost of Capital

#### **Unit 4: Investment Decisions: Short Term Investments:**

- Working Capital Management
- Principles of Working Capital
- Management of Cash
- Management of Accounts Receivables
- Management of Inventories
- Working Capital Finance

#### **Unit 5: Financing and Dividend Decisions:**

- Financial and Operating Leverage
- Capital Structure Theories
- Dividend Theories and Policy
- Long Term Sources of Finance
  - Equity Share Capital – recent trends in equity finance
  - Debt as a Source of Finance – innovations in debt market
  - New Instruments

#### **References:**

- (1) Prasanna Chandra; Financial Management: Theory and Practice; Tata McGraw Hill.
- (2) Pandey; I.M.; Financial Management; Vikas Publications
- (3) Van Horne and Wachowicz; Fundamentals of Financial Management; Practice–Hall Publications.
- (4) Brearley and Myers; Principles of Corporate Finance, Tata McGraw Hill.

## **PAPER – II: TECHNIQUES OF FINANCIAL ANALYSIS**

### **Unit 1: Basic Tools of Analysis:**

- The Function
- The Slope
- Measuring Slope by Differentiation
- The Partial Derivative
- Applications of Derivative
- Elasticity

### **Unit 2: Optimization Techniques:**

- Unconstrained Optimization
- Maximizing Total Revenue
- Minimizing Average Cost
- Maximization of Profit
- Constraint Optimization (by substitution technique & by Lagrangian Multiplier method)

### **Unit 3: Mathematics for Finance:**

- Introduction and Overview
- Time Value of Money and Theory of Interest
- Return, Risk and Co-movement
- Elementary Portfolio Mathematics
- Differential Calculus

### **Unit 4: Financial Statements Analysis and Techniques of Financial Decision Making**

- Financial Ratios
- Fund Flow Analysis
- Cash Flow Analysis (AS-3)
- Economic Value Added
- **Relevant Information and Decision Making:** Short run and long run decisions. Features of Relevant information – Revenues and Costs; Relevant information and differential analysis; Precautions in decision making; Types of differential analysis decisions
  - Make or buy
  - Drop or add
  - Sell or process further
  - Operate or shut down
  - Replace or retain
  - Buy or lease
  - In sourcing or Out sourcing
  - Special Orders

### **Unit 5: Statistical Methods:**

- **Descriptive Statistics:** Data Representation, Basic concepts and applications of the measures of Central Tendency, Dispersion, Skewness and Kurtosis; Bivariate Analysis: Correlation Analysis, Rank Correlation, Regression Analysis: Simple Linear Regression, Multiple Regression, Concept of Coefficient of Determination and its interpretation,
- **Business Forecasting Methods:** Introduction to Forecasting Methods of Forecasting: Moving Averages and Double Moving Averages Methods, Exponential Smoothing Method, Time Series and Their Components, Simple and Multiple Linear Regressing, Regression with time series Data. Choice of an Appropriate Forecasting Technique, Applications of Forecasting methods: Demand Forecasting: Meaning purpose, types and levels of demand forecasting, Qualitative techniques of forecasting demand, Quantitative techniques of forecasting demand (with special emphasis on regression analysis), Criteria of a good forecasting method, Forecasting demand for a new product

[Emphasis on the application of statistics in managerial decision making is expected rather than calculation of more illustrations]

### **References:**

- 1) Business Mathematics – Sancheti & Kapoor, Sultan Chand & Sons
- 2) Managerial Economics –
- 3) Donald Cooper & Pamela Schindler: “Business Research Methods” Tata McGraw Hill (9th Edition)
- 4) Moshe Ben-horin and Levy: “Statistics- Decision and Applications” Addison Wesley
- 5) Srivastav, Shenoy and Sharma: “Quantitative Techniques for Managerial Decisions” Wiley Eastern
- 6) Bernard Ostle and Mensing R. W.: “Statistics in Research” Ith IOWA State University Press
- 7) Sharma K.R.: “Business Research Methods” National Publishing House
- 8) Anderson, Sweeny, Williams: “Essentials of Modern Business Statistics” Thomson
- 9) Hankey, Wichern & Reitsch: “Business Forecasting” Pearson Education

