

INSTITUTE	FACULTY OF MANAGEMENT STUDIES
PROGRAM	BACHELOR OF BUSINESS ADMINISTRATION
SEMESTER	6
COURSE TITLE	ADVANCED FINANCIAL MANAGEMENT
COURSE CODE	04BB1605
COURSE CREDITS	4

Course Outcomes: After completion of this course, student will be able to:

- 1 Get acquainted with the basic framework of designing capital structure of a firm.
- 2 Evaluate the risk aspect for analyzing investment decisions.
- 3 Understand the importance of dividend policy and its relevance in the value of a firm.
- 4 Identify and analyze the Credit Management and Credit Policies of the firm.
- 5 Identify and analyze different methods for Financial Inventory Management.

Pre-requisite of course:NONE

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
4	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Capital Structure Decision Capital Structure tradeoff(Equity - Debt, advantages and disadvantages), EBIT- EPS Analysis, ROI-ROE Analysis, Leverage Analysis(indifference point, financial break even point), Ratio Analysis(Interest Coverage ratio, Cash flow ratio, Debt Service Coverage ratio, Asset turnover ratio), Factors determining capital structure.	8
2	Risk Analysis in Capital Budgeting Introduction of Capital Budgeting Methods, Sources of Risk in Project, Statistical Techniques for Risk Analysis-Probability, Variance or Standard Deviation, Coefficient of Variation, Sensitivity Analysis and Scenario Analysis, Break-even Analysis, Simulation Analysis, Decision tree Analysis, Risk Management in Corporates. (Theory & Problems)	10

Contents : Unit	Topics	Contact Hours
3	Dividend Policies Introduction, Ploughing Back of Profit, Factors affecting Dividend Decision, Issues in dividend policy, Bonus Share & Stock Splits, Different forms of dividend, Buyback of Shares. Theories of Dividend Policy - Walter's Model, Gordon's Model, The Miller and Modigliani (MM) Hypothesis and the concept of Dividend and Uncertainty - the bird in the hand argument.	10
4	Credit Management Introduction, Terms of payment, Credit policy Variables, Credit Evaluation, Credit Granting Decision, Control of Accounts Receivables, Credit Management in India.	10
5	Inventory Management Introduction to Inventories, Need for inventory, Ordering Quantity - EOQ Model, Order Point, Costing of Raw Materials and Valuation of Stock, Monitoring and control of Inventories, Inventory Management in India.	10
Total Hours		48

Textbook :

- 1 Financial Management, Prashna Chandra, Mc Hill, 2011

References:

- 1 Financial Management, Financial Management, M. Y Khan and P. K. Jain, Mc Hill, 2013
- 2 Financial Management, Financial Management, I M Pandey, Vikas, 2015

Suggested Theory Distribution:

The suggested theory distribution as per Bloom's taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking
10.00	20.00	25.00	25.00	10.00	10.00

Instructional Method:

- 1 Theory