

# VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT

## M.COM. II

### FINANCIAL MANAGEMENT – EXTERNAL YEARLY

(Syllabus effective from Academic Year 2022-23)

#### Objectives:

1. To acquaint the students with the principles and 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.

Unit	Course Contents	Weightage
1.	<b>INDIAN FINANCIAL SYSTEM:</b> Financial Functions, Financial Management & its Objectives, Indian Financial System & Its Functions, Some Aspects of Financial Management Environment, Regulatory Framework and Direct Taxes, Basic Concept of GST ,CGST, IGST, Rates IMF, World Bank , ADB, BRICS Bank ( New Development Bank )	5%
2.	<b>SWAPS:</b> Meaning of swaps and its Categories, Types of Currency and Interest swaps with examples.	5%
3.	<b>RISK MANAGEMENT:</b> Introduction to Risk, Risk Management, Nature, Development, Scope, Definition, Objectives, Personal v/s Corporate Risk Management, Corporate Risk Objectives, Attitude and Philosophy, Risk Management Organization, Role Of Risk Manager, Risk Management Process.	5%
4.	<b>FINANCIAL INTERMEDIARIES:</b> <ul style="list-style-type: none"><li>• <u>Financial Intermediaries in India:</u> (a) Reserve Bank of India (b) Commercial Banks (c) Term Lending Institutions</li><li>• <u>Non-bank Financial Intermediaries:</u> (a) Insurance Corporations (b) Unit Trust of India (c) Post Offices (d) Provident Fund (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</li></ul>	5%

	<ul style="list-style-type: none"> <li>• <u>Finance Market</u>: Instrument Of Money Market (a) Call Money (b) Treasury Bills (c) Commercial Bills (d) Certificate of Deposits (e) Commercial Paper</li> <li>• <u>Stock Market</u> : Instrument of Capital Market (a) Gilt Edged Securities (b) Equity Shares (c) Preference Shares (b) Debentures (e) Public Deposits</li> </ul>	
5.	<b>RAISING FINANCE</b> : 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	5%
6.	<b>WORKING CAPITAL MANAGEMENT – 1 :</b> Meaning –Types – Components of Working Capital, Meaning of Working Capital Management ❖ <u>Cash Management</u> : Meaning & Objectives of Cash Management, Factors affecting Cash Requirements, The Different Aspects of Cash Management : (a) Planning of Cash Flow - Cash Budget - Long Term Cash Forecasting (b) Report of Controls (c) Meaning of Cash Flows including E-Cash via NEFT, RTGS (d) Determining the Optimum Cash Balance (e) Options and Strategies for Investing Surplus Funds	5%
7.	<b>WORKING CAPITAL MANAGEMENT – 2</b> ❖ <u>Management of Receivables</u> : Objectives of Maintaining Receivables Cost of Credit Sales, Terms of Payments. Credit Policy Variables or Ingredients: (a) Credit Standards (b) Credit Periods (c) Cash Discount (d) Collection Policy Credit Evaluation, Credit Sanctioning Decision, Control of Receivables Techniques	5%
8.	<b>WORKING CAPITAL MANAGEMENT –3</b> Management of Inventory, The need for maintaining Inventory Objective of Inventory Management Techniques of Inventory Control : (a) Economic Ordering Quantity, Order Quantity and Quantity Discount (b) Reordering Point (c) ABC Analysis	5%