### ***PAPER – III: MANAGERIAL ECONOMICS***

**Unit 1: Introduction to Managerial Economics:** Introduction, Nature and Scope of Managerial Economics, Decision Rules: The Opportunity Cost, Marginalism, Incremental Principle, Contribution Analysis, Time Perspective

**Unit 2: Demand Analysis:** Meaning of Demand Law of Demand, in mathematical Form, Elasticities of Demand: Price Elasticity of Demand and business decisions, Own and Cross Price Elasticities, Income Elasticity of Demand and business decisions, Advertisement / Promotional Elasticity of Sales

**Unit 3: Production and Cost Analysis:** Meaning of production and production function, Laws of production, Optimal Input Combination; Cost Analysis: Some accounting and analytical cost concepts, Short-run and long-run cost functions, Economies and diseconomies of scale, Economies and diseconomies of scope, Learning Curve, Cost control and cost reduction, Break-Even Analysis: Meaning, Break-Even Point (BEP) and its algebra, Margin of Safety, Assumptions, limitations and usefulness

**Unit 4: Market Structure:** A brief analytical introduction to all kinds of market structure along with their assumptions and properties (without equilibrium of firm in each market)

**Unit 5: Pricing Practices:** Cost-plus pricing; Incremental cost pricing; Auction pricing; Price Skimming; Loss-leader pricing; predatory pricing; Limit pricing; Psychological and odd pricing; Prestige pricing; Demand-oriented pricing; Delivered pricing; Promotional pricing; Cyclical pricing

**References:**

- 1) Managerial Economics- Salvatore & Salvatore, Oxford Press
- 2) Managerial Economics: Analysis of Managerial Decision Making- H. L. Ahuja, S. Chand
- 3) Managerial Economics –Joel Dean,

## ***PAPER – IV: ACCOUNTING FOR MANAGERS***

### **Unit-1 Accounting – An Overview:**

- Nature and Objectives of Corporate Financial Statements
- Uses and Users of Accounting Information
- Legal requirements -Form & Content(Schedule-VI)
- Accounting Concepts and GAAP
- Accounting Standards (Indian and International) and IFRS
- Need, Importance, Harmonization and Conversion

### **Unit-2 Cost Analysis for Decision Making and Performance Measurement**

- Various Concepts of Cost and Cost Classification
- Budgeting and Budgetary Control and ZBB.
- Break Even and Cost-Volume-Profit Analysis
- Decentralization V/s Divisionalization
- Responsibility Centers
- Responsibility Accounting
- Different measures of financial performance: Variance Analysis; Contribution Margin; Net Profit; ROI; RI; EVA.
- Non-financial measures of performance

### **Unit-3 International Accounting**

#### **(A) Introduction to International Accounting**

- Importance of International Accounting
- Definition of International Accounting
- Scope of International Accounting
- Status of International Accounting Education: World Scenario

#### **(B) Accounting for Foreign Currency Transactions**

- Introduction
- The need for Translation
- Origin of Problem
- International Transactions
- Forward Exchange Contracts
- Foreign Currency Transactions

#### **(C) Accounting for Business Combinations and Consolidations:**

- Introduction
- Definition
- Accounting Treatment
- Consolidation of Financial Statements.
- Scope of Consolidated Financial Statements.

### **Unit-4 Multinational Transfer Pricing:**

- Introduction
- Evolution of Transfer Pricing
- Definition of Transfer Price
- Approaches to Transfer Pricing
- Objectives of Transfer Pricing
- Arm's Length Principle
- Transfer Pricing for Intangibles, Services and Cost Sharing Arrangements.

