

Programme	: <b>M. Com</b>	
Course Code	: <b>COO 411</b>	Title of the Course: <b>Working Capital and Dividend Decisions.</b>
Number of Credits	: <b>4</b>	
Effective from AY	: <b>2018-19</b>	

<b>Prerequisites:</b>	Students have studied B. Com and basic understanding of Financial Management.
<b>Need, Description, and Objectives</b>	<p>This course is defined in order to provide the student with the fundamental knowledge about the finances of the company linked to the operating cycle, like short-term assets and liabilities. It also focuses on how the dividend decisions of the firm affect the value of the firm and as well the investment decisions. Moreover, the subject is very valid in the financial management of the company. The need is to foster the student's critical awareness. The course provides an ability to manage and run a small company or organization, understanding its competitive and institutional positioning and identifying its strengths and weaknesses and also ability to evaluate the situation and the foreseeable evolution of the company based on the relevant records of information.</p> <p>This course provides an overview working capital management in terms of cash, receivables and inventory management thereby enabling the students to assess the working capital requirement; design credit, inventory and cash policy and recognize various sources of funds.</p> <p>To understand the techniques of financial management and apply the techniques in financial decision making</p>

<b>Content:</b>	<b>UNIT 1: Working Capital Management</b> Introduction - Components of Current Assets and Current Liabilities - Concepts of Working Capital - Objective of Working Capital Management - Need for Working Capital - Operating Cycle - Determinants of Working Capital - Approaches for Working Capital Management - Estimation of Working Capital - Working Capital and Bank Finance. [ <i>Includes practical problems</i> ].	12 hours
	<b>UNIT 2: Cash Management</b> Introduction - Meaning and Importance of Cash Management - Motives for Holding Cash - Objectives of Cash Management - Models for determining Optimal Cash Needs - Cash Planning - Cash Forecasting and Budgeting. [ <i>Includes practical problems</i> ].	12 hours
	<b>UNIT 3: Inventory and Receivables Management</b> <b>Inventory Management:</b> Introduction - Role of Inventory in Working Capital - Characteristics of inventory - Purpose of Inventory - Costs Associated with Inventories - Inventory Management Techniques - Importance of Inventory Management Systems	12 hours
	<b>Receivables Management:</b> Introduction - Costs associated with maintaining Receivables - Credit Policy Variables - Evaluation of Credit Policy. <b>UNIT 4: Dividend Decisions.</b> Introduction - Traditional Approach - Dividend Relevance Model - Miller and Modigliani Model - Stability of Dividends - Forms of Dividends - Stock Split. [ <i>Includes practical problems</i> ].	12 hours
	<b>Pedagogy:</b> Lecture/ Classroom Discussion/ Presentation/ Case Study/ Group Project or a combination	

	of some of these. Sessions shall be interactive in nature to enable peer group learning.
<b>Reference / Readings:</b>	<ol style="list-style-type: none"> <li>1. Brealey, Richard A and Steward C. Myers; Corporate Finance, McGraw Hill New York, 7<sup>th</sup> ed, 2007</li> <li>2. Chandra, Prasanna: Financial Management, Tata McGraw Hill, Delhi, 6<sup>th</sup> ed, 2012</li> <li>3. Hampton, John: Financial Decision Making, Prentice Hall, Delhi, 5<sup>th</sup> ed, 2008</li> <li>4. Pandey, I.M: Financial Management, Vikas Publishing House, Delhi, 10<sup>th</sup> ed, 2010</li> <li>5. Van Horne, J.C. and J.M. Wachowicz Jr.: Fundamental of Financial Management, Prentice – Hall, Delhi, 6<sup>th</sup> ed 2005</li> <li>6. Pinches, George E: Essential of Financial Management; Harper and Row, New York</li> <li>7. Khan MY, Jain PK: Financial Management; Tata McGraw Hill, New Delhi, 6<sup>th</sup> e, 2012</li> <li>8. Ross, Wester field and Jordan, Fundamentals of Corporate Finance, TMH, 6<sup>th</sup> ed, 2008</li> <li>9. V.K. Bhalla, Financial Management and Policy, Anmol Publishers, New Delhi, 3<sup>rd</sup> ed, 2012</li> <li>10. G. Sudarshan Reddy, Financial Management, Himalaya Publishers, 3<sup>rd</sup> ed, 2012</li> </ol>
<b>Learning Outcomes:</b>	<p>On successful completion of the course, the students are expected to:</p> <ol style="list-style-type: none"> <li>1. Evaluate comparative working capital management policies and their impact on the firm's profitability, liquidity, risk and operating flexibility.</li> <li>2. Evaluate the importance of effective working capital management and its role in meeting the firm's strategic objectives and its impact in value creation.</li> <li>3. Understand how dividend decisions affect share prices.</li> </ol>

