



**ADVANCED STUDIES DIRECTORATE
CERTIFICATE COURSE ON**

TREASURY AND FINANCIAL RISK MANAGEMENT

Course Objective:

Treasury management has become an essential skill set for finance managers in non-finance companies these days. This is because of increasing number of options for short term fund management available, and, significant amount of cashflows, to and from the companies. With the increased volatility in money markets, the associated financial risks have also increased considerably. Therefore, with the availability of hedging opportunities in financial markets, a treasury manager should necessarily have capabilities to manage financial risk.

As such, Treasury and Financial Risk Management function is discretely emerging to be a specialized discipline of finance operations in organizations. This trend can comprehensively be attributed to:

- (a) the increase in volatility and uncertainty in financial markets
- (b) the enhancing complexity of business environment
- (c) the tightening legal and regulatory controls on treasury and financial risk management functions, and
- (d) the importance of the function of the finance department of non-financial firms in

managing cashflows, ensuring liquidity and generating profits

This course is an advanced knowledge module to build capabilities of finance personnel to assume the role of a Proficient Treasury Managers. The participants to this course will get extensive practical exposure through the practical and online training sessions by the Multi-Commodity Stock Exchange (MCX-SX) during the concluding phase of the course.

Eligibility Criteria for Registration:

- ♣ Member of the Institute of Cost Accountants of India, or
- ♣ Member of any Accounting Body/Institute in India or outside (eg. ICAI, ICSI etc), or
- ♣ Senior Executives with relevant experience in Treasury and Financial Risk Management functions

The Board reserves the right to reject any nomination/application without assigning any reason.

Prerequisites:

This course presupposes basic understanding of financial markets, various financial instruments, international finance and basics of international financial management

Pedagogy:

Participative class room lectures and sessions, analysis and discussions on case studies, practical and online training sessions by the Multi-Commodity Stock Exchange (MCX-SX), completion of a detailed project report will be used as pedagogy for delivering the course

Faculty:

Faculty will be drawn from academicians associated with top business schools and senior market practitioners in treasury and financial risk management operations. However, a majority of the faculty will also be shared from the Multi-Commodity Stock Exchange (MCX-

SX)

Learning Outcomes:

On successful completion of the course, participants will be able to manage treasury and financial risk management function efficiently and optimally after evaluating all associated risk- return trade offs. In particular, participants shall:

1. Acquire expert knowledge on treasury, treasury operations and treasury management
2. Develop capabilities in identifying and quantifying financial risks and formulating cost-effective risk management strategies
3. Develop capabilities for advising corporates in Treasury and Financial Risk Management'

By the end of this course, the participants should have answers to the following questions:

- ✧ What are money markets and capital markets
- ✧ What are the various types of financial instruments in the financial markets
- ✧ What should be the ideal capital structure of a firm at different stages of growth
- ✧ What are the techniques to design an optimal capital structure of a firm
- ✧ What are derivatives and how are they traded
- ✧ What are Forwards, Options, Futures and Swaps
- ✧ How are Derivatives valued
- ✧ What is hedging
- ✧ What are commodity derivatives markets
- ✧ How to account for derivatives including hedge accounting
- ✧ How financial and commodity markets operate in India and abroad
- ✧ What are treasury management systems and techniques
- ✧ What are different types of risk in treasury management
- ✧ What are the different risk management strategies for effective treasury management

- ✧ What are the regulatory and legal environment for treasury and financial risk management

Course Duration :

Course will be of 6 months duration and will involve investment of 120 hours in classroom learning. In addition, a participant will have to invest around 50 hours in completing a real life project.

Study materials

The enrolled candidates will be provided the detailed syllabus, reference books and study materials. There would also be a section of suggested readings that the candidates can further refer to from the website.

Course Fee:

For members of the Institute of Cost Accountants of India, the course fee is Rs. 30,000/- (Rupees Thirty Thousand only)

For non-members, the course fee is Rs. 40,000/- (Rupees Forty Thousand only)

The course fee is inclusive of the examination and evaluation fee.