### **Unit-5 Emerging Dimensions in Accounting**

- Inflation Accounting
- Human Resource Accounting
- Value Added Accounting
- Social Accounting
- Environment Accounting
- Forensic Accounting

### **References:**

- 1). T.P.Ghosh, "Accounting and Finance for Managers", Taxmann's Publication.
- 2). J.MadeGowda, "Accounting for Managers", Himalaya Publishing House
- 3). T.P.Ghosh, "Accounting for Managers", Taxmann's Publication.
- 4). Ahish K Bhattacharyya, "Financial Accounting for Business Managers", PHI Pvt. Ltd.

## ***SEMESTER-II***

### ***PAPER – V: INVESTMENT MANAGEMENT***

**Unit:1 Introduction:** Introduction to Investment, Investment vs. Speculation, Investment vs. Gambling, Investment Objectives, Investment Attributes, Investment Process, Security Analysis vs. Portfolio Management, Portfolio Management Process; Nature of Financial Markets- An Overview, Investment Alternatives: Non-Marketable Financial Assets, Money Market Instruments, Fixed Income Securities, Equity Shares, Preference Shares, Debentures, Precious Objects, Mutual Funds

**Unit 2 Financial Markets:**

- **An Introduction:** Meaning, Nature and Role of Financial System; Financial Markets as a component of Financial System; Financial system and Economic Growth; Financial System Designs: Bank - based and Market-based.
- **Money Market:** Meaning, Characteristics and Functions of Money Market; Intermediaries in the Money Market; Development of Money Market in India; Money Market Instruments: Treasury Bills, Commercial Paper; Certificate of Deposit; Commercial Bills; Collateralized Borrowing and Lending Obligation; Call Money Market and Term Money Market.
- **Capital Market:** Meaning, Functions and Types of Capital Market; Reforms in the Capital market; Intermediaries; Issue Mechanisms; Types of Primary Issues: Public, Rights and Private Placement; Resource Mobilization from International Capital Markets: ADRs, GDRs and ECBs; Primary Market Scenario in India; Debt Market: Private Corporate and government securities market.; Functions of the Secondary Market;; Organization, Management and Membership of Stock Exchanges; Listing of Securities; Trading Arrangements; Stock Market Index; Functions of Stock Exchanges, Role of SEBI as a Regulatory Body
- **Derivatives and Their Valuation:** Introduction to Derivatives, Financial Derivatives: Risk-Return Characteristics of these instruments, Corporate Investments Hedging Instruments : Forward Contracts, Futures Contracts, Forward/Futures Contracts, Options, Types of Options, Concept of Basis in Futures Market, Hedge Ratios, Warrants, Swaps, Valuation of these Instruments.

**Unit: 3 Security Analysis:** Markets for Securities, Measuring Security Risk and Return, Components of Risk and Return, Equity Valuation: Fundamental Analysis: Economic, Industry and Company Analysis, Estimating Intrinsic Value of a Security, Efficient Market Hypothesis, Different Forms of EMH and Their Empirical Tests, Technical Analysis: Charting Tools, Market Indicators, Dow Theory, Elliot Wave Theory, Random Walk Theory

**Unit: 4 Introduction to Portfolio Management:** Traditional Vs. Modern Portfolio Theories, Measuring Risk and Return of a Portfolio, Portfolio Analysis, Portfolio Diversification, Constructing an Optimal Portfolio: Markowitz Model, Sharpe's Single Index Model,

**Portfolio Performance Evaluation:** Equity Portfolio Management; Bond Portfolio Management; Individual Portfolio Management; Portfolio Performance Evaluation Measures; Overview of Securities Market Report.

**Unit: 5 Asset Pricing Models:** Capital Market Theory: Efficient Frontier, CML, SML, Capital Asset Pricing Model, Arbitrage Pricing Theory, Comparison and Empirical Applications of these Models.

