

**Master of Business Administration  
MBA Semester III  
Financial Management Specialization**

**FM-02:Advanced Financial Management**

**Marks: 100**

**Duration: 60 Hrs.**

**CREDITS: 4**

**Objectives:** The objective of this course is to study the major decision-making areas of finance such as capital budgeting techniques under uncertainty, working capital management, cash management and receivables management. The fundamental aim of this course is to learn financial management skills, which can be applied in progressively more complex and realistic situations.

**Course Outcomes:**The successful completion of this course shall enable the students to:

**CO1:** Evaluate potential investment decisions and assesses their financial and strategic consequences.

**CO2:** Identify working capital needs of the organization.

**CO3:** Assess and plan acquisitions and mergers as an alternative growth strategy.

**CO4:** Evaluate and advise on alternative corporate re-organization strategies.

**CO5:** Apply and evaluate alternative corporate valuation models.

| <b>UNIT</b> | <b>CONTENT</b>  | <b>HOURS</b> |
|-------------|---|--------------|
| <b>I</b>    | Capital Budgeting - Capital budgeting under risk and uncertainty, Measures of Risk, Sensitivity Analysis, Scenario Analysis, Standard Deviation and Co-efficient of Variation, Financial Break Even Analysis, Decision Tree.  | 12           |
| <b>II</b>   | Working Capital Management - Needs of Working Capital, Determinants of Working Capital, Approaches to Working Capital Management, Financing of Working Capital. Computation of Working Capital requirements.<br>Cash Management - Cash Management and its Models.                                     | 12           |
| <b>III</b>  | Inventory Management - Objectives of Inventory Management, Inventory Management Techniques, Fixation of Inventory level.<br>Credit Management - Terms of Payment, Credit Policy Variables, Credit Evaluation, Credit Granting Decisions, Control of Accounts Receivables, Credit Management in India. | 12           |
| <b>IV</b>   | Merger/ Amalgamation- Acquisitions and Takeovers, Takeover Code, Legal and Procedure able aspects of Merger Decisions.  | 8            |
| <b>V</b>    | Corporate Financial Models- Introduction, Corporate Valuation, and Adjusted Book value Approach, Stocks and Debt Approach, Direct Comparison Approach and Discounted Cash Flow Approach.  | 11           |
|             | <b>Group learning exercises involving discussion, role-play and presentation by students.</b>   | 05           |
|             | <b>TOTAL</b>  | <b>60</b>    |

**Readings:**

1. I M Pandey "Financial Management," Vikas Publication, New Delhi.
2. Prasanna Chandra "Financial Management Theories and Practice," Tata McGraw-Hill, New Delhi
3. James C. Van Home "Financial Management and Policy".
4. M Y Khan, " Financial Management: Text and Problems," Tata McGraw-Hill, New Delhi.
5. Ravi M. Kishore, "Financial Management," Taxmann's Publication Pvt. Ltd.
6. V. K. Bhalla, "Financial Management and Policy", Anmol Publications Pvt. Ltd.

**Pedagogy:**

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive classroom discussions
- Flipped classroom

**Teaching Plan:**

At the beginning of each semester faculty teaching the course will provide (i) Teaching Plan,

(ii) updated reading list, and (iii) the list of case studies for uploading on Department website.

**Facilitating the achievement of Course Learning Outcomes**

| <b>Unit No.</b> | <b>Course Learning Outcomes</b>   | <b>Teaching and Learning Activity</b>                    | <b>Assessment Tasks</b>   |
|-----------------|---|--|---|
| I               | Ability to evaluate potential investment decisions and assesses their financial and strategic consequences. | Lecture/Video/ Case/ Presentation                        | Class participation, Presentation, Viva/ test, Analysis of Case Study |
| II              | Ability to identify working capital needs of the organization.  | Lecture/Video/ Case/ Presentation                        | Class participation, Presentation, Viva/ test, Analysis of Case Study |
| III             | Ability to assess and plan acquisitions and mergers as an alternative growth strategy.                      | Lecture/Video/ Case/ Presentation                        | Class participation, Presentation, Viva/ test, Analysis of Case Study |
| IV              | Ability to evaluate and advise on alternative corporate re-organization strategies.                         | Lecture/ Case/ Industry Expert interaction /Presentation | Class participation, Presentation, Viva/ test, Analysis of Case Study |
| V               | Ability to apply and evaluate alternative corporate valuation models.                                       | Lecture/ Industry Expert interaction/ Presentation       | Class participation, Presentation, Viva/ test, Analysis of Case Study |