

GUJARAT TECHNOLOGICAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION (GTU'S Global Program)

Year – I (Semester – II) (W.E.F. January 2014)

Subject Name: Financial Management (FM)

Subject Code: 2820003

1. Course Objective: The objective of this course is to equip the students with conceptual understanding of finance and its practical application. It is expected that the students possess a sound base in accounting principles and practices including financial analysis. Therefore, it would begin with the framework of financial management linking various functional subjects. Important decisions that come under corporate finance, namely, setting up of projects covering investment in fixed and current assets, raising funds and allocation of profits are taken within the framework of risk and return. Students are expected to learn these decision making skills with the help of few cases. The course also intends to make students gain the mechanical part of various decisions with the help of selected numerical problems available in various suggested text books.

2. Course Duration: The course duration is of 36 sessions of 75 minutes each i.e. 45 hours.

3. Course Contents:

Module No:	Module Content	No. of Sessions	Marks (70 External exam)
I	Understanding the Meaning of Financial Management, Financial System, Time value of Money, Basics of Risks and Returns, Concepts of time value, Compounding and Discounting, Annuities, Valuation of Bonds and Shares.	5	10
	Understanding Working Capital Management as a Decision to Create Value for Business: Principles of Working Capital Management, Various Approaches, Estimation of Working Capital, Management of Components of Working Capital; Cash, receivables, inventory and sources of working capital finance	4	10

II	Managements of Understanding Investment Decision and Various Steps Involved: Nature of Investment Decision, Techniques of Investment Decisions; Discounted and Non Discounted Techniques, Estimation of Discount Rate (Cost of Capital), Basics of Risk and Return	5	15
III	Understanding Financing Decisions and Various Sources of Finance: Meaning of Leverage, Theory of Capital Structure, Relevance and Irrelevance of Capital Structure, Arbitraging, Sources of Long Term and Short Term Finance; Shares, Debentures and	8	20
IV	Understanding Dividend Decisions, Theory, and Practices; Contemporary Issues and Projects by Students: Various Models of Relevance and Irrelevance Approaches Towards Dividend theory.	6	15
V	Practical Module: Select a company and perform financial analysis, prepare a report and make presentation in the class	8	(20 Marks of CEC Internal Evaluation)

4. Teaching Method: The course will use the following pedagogical tools:

- (a) Selected Cases Covering Major Financial Management Decisions.
- (b) Solving of selected numerical
- (c) Projects/Assignments/Quiz/Class Participation, etc.

5. Evaluation:

A	Projects/ Assignments/ Quizzes/ Individual or group Presentation/ Class participation/ Case studies etc	Weightage 50 marks (Internal Assessment)
B	Mid-Semester Examination	Weightage 30 marks (Internal Assessment)
C	End –Semester Examination	Weightage 70 marks (External Assessment)

6. Basic Text Books:

Sr. No.	Author	Name of the Book	Publisher	Edition
T1	Chandra, Prasanna	Financial Management, theory and Practice	Tata McGraw Hill	Latest Edition
T2	I M Pandey	Financial Management	Vikas Publication	Latest Edition
T3	Khan and Jain	Financial Management	Tata McGraw Hill	Latest Edition

7. Reference Books:

Sr. No.	Author	Name of the Book	Publisher	Edition
R1	P Peruswami	Financial Management	Tata McGraw Hill	Latest Edition
R2	P C Tulasiyani	Financial Management	S. Chand	Latest Edition
R3	R P Rastogi	Financial Management	Taxmann	Latest Edition
R4	Briham & Houston	Fundamentals of Financial Management	Sotuh-Western Thomson Business Information India (P) Ltd.	Latest Edition
R5	Brealey & Myers	Principles of Corporate Finance	Tata McGraw Hill	Latest Edition
R6	Reddy, Sudarshan	Financial Management – Principles and Practice	Himalaya Publication	Latest Edition
R7	Damodaran	Corporate Finance	Wiley	Latest Edition
R8	Chandra Bose	Financial Management	PHI	Latest Edition
R9	P. V. Kulakarni	Financial Management	Himalaya	Latest Edition
R10	Vyuptakesh Sharan	Foundations of Financial Management	Pearson	Latest Edition

R11	Ravi Kishore	Financial Management – Problems and Solutions	Taxmann	Latest Edition
R12	Rajiv Srivastava and Anil Misra	Financial Management	Oxford	Latest Edition
R13	W R Laser	Financial Management	Cengage Publication	Latest Edition
R14	Srivastava and Misra	Financial Management	Oxford University Press	Latest Edition

8. List of Journals/Periodicals/Magazines/Newspapers, etc. : Chartered Financial Analyst, Journal of Financial Management, Economic Times, Business Standard, Financial Express, etc.

9. Session Plan:

Session Nos.	Topic
1-2	Concepts of Time Value, Compounding and Discounting, annuities Sinking and Capital Recovery Factors Expected: Discussing and Solving Numerical Examples
3	Valuation of Bonds and Shares Expected: Discussing and Solving Numerical Examples
4	Principles of Working Capital Management and Formulating Working Capital
5	Estimation of Working Capital Requirements and Operating Cycles
6	Components of Working Capital; Cash Management and Tools of Managing Cash Case: Bright Paints Ltd., pp 656 of IMP
7	Components of Working Capital; Receivables Management Case: Relax Pharmaceuticals Ltd. Pp 623 of IMP Components of Working Capital; Inventory Management
8-9	Sources of Working Capital Finance; Regulation of Bank Finance, Committees, Maximum Permissible Bank Finance Case: Reliable Texamill Limited, pp 597 of IMP
10-11	Investment Decisions; Introduction and Techniques of Investment Selection, DCF and non DCF methods Expected: Discussing and Solving Numerical Examples
12-13	Cost of Capital Reading: Chapter 9 of IMP

14	Estimation of Cash Flows Case: Hind Petrochemicals Company, pp 227 of IMP Expected: Discussing and Solving Numerical Examples
15-16	Concepts of Leverage, Operating and Financial Leverages, Risk Return Analysis Expected: Discussing and Solving Numerical Examples Case: Central Equipment Company, pp 310-312 of IMP
17-19	Capital Structure Theories Relevance and Irrelevance of Capital Structure, and Arbitraging Expected: Discussing and Solving Numerical Examples
20-22	Sources of Long term and Short term Finance; Shares, Debentures and Term Loans, Leasing and Hire Purchase and Venture Capital
23-25	Dividend Theory; Various Models of Relevance and Irrelevance Approaches Towards Dividend Theory.
26-28	Formulation of Dividend Policy and Practice, Methods of Payments and Other Considerations
29-36	Practical Module: Students' Assigned Projects' , Presentations and Discussion, Topics are to be Related to Studies on major Decisions made by the companies such as Acquisition, Take-Over, Dividend Practices and Working Capital Management, etc.