

Programme : M COM  
 Course Code : **COC 121**  
 Course Title : **Advanced Financial Management**  
 Number of Credits : 4  
 Effective from AY : 2020-21

Need of the Course	: This course will enable to the student to understand how corporations make important investment and financing decisions, and how they establish working capital policies. The course also lays a foundation for more complex financial topics that arise in additional elective courses in finance. This course in financial management describes the corporation and its operating environment; it will help any future manager to understand how the finances of a company work, and how they will be interfacing with finance.
Description of the Course	: This course is designed to provide fundamental knowledge about the finances and management of finances of the company linked to the long term and short term decisions. 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.
Objectives of the Course	: To provide fundamental knowledge about the finances and management of finances of the company. To enable the students to understand the process of financial decision making to enhance shareholder's wealth. To understand the techniques of financial management and apply the techniques in financial decision making. To understand the concept and techniques of earnings management and financial reporting.

#### Course Content

Unit 1	:Introduction to Financial Management	12 hours
Introduction – Meanings and Definition - Goals of Financial Management - Finance Functions - Interface between Finance and Other Business Functions – Time Value for Money – Valuation of Bonds and Shares.		
Unit 2	:Financing and Investment Decisions	14 hours
Introduction - Meaning of Cost of Capital - Cost of Different Sources of Finance - Weighted Average Cost of Capital – Leverage - Operating Leverage - Application of Operating Leverage - Financial Leverage - Combined Leverage - CAPITAL STRUCTURE – Introduction - Factors affecting Capital Structure - Theories of Capital Structure (Including problems). CAPITAL BUDGETING - Introduction - Capital Budgeting Process - Investment Evaluation - Appraisal Criteria - Capital Budgeting Techniques. (Including problems). RISK ANALYSIS IN CAPITAL BUDGETING - Risk adjusted Discount Rate - Certainty Equivalent Approach - Probability Distribution Approach -Sensitivity Analysis – Scenario Analysis- Simulation Analysis - Decision Tree Approach (Including problems).		

Unit 3	:Working Capital and Dividend Decisions Concepts of Working Capital	12 hours
<p>- Operating Cycle - Determinants of Working Capital - Approaches for Working Capital Management - Estimation of Working Capital - Working Capital and Bank Finance. [Includes practical problems]. CASH MANAGEMENT - Motives for Holding Cash - Objectives of Cash Management - Models for determining Optimal Cash Needs - Cash Planning - Cash Forecasting and Budgeting. [Includes practical problems]. Inventory Management: Purpose of Inventory - Costs Associated with Inventories - Inventory Management Techniques - Importance of Inventory Management Systems Receivables Management: Introduction - Costs associated with maintaining Receivables - Credit Policy Variables - Evaluation of Credit Policy – Dividend Decisions - Theories of Dividends – Relevancy Models – Gordon’s Model – Walter’s Model – Irrelevancy Model - Miller and Modigliani Model - [Includes practical problems].</p>		
Unit 4	:Business Valuation and Earnings Management	10 hours
<p>Conceptual Framework of Business Valuation, Approaches/Methods of Valuation and other Approaches to Value Measurement; Earnings Management (EM)– concept and definition, objectives and motives of EM, Techniques of EM, means to Check Window Dressing through EM, Corporate Frauds under Companies Act, 2013</p>		
Pedagogy	: 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.	
Reference/Readings	<p>: Khan, M.Y &amp; Jain, P.K.: Financial Management; Tata McGraw Hill, New Delhi, 2008.  Pandey, I. M.: Financial Management; Vikas Publishing House, New Delhi, 2005.  Chandra, Prasana: Financial Management; Tata McGraw Hill, New Delhi, 2008.  Brealey and Meyers: Principles of Corporate Finance; Tata McGraw Hill, New Delhi, 2008.  Keown, Martin, Petty and Scott (Jr): Financial Management; Principles and Applications; Prentice Hall of India, New Delhi, 2002.  Gitman, L.J: Principles of Managerial Finance; Addison Wasley, 2009.  Vanhorne, James C: Financial Management and Policy; Prentice Hall of India, New Delhi, 2002.  8. Kishore Ravi, M: Financial Management; Taxman, 2006</p>	
Course Outcome	<p><b>CO1</b> Gain expert knowledge of principles and concepts used in finance;  <b>CO2</b> be able to find out the best course of action among several financial options;  <b>CO3</b> gain the understanding to apply financial concepts and principles in overall management of an enterprise;  <b>CO4</b> learn to manage short-term resources of a business firm; and  <b>CO5</b> have an idea as to how financial management decisions are taken in the Public sector undertakings  <b>CO6</b> gain understanding of the concept of Earnings management.</p>	