**Reference:**

- 1) Fischer, Donald E and Jordon, Ronald J., Security Analysis and Portfolio Management; Prentice hall India; New Delhi
- 2) Bhall; Investment Analysis, S.Chand and Co., Delhi
- 3) Clark, Frunk J. Management of Investments, McGraw Hill.
- 4) Fabozz, Frunk J. Investment Management Prentice Hall, International Edition, New York.
- 5) Avadhani, V. A.: "Securities Analysis and Portfolio Management" Himalaya Publishing House.
- 6) Pandian Punithavathy: "Securities Analysis and Portfolio Management" Vikas Publishing House.
- 7) Bharati V. Pathak, "Indian Financial System" 3<sup>rd</sup> Edition, Pearson Education.
- 8) Indian Financial System: M.Y.Khan, Sixth Edition, McGraw Hill.
- 9) Financial Markets & Institutions: L.M.Bhole
- 10) M.Y.Khan, "Indian Financial System", McGraw Hill, 6<sup>th</sup> Edition.
- 11) Machiraju, H.R., "Indian Financial System", Economic Times.

## **PAPER – VI - MARKETING OF FINANCIAL SERVICES**

### **Unit 1: Basics of Marketing:**

Understanding Marketing management and Marketing Environment: nature and scope of Marketing management; company orientation towards the market place; basics of services marketing; Understanding consumer behavior & identifying market segments & dealing with competition, branding: creating customer value & satisfaction; factors influencing consumer behavior and buying process of financial services.

### **Unit2: Financial Services:**

Meaning and need for financial services; Financial Services as a component of financial system; Types of Financial Services, Depositories and Custodians; Credit Rating; Factoring and Forfeiting, Lease and Hire Purchase; **Investment Banking:** Investment Banks: Functions and Types of Investment Banks; Investment Banking Services; Merchant Banking Services; Housing Finance: Role of Housing and Housing Finance in the Economy; Policy initiatives and measures to develop housing finance in India; Housing, Reverse Mortgage Loan **.Banking and Non-Banking Services:** Importance and Functions of Banks; Development of Banking in India; Scheduled Commercial Banks; Mobilization, Lending and Investment of Funds by Banks; Origin and development of insurance, types of insurance, General health and life. **Mutual Funds:** Meaning, Concepts of Mutual Funds; Growth of mutual fund Industry in India; Organization of a mutual fund; Types of mutual funds schemes; Role of Intermediaries and marketing of mutual funds; Methods of investing in a mutual fund scheme;

### **Unit 3 Marketing of Financial Services**

Need and scope of marketing of financial services User of financial services and their behavior; Market segmentation and mix of financial services, Dealing with product – life cycle, new product development, classification, service as a product, pricing product, product life cycle; new products – need, scope and importance & new product development process, pricing, managing service quality of financial services; Financial engineering and marketing of services, Advertising and promotion of financial services, Customer Relationship Management and Marketing; Marketing strategies for various financial services.

### **Unit 4: Distribution and Promotion of Financial Services;**

Distribution channels in financial services, Behavioral Aspects:

- a) Motivation
- b) Moral
- d) Persuasive skills
- e) Analytical Liability
- f) Behavior with others

### **Unit 5: Communication Skills**

Importance and benefits of effective communication in financial service industry, components of communication; role of verbal & non-verbal Symbols in communication; communication barriers, strategies for successful listening and speaking skills

### **Reference:**

- 1) Kotler, Philip; Marketing Management, Pearson Education
- 2) Avadhani, V.A., Marketing of Financial Services, Himalaya Publishers.
- 3) Pezzullo, Marketing Financial Services, MacMillan India.
- 4) Bharati V. Pathak, "Indian Financial System" 3<sup>rd</sup> Edition, Pearson Education.
- 5) Indian Financial System: M.Y.Khan, Sixth Edition, McGraw Hill.
- 6) Financial Markets & Institutions: L.M.Bhole
- 7) M.Y.Khan, "Indian Financial System", McGraw Hill, 6<sup>th</sup> Edition.
- 8) Machiraju, H.R., "Indian Financial System", Economic Times.
- 9) Marketing of Financial Services by Dr Dhananjay Bapat, Biztantra Publications

## ***PAPER – VII: INTERNATIONAL FINANCIAL MANAGEMENT***

### **Unit 1: Financial Management in a Global Perspective:**

- Increasing Interdependence in the Global Economy.
- India in the Global Economy
- Recent Developments – GATT & WTO