9	<p><b>CORPORATE RESTRUCTURING – 1</b></p> <p>Forms of Corporate Restructuring</p> <p>Device of Acquisition or Expansion</p> <p>a) Merger : Types, Reasons, Cost and Benefits of Merger</p> <p>b) Purchase of Division / Unit</p> <p>c) Takeover : Types Regulation of Takeover, Guidelines of SEBI</p> <p>d) Advantages and Disadvantages of Merger, Absorption, Purchasing and Takeover.</p> <p>e) Defensive Measures against Hostile Takeover.</p>	5%
10	<p><b>CORPORATE RESTRUCTURING – 2</b></p> <p>(A) Forms of Sell Offs : Divestitures, Spin Offs, Split Ups</p> <p>(B) Changes in Ownership and Control :– Going Public, Privatization and Disinvestments, Leveraged Buy Outs, Buy Back of Shares, Joint Venture</p>	5%
11	<p><b>LEASE FINANCE:</b></p> <p>Lease Financing, Meaning, Characteristics, Types, Advantages &amp; Disadvantages. Difference between Financial Lease &amp; Operating Lease.</p> <p>Mechanics of Leasing, Lease Buy Decision an Evaluation, Hire Purchase Finance.</p>	5%
12	<p><b>ANALYSIS OF FINANCIAL PERFORMANCE:</b></p> <p>Objectives of Financial Analysis and Interpretation</p> <p>Methods of Analyzing Financial Statements</p> <p>(a) Ratio Analysis (b) Comparative Analysis (c) Du Pont Analysis</p> <p><b><u>Leverage</u></b></p> <p><b><u>Types Of Leverage :</u></b></p> <p><b>(A) Operating Leverage :</b> Meaning, Definition, Sensitivity of Operating Profit, Utilities of Operating Leverage</p> <p><b>(B) Financial Leverage :</b> Meaning, Effects, Financial Break Even Point, Degree of changer in EBIT on DFL – Utilities of Financial Leverage, Advantages and Limitations, Essential Conditions for Financial Leverage</p> <p><b>(C) Combined Leverage or Total Leverage :</b> Degree of Combined Leverage ,Sensitivity of EPS to changes in Sales Volume, Utilities of Combined Leverage</p>	5%
13	<p><b>INTANGIBLE INSENTIVE COMPANIES :</b></p>	5%

	<p>Features of Intangible Assets or Intangible Intensive Firms.</p> <p>Implications for Financial Management</p> <p>Types of Intangible Assets and Approaches to Valuation</p> <p>The Economic Approaches to Valuation</p> <p>Infosys Technologies : An example of Intangible Intensive Company</p>	
<b>14</b>	<p><b>INTERNATIONAL FINANCIAL MANAGEMENT :</b></p> <p>Basic Problems in International Financial Management</p> <p>Role of FPI in India, Domestic v/s International Financial Management</p>	<b>5%</b>
<b>15</b>	<p><b>INFLATION, RECESSION AND FINANCIAL MANAGEMENT :</b></p> <p><b>(A) Inflation :</b>  Meaning, Definition, Effects on Financial Management and its Remedies</p> <p><b>(B) Recession :</b>  Meaning, Definition, Effects on Financial Management and its Remedies</p>	<b>5%</b>
<b>16</b>	<p><b>HYBRID FINANCING AND CORPORATE GOVERNANCE :</b></p> <p><b>(A) HYBRID FINANCING (General Concept)</b>  Basic Source of Financing :</p> <p>(a) Preference Capital  (b) Features of Warrants and Convertible Debenture  (c) Valuation of Warrants  (d) Valuation of Compulsorily Convertible Debentures  (e) Valuation of Optionally Convertible Debentures  (f) Motives for Issuing Warrants Convertible Debentures  (g) Innovative Hybrid</p> <p><b>(B) CORPORATE GOVERNANCE (General Concept)</b>  Basic , Organization of Corporate Governance :</p> <p>(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</p>	<b>5%</b>
<b>17</b>	<b>CASE STUDY:</b>	<b>20%</b>

**NOTE:** Paper setter should consider syllabus and not any reference book or text books.

## **REFERENCE BOOK:**

1. Financial Management and Policy – Van Horne 4<sup>th</sup> Add.
2. Financial Management – Macmillan
3. Financial Management – Khan and Jain 4<sup>th</sup> Add.
4. Money and Financial System – Sudhir Prakashan and Dr.D.D. Desai Uni 2008
5. Financial Management – B.S. Shah Prakashan
6. Financial Analysis and Financial Management – R.P. Rustagi 3<sup>rd</sup> Add.
7. Indian Financial System – Khan 4<sup>th</sup> Add.
8. Financial Management – Brigham – Ehrhardt – 11<sup>th</sup> Add.
9. Financial Management – Prasanna Chandra – 7<sup>th</sup> Add.
10. Financial Management – I.M.Pnadey – 9<sup>th</sup> Add.
11. Corporate Finance Theory and Practice – A. Damodaran
12. Introduction to Financial Management – L.D. Schall and C.W.Holey
13. Financial Management Principle and Practice – Dr.S.N. Maheshwari
14. Financial Management – Ravi M. Koshore
15. Financial Management – Theory and Practice – Eugene Brigham and Michael C. Erhardt
16. Investment Management - V.K. Bhalla.