

VEER NARMAD SOUTH GUJARAT UNIVERSITY

M.Com-I.

Semester - 3

Paper No: 302

FINANCIAL MANAGEMENT PAPER - 1
(Syllabus effective from Academic Year 2014-15 onwards)

Objectives:-

1. To acquaint the students with the principles & practices of management so as to enable them to develop an integrated approach to Financial Management.
2. To develop analytical and decision-making aptitude of the students through case studies.

(1) INDIAN FINANCIAL SYSTEM

10%

Finance function
Financial Management and its objectives
Indian financial system and its functions
Some Aspects of financial Management Environment
Regulatory framework , IMF, World Bank, ADB

(2) CAPITAL STRUCTURE THEORIES

10%

Meaning
Affected Factors
Net Income Approach
Net Operating Income Approach
Traditional Approach
M.M.Hypothesis without taxes and with taxes

(3) RISK MANAGEMENT

10%

Introduction to Risk
Risk Management, Nature, Development, Scope, Definiation, Objectives
Personal V/s Corporate Risk Management,
Corporate Risk Objectives, Atitude and Philosophy,
Risk Management Organisation and Role of Risk Manager
Risk Management Process

(4) FINANCIAL INTERMEDIARIES

10%

Financial intermediaries in India:-
(a) Reserve Bank of India
(b) Commercial Banks
(c) Term lending Institutions

Non-bank financial intermediaries

- (a) Insurance Corporations
- (b) Unit Trust of India
- (c) Post offices
- (d) providens funds
- (e) Investment Companies
- (f) Hire purchase finance companies
- (g) Leasing finance companies
- (h) Housing finance companies
- (i) Venture capital funds
- (j) N.R.I. funds

Financial Market

Instruments of Money Market:-

- (a) Call Money
- (b) Treasury Bills
- (c) Commercial Bills
- (d) Certificates of Deposits
- (e) Commercial paper

Stock Market

Instruments of Capital Market:-

- (a) Gilt edged securities
- (b) Equity shares
- (c) Preference shares
- (d) Debenture
- (e) Public Deposits

(5) RAISING FINANCE

10%

Methods of capital issues

- (a) Public issue
- (b) Right issue
- (c) Private issue
- (d) Book building
- (e) Bonus share
- (f) Term loan, Term loan procedure

(6) WORKING CAPITAL MANAGEMENT – I

10%

Meaning-types-components of working capital

Meaning of working capital management

Case management

Meaning & objectives of cash management

Factors Affecting cash Requirements

The different Aspects of cash management

- (i) planning of cash flow
 - Case budget
 - Long term cash forecasting
- (ii) Reports for controls
- (iii) Managing cash flows
- (iv) Determining the optimum cash Balance
- (v) Options and strategies for investing surplus funds.

(7) WORKING CAPITAL MANAGEMENT-II

10%

Management of Receivables

Objectives of Maintaining Receivables, Costs of credit sales, Terms of payments,

Credit policy variables or Ingredients

(a) Credit standards, (b) Credit Period (c) Cash Discount (d) Collection Policy

Credit Evaluation, Credit Sanctioning Decision,

Control on Receivables Techniques

(8)WORKING CAPITAL MANAGEMENT-III

10%

Management of inventory, The need for maintaining inventory

Objective of inventory management

Techniques of inventory control

(i) Economic Ordering Quantity

(ii) Reordering point

(iii) ABC Analysis

(9) CASE STUDY

20%

1 Calculative sums should not be asked.

VEER NARMAD SOUTH GUJARAT UNIVERSITY

M.Com-II.

Semester - 4

Paper NO: 402

FINANCIAL MANAGEMENT PAPER - 2

(Syllabus effective from Academic Year 2014-15 onwards)

Objectives:-

1. To acquaint the students with the principles & practices of management so as to enable them to develop an integrated approach to Financial Management.
2. To develop analytical and decision-making aptitude of the students through case studies.