### **Unit 2: International Monetary and Financial System**

- International Monetary System The IMF system and post 1970 developments: Brettonwood, IMF and the world bank; Exchange Rate Regimes; Problems of Liquidity and Collapse of fixed rate system
- European monetary system
- Balance of Payments
- Offshore financial markets and Euromarkets

### **Unit 3: Exchange Rate Determination**

- Calculation of direct and indirect exchange rates
- Exchange rate determination theories
- Exchange rate in practice – exchange rate quotations and calculation of various exchange rates.
- Risks and exposures in foreign currency transactions
- Implication of volatility of exchange rates, exchange rate forecasting
- Foreign exchange dealing system

### **Unit 4: International Financial Markets and International Financial Institutions**

- International capital markets – Government sector
- International Money market
- International Equity market
- International Bond market
- International Commodity market
- World Bank, IMF, IFC, ADB, IDA.

### **Unit 5: International Business Financing :Direct Instruments**

- Trade finance
- International capital budgeting
- International working capital management
- International investment decisions

### **References:**

1. P.G.Apte, "International Financial Management"; Tata McGraw Hill.
2. V.Sharan, "International Financial Management"; PHI
3. Maurice Levi, "International Finance"; Tata McGraw Hill.
4. EUN / RESNICK, "International Financial Management"; Tata McGraw Hill
5. A.V. Rajwade, "Foreign Exchange International Finance Risk Management"; Academy of Business Studies.
6. V.A. Avadhani; "International Finance"; Himalaya Publishing House.
7. IAN H. GIDDY, "Global Financial Markets"; A.I.T.B.S.



## **PAPER - VIII: TAXATION: DIRECT AND INDIRECT TAXES**

### **Part-I Direct Taxation:**

**Unit 1:** Basic Concepts of Income Tax (Definitions)- Assessment Year , Previous Year, total Income , Budget / Direct tax code ETC., Residential Status and its effect on tax incidence,( Examples ) Income Exempt from Tax ( 30 Items ) Income under the head “Profits and gains of business or profession” and its computation Under IT (Including Practical Problems)

**Unit 2:** Set-off and Carry Forward of Losses( Theory ), Taxation of Companies – Minimum Alternate Tax Computation( MAT ), Tax on income distributed profits of domestic companies / dividend distribution, Tax Planning with reference to: (1 ) new business – Location & Nature of a Business (2) Financial Management Decisions – Capital Structure & Dividend Decision (Including Practical Problems) (3) Managerial decision for own , lease or borrow funds( Cases Studies )

**Unit 3:** Tax Planning with reference to: (1) Employees’ remuneration and tax impact /tax Management (2) concept of Planning with Mergers/ Demerger , Acquisitions , Amalgamation and Take over ( theory ); Applicability of PAN , Usage , Requirement , Penalty , Concept of Advance Tax for Corporate and Non Corporate , Penalty , Tax deduction at source , impact ant cases for TDS, PENALTY .

### **Part-II Indirect Taxation:**

**Unit 4:** (a)Central Excise – Nature and Importance of Excise Duty, Definitions – Goods, Excisable Goods, Manufacturing , Classification, Types of Duty , Valuation , MRP , Penalty provisions , Records/Returns to be maintained , Hierarchy/ Administrative Set up; (b)Value Added Tax ( VAT ) DEFINITION , applicability , computation , example , Penalty Records, returns, ( c ) Custom Duty – Concept and Introduction, applicability , Different types of duty , Valuation , Duty Drawback , Penalty , Records

**Unit 5:** (d) Sales Tax and Central Sales Tax – Provisions , concept , interstate trade ,/Sales , Export , Penalty , forms , Records , (e) Service Tax – Overview ,Concept , Back ground , Applicability - Negative list , Reverse Charge Mechanism Concept , Computation , Returns , Penalty , Administrative Set up Concept of GST , Its Applicability when introduced , impact on India ,Current Controversies , Global Scenario, Impact of Direct Taxation and Indirect Taxation in India , Tax Management , Tax Planning , Tax Avoidance and Tax Evasion

