Objectives:

1. To acquaint the students with the principles & practices of management so as to enable them to develop an integrated approach to Financial Management.

2. To develop analytical and decision-making aptitude of the students through case studies.

(1) INDIAN FINANCIAL SYSTEM

- Finance function
- Financial Management and its objectives
- Indian financial system and its functions
- Some Aspects of financial Management Environment
  - Regulatory framework, IMF, World Bank, ADB

(2) CAPITAL STRUCTURE THEORIES

- Meaning
- Affected Factors
- Net Income Approach
- Net Operating Income Approach
- Traditional Approach
- M.M.Hypothesis without taxes and with taxes

(3) RISK MANAGEMENT

- Introduction to Risk
- Risk Management, Nature, Development, Scope, Definition, Objectives
- Personal V/s Corporate Risk Management,
- Corporate Risk Objectives, Attitude and Philosophy,
- Risk Management Organisation and Role of Risk Manager
- Risk Management Process

(4) FINANCIAL INTERMEDIARIES

- Financial intermediaries in India:
  (a) Reserve Bank of India
  (b) Commercial Banks
  (c) Term lending Institutions
Non-bank financial intermediaries
(a) Insurance Corporations (b) Unit Trust of India
(c) Post offices (d) providens funds
(e) Investment Companies (f) Hire purchase finance
companies
(g) Leasing finance companies (h) Housing finance companies
(i) Venture capital funds (j) N.R.I. funds

Financial Market
Instruments of Money Market:-
(a) Call Money (b) Treasury Bills
(c) Commercial Bills (d) Certificates of Deposits
(e) Commercial paper

Stock Market
Instruments of Capital Market:-
(a) Gilt edged securities (b) Equity shares (c) Preference shares
(d) Debenture (e) Public Deposits

(5) RAISING FINANCE 10%
Methods of capital issues
(a) Public issue (b) Right issue (c) Private issue
(d) Book building (e) Bonus share (f) Term loan, Term loan procedure

(6) WORKING CAPITAL MANAGEMENT – I 10%
Meaning-types-components of working capital
Meaning of working capital management
Case management
Meaning & objectives of cash management
Factors Affecting cash Requirements
The different Aspects of cash management
(i) planning of cash flow
   -Case budget
   -Long term cash forecasting
(ii) Reports for controls
(iii) Managing cash flows
(iv) Determining the optimum cash Balance
(v) Options and strategies for investing surplus funds.

(7) WORKING CAPITAL MANAGEMENT-II 10%
Management of Receivables
Objectives of Maintaining Receivables, Costs of credit sales, Terms of payments,
Credit policy variables or Ingredients
(a) Credit standards, (b) Credit Period (c) Cash Discount (d) Collection Policy
Credit Evaluation, Credit Sanctioning Decision,
Control on Receivables Techniques
(8) WORKING CAPITAL MANAGEMENT-III  10%
   Management of inventory, The need for maintaining inventory
   Objective of inventory management
   Techniques of inventory control
      (i) Economic Ordering Quantity
      (ii) Reordering point
      (iii) ABC Analysis

(9) CASE STUDY  20%
   1  Calculative sums should not be asked.
Objectives:

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(1) CORPORATE RESTRUCTURING-I 10%

Forms of corporate Restructuring

(A) Devices of acquisitions or expansion
   (i) Merger - Types, Reasons, Cost and Benefits of Merger
   (ii) Purchase of a division / Unit
   (iii) Takeover – Types, Regulation of Takeover, Guidelines of SEBI
   (iv) Advantages and Disadvantages of merger, Absorption, Purchasing and Takeover.
   (v) Defensive Measures Against Hostile Takeover

(2) CORPORATE RESTRUCTURING-II 10%

   (A) Forms of sell offs – Divestitures, Spin offs, Split ups
   (B) Changes in Ownership and control - Going public, Privatization, Leveraged Buy outs, Buyback of shares, Joint ventures

(3) LEASE FINANCE 10%

   Lease financing – Meaning, Characteristics, Types, Advantages & Disadvantages
   Difference between financial lease & operating lease
   Mechanics of Leasing, Lease buy decision an evaluation, Hire purchase finance

(4) ANALYSIS OF FINANCIAL PERFORMANCE 10%

   Objectives of financial Analysis and interpretation
   Methods of Analysing Financial statements
   (i) Ratio Analysis
   (ii) Comparative Analysis
   (iii) Do point Analysis
Leverage
Types of Leverage
(A) Operating Leverage
- Meaning, Definition, Sensitivity of operating profit, Utilities of operating leverage

(B) Financial Leverage
- Meaning, Effects, Financial Break Even Point, Degree of change in EBIT on DFL
- Utilities of financial leverage, Advantages and limitations
- Essential conciliations for financial leverage

(C) Combined leverage or Total leverage
- Degree of combined leverage, Sensitivity of EPS to changes in sales volume, Utilities of Combined leverage

(5) INTANGIBLE INTENSIVE COMPANIES
Characterisation or features of Intangible Assets or Intangible – Intensive Firms.
Implications for Financial Management
Types of Intangible Assets and Approaches to valuation
The Economic Approach to Valuation
Infosys Technologies : An examplar Intangible Intensive Company

(6) DIVIDEND POLICY
Meaning of dividend & dividend policy
Dividend policy
(i) Dividend policy – pay out Ratio
(ii) factors affecting payout ratio
(iii) Dividend policy-stability
Dividend as a residual payment

(7) INFLATION, RECESSION AND FINANCIAL MANAGEMENT
(A) Inflation - Meaning, Definition, Effects on financial management and its Remedies
(B) Recession - Meaning, Definition, Effects on financial management and its Remedies

(8) HYBRID FINANCING & CORPORATE GOVERNANCE
(A) Hybrid financing (General Concept)
- Basic, Sources of financing :
  (a) Preference Capital
  (b) Features of warrants and convertible debentures
  (c) Valuations of warrants
  (d) Valuation of compulsorily convertible debentures
  (e) Valuation of optionally convertible debentures
  (f) Motives for issuing warrants convertible debentures
  (g) Innovative hybrids.
(B) Corporate Governance (General Concept)
- Basic, Organization of corporate governance :-
  (a) Divergence of interest
  (b) Devices for containing agency costs
  (c) Corporate governance in industrially developed world
  (d) Corporate governance in India
  (e) Reforming Corporate governance
  (f) Legal provisions and SEBI code
  (g) Executive Compensation
  (h) Employee Stock option scheme

(9) CASE STUDY 20%

1. Calculative sums should not be asked.

REFERENCE BOOK :-

2. Financial Management – Macmillan
5. Financial Management – B.S. Shah Prakashan
11. Corporate Dividend Policy – J.A. Bittain
12. Dividend Policy and Enterprise Valuation – J. E. Walter
13. Corporate Finance Theory and Practice – A. Damodaran

  Definition of business, Vision (meaning and scope), Mission (meaning and components), Objectives