(1)CORPORATE RESTRUCTURING-I 10%

Forms of corporate Restructuring

(A) Devices of acquisitions or expansion

- (i) Merger - Types, Reasons, Cost and Benefits of Merger
- (ii) Purchase of a division / Unit
- (iii) Takeover – Types, Regulation of Takeover, Guidelines of SEBI
- (iv) Advantages and Disadvantages of merger, Absorption, Purchasing and Takeover.
- (v) Defensive Measures Against Hostile Takeover

(2)CORPORATE RESTRUCTURING-II 10%

(A) Forms of sell offs – Divestitures, Spin offs, Split ups

(B) Changes in Ownership and control - Going public, Privatization, Leveraged Buy outs, Buyback of shares, Joint ventures

(3)LEASE FINANCE 10%

Lease financing – Meaning, Characteristics, Types, Advantages & Disadvantages

Difference between financial lease & operating lease

Mechanics of Leasing, Lease buy decision an evaluation, Hire purchase finance

(4)ANALYSIS OF FINANCIAL PERFORMANCE 10%

Objectives of financial Analysis and interpretation

Methods of Analysing Financial statements

- (i) Ratio Analysis
- (ii) Comparative Analysis
- (iii) Do point Analysis

Leverage

Types of Leverage

(A) Operating Leverage

- Meaning, Definition, Sensitivity of operating profit, Utilities of operating leverage

(B) Financial Leverage

- Meaning, Effects, Financial Break Even Point, Degree of changer in EBIT on DFL
- Utilities of financial leverage, Advantages and limitations
- Essential conciliations for financial leverage

(C) Combined leverage or Total leverage

- Degree of combined leverage, Sensitivity of EPS to changes in sales volume, Utilities of Combined leverage

(5) INTANGIBLE INTENSIVE COMPANIES

10%

Characterisation or features of Intangible Assets or Intangible – Intensive Firms.

Implications for Financial Management

Types of Intangible Assets and Approaches to valuation

The Economic Approach to Valuation

Infosys Technologies : An exemplar Intangible Intensive Company

(6) DIVIDEND POLICY

10%

Meaning of dividend & dividend policy

Dividend policy

(i) Dividend policy – pay out Ratio

(ii) factors affecting payout ratio

(iii) Dividend policy-stability

Dividend as a residual payment

(7) INFLATION, RECESSION AND FINANCIAL MANAGEMENT

10%

(A) Inflation - Meaning, Definition, Effects on financial management and its Remedies

(B) Recession - Meaning, Definition, Effects on financial management and its Remedies

(8) HYBRID FINANCING & CORPORATE GOVERNANCE

10%

(A) Hybrid financing (General Concept)

- Basic, Sources of financing :-

(a) Preference Capital

(b) Features of warrants and convertible debentures

(c) Valuations of warrants

(d) Valuation of compulsorily convertible debentures

(e) Valuation of optionally convertible debentures

(f) Motives for issuing warrants convertible debentures

(g) Innovative hybrids.

(B) Corporate Governance (General Concept)

- Basic, Organization of corporate governance :-

- (a) Divergence of interest
- (b) Devices for containing agency costs
- (c) Corporate governance in industrially developed world
- (d) Corporate governance in India
- (e) Reforming Corporate governance
- (f) Legal provisions and SEBI code
- (g) Executive Compensation
- (h) Employee Stock option scheme

(9) CASE STUDY

20%

1. Calculative sums should not be asked.

REFERENCE BOOK :-

1. Financial Management and Policy – Van Horne 4th Add.
2. Financial Management – Macmillan
3. Financial Management – Khan and Jain 4th Add.
4. Money and Financial System – Sudhir Prakashan & Dr. D.D. Desai Uni – 2008
5. Financial Management – B.S. Shah Prakashan
6. Financial Analysis and Financial Management – R. P. Rustagi – 3rd Add.
7. Indian Financial System – Khan 4th Add.
8. Financial Management – Brigham – Ehrhardt – 11th Add.
9. Financial Management – Prasanna Chandra – 7th Add.
10. Financial Management – I.M. Pandey – 9th Add.
11. Corporate Dividend Policy – J.A. Bittain
12. Dividend Policy and Enterprise Valuation – J. E. Walter
13. Corporate Finance Theory and Practice – A. Damodaran
14. Introduction to Financial Management – L. D. Schall and C.W. Holey

Definition of business , Vision (meaning and scope) , Mission (meaning and components), Objectives