### **Text Book / Reference Books:**

- Datey, V.S. “ Indirect Taxes law and practice,” Taxmann Publication, New Delhi (DVS) (25<sup>th</sup> Edition – July 2013-14)
- Singhanian, V.K., & Singhanian, M., “Corporate Tax Planning & Business Tax Procedures”, Taxmann Publications Pvt. Ltd., New Delhi (Latest Edition 2013)
- Singhanian, V.K., & Singhanian, M., “Students’ guide to Income Tax”, Taxmann Publications Pvt. Ltd., New Delhi (Latest Edition 2014-15)
- Ahuja girish & associates-Corporate Tax Planning and Management ( last Edition )

**Project Report (Dissertation)**

**P.G.D.I.F.A.**

**PROJECT - WORK**

**List of SUGGESTED TOPICS (In addition to any other topic selected in consultation with the respective guide):**

1. Project Appraisal – A case study
2. Planning Capital Structure of a firm – A case study
3. Role of Convertible Debentures in Indian Capital Market
4. Profit Maximization V/s Wealth Maximization – A case study
5. Performance Appraisal of a Financial Institution – A case study
6. Inter-firm Comparison – A case study
7. Security Risk and Return – A case study
8. Industrial Sickness and Rehabilitation – A case study
9. Financial Statements Analysis of Selected Companies
10. Transparency in Financial statement of a commercial bank – A case study
11. Management of non-performing assets of a commercial bank – A case study
12. Impact of financial sector reforms on the State Financial Institutions.
13. Marketing research for public issue investors in primary market – A case study
14. Quality Audit – A more effective tool of management – A case study
15. Marketing strategies for SSI's – A case study
16. Studying the potentials for leasing, higher purchase & bill-discounting for the Financial Services Companies in the State of Gujarat – A case study
17. A Study of Dividend Policy and its impact on shares of the companies
18. Recent trends in corporate reporting - A case study
19. RBI's Credit Monitoring Arrangement for bank finance – Survey of impact or results.
20. Project Cost Escalation - A case study
21. Responsibility Accounting - A case study
22. Relevance of Accounting Standards
23. Accounting Standards Vs. IFRS
24. Impact of inflation on corporate financial statements - A case study
25. Investors' perception - A case study of financing activities of a finance company, i.e. Lloyds
26. Role of Mutual funds in capital market
27. Private debt instruments in capital market
28. Role of Merchant bankers in capital market
29. Recent trends in financial markets & Impact in corporate capital structure policy- A Case Study
30. Short term Liquidity Analysis of selected Indian companies.
31. Profitability Analysis of selected Nationalized/ Private / Foreign banks of India.
32. A Comparative study of Profitability between Nationalized and Private Banks.
33. Profitability evaluation of selected Indian Companies.
34. A study on Solvency Status of selected Indian Companies
35. Investors Protection and SEBI
36. Study of Corporate Social Responsibility practices in India
37. Study of Inflation Accounting Practices in India
38. Study of Human Resource Accounting Practices in India
39. Comparing Business Performance of Insurance Companies.
40. Comparing Business Performance of Mutual Funds
41. FDI in India
42. FII in India
43. Saving and Investment Patterns in India
44. Optimum Portfolio Construction
45. Technical Analysis of Selected Companies
46. Industry Analysis for a particular Industry
47. Testing validity of CAPM for Indian Financial Markets
48. Current Trends in Indian Money Market
49. Forecasting share prices using Sharpe's Model

50. Study of Banking Services by various types of Banks
51. Credit Risk Management by Banks
52. Foreign Currency Risk management by Bank
53. Study of one International Financial Institution
54. Foreign Exchange Market in India
55. E-Commerce in India: Prospects and Challenges
56. EVA vs. Other Profitability Measures
57. Derivative Markets in India
58. A study of Credit Rating Agency
59. Demand Forecasting for an existing product/Service
60. Fundamental Analysis for Selected Security

**X-X-X-X-X-X-X-X-X-X-X-X**