

Modern Portfolio Theory: Markowitz Model -Portfolio Selection, Opportunity set, Efficient Frontier. Capital Asset pricing model: Basic Assumptions, CAPM Equation, Security Market line, Extension of Capital Asset pricing Model - Capital market line, SML VS CML. Arbitrage Pricing Theory: Arbitrage, Equation, Assumption, Equilibrium, APT AND CAPM.

Portfolio Management: Diversification- Investment objectives, Risk Assessment, Selection of asset mix, Risk, Return and benefits from diversification. Portfolio Management Strategies: Active and Passive Portfolio Management strategy. Portfolio Revision: Portfolio Revision Strategies – Objectives, Performance plans.

Portfolio Evaluation: Holding period's returns, Measures of portfolio performance. Sharpe's, Treynor's and Jensen's.

**(QUESTION PAPER- 50% Problems, 50% Theory)**

**Practical Components:**

- A Student is expected to trade in stocks. It involves an investment of a virtual amount of Rs.10 lakhs in a diversified portfolio and managing the portfolio. At the end of the Semester the Net worth is to be assessed and marks may be given (to beat an index).
- Students should study the functioning of stock exchange.
- Students can do:-
  - Macro Economic Analysis for the Indian economy.
  - Industry Analysis for Specific Sectors.
  - Company Analysis for select companies.
  - Practice Technical Analysis
- Students can study the mutual funds schemes available in the market and do their Performance evaluation.

**RECOMMENDED BOOKS:**

- Investments – ZviBodie, Kane, Marcus &Mohanty, 8/e, TMH, 2010.
- Investment Analysis and Portfolio management – Prasanna Chandra, 3/e, TMH, 2010.
- Security Analysis & Portfolio Management- Kevin S, PHI, 2011.
- Investment Management – Bhalla V. K, 17/e, S.Chand, 2011.
- Security Analysis & Portfolio Management – Fisher and Jordan, 6/e, Pearson, 2011.
- Security Analysis & Portfolio Management – Punithavathy Pandian, 2/e, Vikas, 2005.
- Investment Management – Preethi Singh, 17/e, Himalaya Publishing House 2010.

**REFERENCE BOOKS:**

- Fundamentals of Investment – Alexander, Sharpe, Bailey, 3/e, PHI, 2001.
- Security Analysis & Portfolio Management – Nagarajan K &Jayabal G , 1<sup>st</sup> Edition, New Age international, 2011.
- Security Analysis & Portfolio Management– Dhanesh Khatri, 1<sup>st</sup> Edition, Macmillan, 2010.
- Security Analysis & Portfolio Management– Talwar, 1<sup>st</sup> Edition, Cengage, 2016.

**ADVANCED FINANCIAL MANAGEMENT**

Subject Code	: 16MBA FM304	IA Marks	: 20
No. of Lecture Hours / Week	: 03	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 80
Practical Component	: 02 Hours / Week		

### **Objectives:**

- To understand the management of working capital.
- To understand the techniques of cash, inventory and receivables management
- To comprehend the capital structure
- To assess the dividend policy of the firm

### **Course Outcome:**

At the end of the course, the students are able to:

- Realize the importance of management of working capital in an organization.
- Be aware of the techniques of cash, inventory and receivables management
- Get an overview of capital structure theories
- Understand and assess the dividend policy of the firm

### **Unit 1: (8 Hours)**

**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.

### **Unit 2: (10 Hours)**

**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.

### **Unit 3: (9 Hours)**

**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.

### **Unit 4: (9 Hours)**

**Inventory Management:** Determinations of inventory control levels : ordering, reordering, danger level. EOQ model. Pricing of raw material. Monitoring and control of inventories, ABC Analysis.

### **Unit 5: (10 Hours)**

**Capital structure decisions** – capital structure & market value of a firm. Theories of capital structure – NI approach, NOI approach, Modigliani Miller approach, Traditional approach. Arbitrage process in capital structure. Planning the capital structure: EBIT and EPS analysis. ROI & ROE analysis. Capital structure policy

### **Unit 6: (10Hours)**

**Dividend policy** – Theories of dividend policy : 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. Legal and procedural aspects of dividends Corporate Dividend Tax.

**(Question paper: 40% theory and 60% problems)**

**Practical Components:**

- 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

**RECOMMENDED BOOKS:**

- Financial Management - M.Y. Khan & P.K. Jain, 6/e, TMH, 2011
- Financial Management - Prasanna Chandra, 8/e, TMH, 2011.
- Financial Management - I.M. Pandey, 10/e, Vikas, 2011.
- Financial Management: Comprehensive Text Book with Case Studies – Ravi M. Kishore, 7/e, Taxmann.
- Principle of Corporate Finance– Brearly and Myers, 10/e, TMH, 2012

**REFERENCE BOOKS:**

- Financial Management: Theory & Practice - Brigham & Ehrhardt, 10/e, Cenage Learning, 2004.
- Corporate Finance: Ross, Westerfield & Jaffe, – TMH – 8/e, 2010
- Financial Management & Policy - Vanhorne, 12/e, Pearson
- Corporate Finance: Theory & Practice – AshwathDamodaran, 2/e, Wiley India Pvt. Ltd., 2009.
- Cases in Financial Management - Pandey & Bhatt, 2/e, TMH, 2012.

**COST MANAGEMENT**

Subject Code	: 16MBA FM305	IA Marks	: 20
No. of Lecture Hours / Week	: 03	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 80
Practical Component	: 02 Hours / Week		

**Objectives:**

- To describe the cost concepts, cost behaviors, and cost accounting techniques that are applied to manufacturing and service businesses
- To provide an understanding of the use of cost information in support of different strategies
- To demonstrate costing methods and techniques appropriate to a variety of businesses
- To prepare and interpret budgets and operating results through variance analysis
- To describe the use of balanced scorecard and explain how the balanced scorecard supports strategic cost management

**Course Outcome:**

At the end of the course, the students are able to :

- Understand the cost concepts, cost behaviors, and cost accounting techniques
- Get an insight into the use of cost information in support of different strategies