However, additional fee will be charged if any participant intends to appear in the comprehensive exam to improve his/her performance. Only one chance will be given to improve performance.

Centers:

The course will be offered at New Delhi and Mumbai.

Certification:

The participants will be evaluated continuously and will be issued a certificate (jointly from

the Institute of Cost Accountants of India and MCX-SX) of successful course completion which will mention the participant's CGPA. Appropriate grades shall be assigned to them based upon their performance in each component in the evaluation process.

Grading Scheme:

The grading scheme will be on a 9 point scale, as given below:

Points	Grade
9	A+
8	A
7	A-
6	B+
5	B
4	B-
3	C+
2	C
1	D

A participant will be declared successful only if he/she earns a CGPA of 5 and above and earns atleast C+ grade in each subject.

Evaluation Mechanism:

For successfully completing the course, the participants will have to:

- a) undergo a process of evaluation, and
- b) submit a detailed project followed by a viva-voce

The detailed guidelines and framework for preparing the project will be issued to the students upon registration. The project submitted should be an original piece of work with extensive research and hard work put into it. The originality and relevance of work shall be evaluated in the viva voce. Plagiarism of any kind will be punished severely.

COURSE CONTENTS:

PAPER I: TREASURY AND FINANCIAL RISK MANAGEMENT

(50 marks)

Part A: Treasury Management

1. What is Treasury, Role of Treasury, What are Treasury Functions, Role of a Treasury Manager
2. What is Money Market and Money Market instruments
3. What is Capital market and Capital Market instruments
4. Foreign Exchange and Foreign Exchange Market
5. Cross-border Financing
6. Risks in investing in Mutual Funds

Part B: Financial Risk Management

1. What is Risk, Types and sources of Risk
2. Risk Measurement Tools and Techniques
3. Value at Risk (VaR)
4. Risk Management Framework

PAPER II: CORPORATE FUNDING AND CORPORATE FINANCE

(50 marks)

1. Capital Structure-

Concepts, Debt and Equity, Dividend Policy

Working Capital Financing

Liquidity and Cash-flow Management (*core tools for cash management such as cash and liquidity forecasting*)

Investment Appraisals

2. Risk, Return and Cost of Capital

Return and Risk: The Capital Asset Pricing Model (CAPM), Risk, Return and Capital Budgeting

3. Fixed Income Securities

Types of securities, the concept of duration, interest rate theory and valuation, construction of yield curve and Bond market in India

PAPER III: DERIVATIVES AND VALUATION OF DERIVATIVES

(100 marks)

1. Introduction to derivatives and derivative markets
2. Products and Risk Management Practices in Derivative Markets
3. Concepts in Financial Derivatives
4. Forwards, Futures, Options and Swaps
5. Valuation of Derivatives
6. Black-Scholes and Beyond – In Options
7. Hedging and Hedge Accounting
8. Evaluation of ESOPs

PAPER IV: LEGAL AND REGULATORY FRAMEWORK

(50 marks)

1. Ethics and Compliance in Treasury and Financial Risk Management
2. FEMA, Anti Money Laundering
3. RBI guidelines on Derivatives
4. Accounting norms and tax treatment of financial derivative profits/losses
5. Standard International Agreements
6. Remittances and Documentary Credit
7. IFRS and Treasury Management

PAPER V: CASE STUDIES/ PROJECT WORK

(100 marks)

Case studies shall be picked up from real time market incidents such as European sovereign debt crisis, Elections-2012 and their impact on financial markets eg. French Election etc. Senior market practitioners would be able to appropriately guide them in such case studies.

Note:

- No CEP Credit Hours will be awarded to Members pursuing or completing this course.*
- Tentatively the class room delivery of lectures will be scheduled on friday evenings (6:45-8:45pm) and saturdays (9am-1pm)*