VEER NARMAD SOUTH GUJARAT UNIVERSITY

M.Com-II External

Paper No.402

FINANCIAL MANAGEMENT PAPER-2

(Syllabus effective from Academic Year 2018-19 onward)

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 **5%**

Finance function

Financial Management and its objectives

Indian financial system and its functions

Some Aspects of financial Management Environment

Regulatory framework and Direct Taxes and Basic concept of GST, CGST, IGST, Rates IMF, World Bank, ADB, BRICS Bank

(2) SWAPS **5%**

Meaning of swaps and its categories, types of currency and interest swaps with examples

(3) RISK MANAGEMENT **5%**

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 and Role of Risk Manager, Risk Management Process

(4) FINANCIAL INTERMEDIARIES **5%**

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) 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

Financial Market

Instrument of Money Market :

-(a) Call Money (b) Treasury Bills

(c) Commercial Bills (d) Certificate of Deposits

(e) Commercial Paper

Stock Market

Instrument of Capital Market

(a) Gilt edged securities (b) Equity Shares

(c) Preference Shares (d) Debentures

(e) Public Deposits

(5) RAISING FINANCE 5%

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 -1 5%

Meaning-types-components of working capital Meaning of working capital management

Cash management

Meaning & objectives of cash management Factors affecting cash Requirements The different Aspects of cash management (i) Planning of cash flow –Cash budget

-Long term cash forecasting

(ii) Reports for controls

(iii) Managing cash flows including E-cash via NEFT & RTGS

(iv) Determining the optimum cash Balance

(v) Options and strategies for investing surplus funds.

(7) WORKING CAPITAL MANAGEMENT-II 5%

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 5%

Management of inventory, The need for maintaining inventory

Objective of inventory management Techniques of inventory control

(1) Economic Ordering Quantity, Order quantity and Quantity discount

(2) Recording Point

(3) ABC Analysis

(9) CORPORATE RESTRUCTURING-1 5%

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

(10) CORPORATE RESTRUCTURING-II 5%

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

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

(10) LEASE FINANCE 5%

Lease financing, Meaning, Characteristics, Types, Advantages & Disadvantages, Difference between financial lease & operating lease, Mechanics of Leasing, Lease buy decision an evaluation, Hire purchase finance

(11) **ANALYSIS OF FINANCIAL PERFORMANCE** 5%

Objectives of financial Analysis and interpretation

Methods of Analysing Financial statements

(i) Ratio Analysis

(ii) Comparative Analysis

(iii) Du pont 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 conditions 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

(12) **INTANGIBLE INTENSIVE COMPANIES** 5%

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 example of Intangible Intensive Company

(13) **INTERNATIONAL FINANCIAL MANAGEMENT** 5%

Basic problems in International Financial Management Role of FPI in India

Domestic v/s. International Financial Management

(14) **INFLATION, RECESSION AND FINANCIAL MANAGEMENT** 5%

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

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

(15) HYBRID FINANCING & CORPORATE GOVERNANCE 5%

(A) Hybrid financing (General Gonçept)

- 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%**

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 - Brighan - Ehrahardt - 11th Add.
9. Financial Management - Prasanna Chandra - 7th Add.
10. Financial Management - I.M. Pandey - 9th Add.
11. Corporate Dividend Policy-J.A. Bittain

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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
15. Financial Management Principles and Practice - Dr. S. N. Maheshwari (Sultan-Chand)
16. Financial Management - Ravi M. Kishor-e.
17. Financial Management - Theory and Practice - Eugene Brigham & Michael C. Erhardt (Thomson)
18. Investment Management V. K. Bhalla (Sultan Chand)