

Semester 1

Programme : Master of Commerce [M.Com]
Course Code : COM-500
Course Title : Advanced Financial Management
Number of Credits : 04
Effective from AY : 2022 – 2023

Pre-requisites for the Course:

NIL

Objectives of the Course:

1. To provide fundamental knowledge about the company's finances and management.
2. To enable the students to understand the financial decision-making process to enhance shareholders' wealth.
3. To understand the techniques of financial management and apply the methods in financial decision-making.

Course Content

Unit 1	Introduction to Financial Management	10 Hours
Introduction – Meaning and Definition - Goals of Financial Management - Finance Functions - Interface between Finance and Other Business Functions – Time Value for Money (Theory Only)		
Unit 2	Financing and Investment Decisions	20 Hours
COST OF CAPITAL - Meaning of Cost of Capital - Cost of Different Sources of Finance - Weighted Average Cost of Capital (Including Problems)		
LEVERAGES - Operating Leverage - Application of Operating Leverage - Financial Leverage - Combined Leverage (Including problems).		
CAPITAL STRUCTURE – Introduction - Factors affecting Capital Structure - Theories of Capital Structure (Theory Only).		
CAPITAL BUDGETING - Introduction - Capital Budgeting Process - Investment Evaluation - Appraisal Criteria - Capital Budgeting Techniques. (Including problems).		
RISK ANALYSIS IN CAPITAL BUDGETING - Risk-adjusted Discount Rate - Certainty Equivalent Approach - Probability Distribution Approach -Sensitivity Analysis – Scenario Analysis- Simulation Analysis - Decision Tree Approach (Including problems).		
Unit 3	Working Capital Management	20 Hours
WORKING CAPITAL-Meaning- Operating Cycle - Determinants of Working Capital - Approaches for Working Capital Management - Estimation of Working Capital - Working Capital and Bank Finance. [Includes practical problems].		
CASH MANAGEMENT - Motives for Holding Cash - Objectives of Cash Management - Models for determining Optimal Cash Needs - Cash Planning - Cash Forecasting and Budgeting. [Includes practical problems].		
RECEIVABLES MANAGEMENT: Introduction - Costs associated with maintaining Receivables - Credit Policy Variables - Evaluation of Credit Policy [Includes practical problems].		
INVENTORY MANAGEMENT: Purpose of Inventory - Costs Associated with Inventories - Inventory Management Techniques - Importance of Inventory Management Systems [Includes practical problems].		

Unit 4	Dividend Decisions	10 Hours
Dividend Decisions –Factors influencing Dividend Decision-Types of Dividend-Stock Split-Reverse Split- Theories of Dividends – Relevance Models – Gordon's Model – Walter's Model – Irrelevance Model - Miller and Modigliani Model - [Includes practical problems].		

Pedagogy:

Lecture/ Classroom Discussion/ Presentation/ Case Study/ Group Project or a combination of some of these. Sessions shall be interactive to enable peer group learning. Practical problems may be solved using available open source software.

Reference / Readings:

1. Brealey and Meyers: *Principles of Corporate Finance*; Tata McGraw Hill, New Delhi, 12th Edition, 2018
2. Chandra, Prasana: *Financial Management*; Tata McGraw Hill, New Delhi, 10th Edition, 2019
3. Gitman, L.J: *Principles of Managerial Finance*; Addison Wasley, 13th Edition, 2017
4. Keown, Martin, Petty and Scott (Jr): *Financial Management; Principles and Applications*; Prentice Hall of India, New Delhi, 10th Edition, 2009
5. Khan, M.Y & Jain, P.K.: *Financial Management*; Tata McGraw Hill, New Delhi. 8th Edition, 2018,
6. Kishore Ravi, M: *Financial Management*; Taxman, 8th Edition, 2020
7. Pandey, I. M.: *Financial Management*; Vikas Publishing House, New Delhi, 12th Edition, 2021
8. Vanhorne, James C: *Financial Management and Policy*; Prentice Hall of India, New Delhi, 13th Edition, 2015

Online Resources:

1. https://www.icai.org/new_post.html?post_id=16954
2. https://www.icsi.edu/media/webmodules/FINANCIAL_AND_STRATEGIC_MANAGEMENT.pdf
3. <https://icmai.in/upload/Students/Syllabus2016/Inter/Paper-10-Feb-2022.pdf>

Course Outcomes:

CO1: Gain expert knowledge of principles and concepts used in finance;
CO2: Be able to find out the best course of action among several financial options;
CO3: Gain the understanding to apply financial concepts and principles in the overall management of an enterprise;
CO4: Learn to manage the short-term resources of a business firm.