

ADVANCED FINANCIAL MANAGEMENT			
Course Code	20MBAFM306	CIE Marks	40
Teaching Hours/Week (L:T:P)	3:0:2	SEE Marks	60
Credits	04	Exam Hours	03
<b>Course Objectives</b>			
1. To understand the concept capital structure and capital structure theories.			
2. To assess the dividend policy of the firm.			
3. To be aware of the management of working capital and its financing.			
4. To understand the techniques of managing different components of working capital.			
<b>Module -1 Capital Structure Decisions</b>			<b>9 hours</b>
Capital structure & market value of a firm. Theories of capital structure – NI approach, NOI approach, Modigliani Miller approach, Traditional approach. Planning the capital structure: EBIT and EPS analysis. ROI & ROE analysis. (Theory and Problems).			
<b>Module -2 Dividend Policy</b>			<b>9 hours</b>
<b>Dividend policy – Theories of dividend policy:</b> relevance and irrelevance dividend decision. Walter's & Gordon's model, Modigliani & Miller approach. Dividend policies – stable dividend, stable payout and growth. Bonus shares and stock split corporate dividend behavior. (Theory and Problems).			
<b>Module -3 Working Capital Management Policy</b>			<b>9 hours</b>
Working capital management – Determination of level of current assets. Sources for financing working capital. Bank finance for working capital. (No problems on estimation of working capital). Working capital financing: Short term financing of working capital, long term financing of working capital. Working capital leverage. (Theory).			
<b>Module -4 Inventory Management</b>			<b>7 hours</b>
Inventory Management: Determinations of inventory control levels: ordering, reordering, danger level. EOQ model. Pricing of raw material. Monitoring and control of inventories, ABC Analysis. (Theory and problems)			
<b>Module -5 Receivables Management</b>			<b>7 hours</b>
Receivables Management – Credit management through credit policy variables, marginal analysis, Credit evaluation: Numerical credit scoring and Discriminate analysis. Control of accounts receivables, Problems on credit granting decision. (Theory and Problems)			
<b>Module-6 Cash Management</b>			<b>9 hours</b>
Cash Management – Forecasting cash flows – Cash budgets, long-term cash forecasting, monitoring collections and receivables, optimal cash balances – Baumol model, Miller-Orr model, Strategies for managing surplus fund. (Theory and Problems)			
<b>Course outcomes:</b>			
At the end of the course the student will be able to:			
1. Get an overview of capital structure theories.			
2. Understand and assess the dividend policy of the firm.			
3. Realize the importance of management of working capital in an organization.			
4. Be aware of the techniques of cash, inventory and receivables management			
<b>Practical Component:</b>			
• Study the working capital financing provided by a Bank and submit the report on the same.			
• Study the annual report of any two companies and prepare a cash budget for next year.			
• Study dividend policy of companies and its impact on shareholders' wealth.			
• Study implications of bonus issues/stock splits of companies.			

### CO-PO MAPPING

CO	PO				
	PO1	PO2	PO3	PO4	PO5
CO1	X				
CO2	X			X	
CO3	X				
CO4	X				X

#### Question paper pattern:

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 60.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks.
- Each full question will have sub question covering all the topics under a Module.
- The students will have to answer five full questions; selecting four full question from question number one to seven and question number eight is compulsory.
- 40 percent theory and 60 percent problems in the SEE.

#### Textbooks

Sl. No.	Title of the book	Name of the Author/s	Publisher Name	Edition and year
1	Financial Management	M.Y.Khan & P.K.Jain	TMH	6/e, 2011
2	Financial Management	Prasanna Chandra	TMH	8/e, 2011
3	Corporate Finance-Text and Cases	Vishwanath S.R.	Sage Publishing	3/e, 2019

#### Reference Books

1	Financial Management & Policy	Vanhome	Pearson	12/e,
2	Financial Planning: Theory and Practice	Sid Mittra, Shailendra Kumar Rai, Anandi P Sahu & Harry Starn, Jr.	Sage Publishing	1/e, 2015
3	Financial Management-A	Rajesh Kothari	Sage Publishing	2/e, 2017

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