



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1st Semester

Subject Name: Financial Management

Subject Code: 1519505

With effective
from academic
year 2020-21

1. Learning Outcomes:

Learning Outcome Component	Learning Outcome (Learner will be able to)
Business Environment and Domain Knowledge (BEDK)	<ul style="list-style-type: none"> • <i>Interpret</i> accounting, economic and financial data for planning and decision making in an organization.
Critical thinking, Business Analysis, Problem Solving and Innovative Solutions (CBPI)	<ul style="list-style-type: none"> • <i>Examine</i> the impact of investment decisions on a company's value for a given listed company. • <i>Estimate</i> the cost of each source of capital and combine these costs into a weighted average cost of capital for a company.
Global Exposure and Cross-Cultural Understanding (GECCU)	<ul style="list-style-type: none"> • <i>Compare</i> dividend policies of Indian corporate with globally practiced dividend policies.
Social Responsiveness and Ethics (SRE)	<ul style="list-style-type: none"> • <i>Identify</i> and explain corporate agency conflicts and resolutions.
Effective Communication (EC)	<ul style="list-style-type: none"> • <i>Explain</i> the relationship between the risks of capital investment with the opportunity cost of capital and returns. • <i>Suggest</i> the instruments for financing the long term and short term requirement to the management and negotiate with the lenders
Leadership and Teamwork (LT)	<ul style="list-style-type: none"> • <i>Determine</i> the main factors that financial managers should consider when determining a company's financing strategy.

LO – PO Mapping: Correlation Levels: 1 = Slight (Low); 2 = Moderate (Medium); 3 = Substantial (High), “-“= no correlation

Sub. Code: 4539292	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
LO1: <i>Interpret</i> accounting, economic and financial data for planning and decision making in an organization.	2	2	3	1	1	-	-	-	2
LO2: <i>Examine</i> the impact of investment decisions on a company's value for a given listed company.	3	2	3	-	-	-	-	3	3
LO3: <i>Estimate</i> the cost of each source of capital and combine these costs	3	2	3	-	-	-	-	3	3



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1st Semester

Subject Name: Financial Management

Subject Code: 1519505

With effective
from academic
year 2020-21

into a weighted average cost of capital for a company.									
LO4: Compare dividend policies of Indian corporate with globally practiced dividend policies.	3	2	3	-	-	-	-	-	3
LO5: Identify and explain corporate agency conflicts and resolutions.	2	2	2	-	3	-	-	-	-
LO6: Explain the relationship between the risks of capital investment with the opportunity cost of capital and returns.	2	2	1	1	-	2	3	-	-
LO7: Suggest the instruments for financing the long term and short term requirement to the management and negotiate with the lenders	2	2	1	1	-	2	3	-	-
LO8: Determine the main factors that financial managers should consider when determining a company's financing strategy.	2	2	2	2	-	3	-	1	1

2. **Course Duration:** The course duration is of **40 sessions of 60 minutes each.**

3. **Course Contents:**

Module No:	Contents	No. of Sessions	70 Marks (External Evaluation)
I	Overview of Financial Management: • Meaning, Objectives, Scope, Role and Functions of	10	17



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1st Semester

Subject Name: Financial Management

Subject Code: 1519505

**With effective
from academic
year 2020-21**

	<p>Financial Management (Financial Decisions).</p> <ul style="list-style-type: none"> Financial Goal - Profit Maximization versus Shareholders' Wealth Maximization. <p>Time value of Money: (Theory and numerical)</p> <ul style="list-style-type: none"> Concepts, Compounding, Discounting, Annuities. <p>Sources of Long-Term Finance: (Theory)</p> <ul style="list-style-type: none"> Introduction to Equity Shares, Preference Shares and Debentures, Term loan. <p>Valuation of Bonds, Preference shares and Equity. (Numerical)</p>		
II	<p>Understanding Investment Decisions (Capital Budgeting Decisions):(Theory and numerical)</p> <ul style="list-style-type: none"> Meaning, Features Types and Importance of Investment Decisions <ul style="list-style-type: none"> Discounted Cash Flow (DCF) <ul style="list-style-type: none"> NPV, IRR, MIRR, PI, Discounted Payback Non-Discounted Cash Flow Techniques <ul style="list-style-type: none"> ARR, Payback period <p>Capital Rationing</p> <p>Understanding Dividend Decision:</p> <ul style="list-style-type: none"> Dividend and dividend policy Factors affecting dividend payout Dividend payment models: (theory and numerical) <ul style="list-style-type: none"> Dividend relevance model <ul style="list-style-type: none"> Walter model Gordon model Dividend irrelevance model <ul style="list-style-type: none"> MM model 	8	15
III	<p>Cost of Capital: (Theory and numerical)</p> <ul style="list-style-type: none"> Significance, Concept of the Opportunity Cost of Capital Component Costs of Capital - Cost of Debt, Preference Capital and Equity Capital Weighted Average Cost of Capital (WACC) <p>Leverage: (Theory and numerical)</p> <ul style="list-style-type: none"> Types of Leverage - Operating, Financial and Combined Leverage. Point of indifference <p>Understanding Financing Decisions (Capital Structure Decisions): (Theory and numerical)</p> <ul style="list-style-type: none"> NI Approach NOI Approach 	10	18



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1st Semester

Subject Name: Financial Management

Subject Code: 1519505

**With effective
from academic
year 2020-21**

	<ul style="list-style-type: none"> MM Theory with and without Taxes 		
IV	<p>Working Capital Management:</p> <ul style="list-style-type: none"> Concepts of Working Capital. Operating Cycle. Determinants of Working Capital. Estimating Working Capital Needs. (Theory and numerical) Working Capital Finance Policies. <ul style="list-style-type: none"> Matching approach, conservative approach, and aggressive approach. <p>Cash Management: (Theory and numerical)</p> <ul style="list-style-type: none"> Need for Cash Management. Cash Management Cycle. Cash forecasting through budgeting. Determining the Optimum Cash Balance under Certainty (Baumol's Model) and Uncertainty (The Miller- Orr Model). <p>Receivables Management:</p> <ul style="list-style-type: none"> Nature and Goals of Credit Policy Credit Policy Variables(Theory and numerical) <p>Working Capital Financing (Theory)</p> <ul style="list-style-type: none"> Accruals, Trade Credit, Working Capital Advance by Commercial Banks, Commercial Paper, Factoring, Public Deposits and Inter Corporate Deposits 	12	20
V	<p>Application: Select suitable organization and study:</p> <ul style="list-style-type: none"> The role and functions of Finance department; Select Scrip or bonds and do the valuation of its Securities; Study the investment decisions, working capital policy and cash budgeting etc. <p>Wherever possible, students should use MS-Excel for undertaking financial calculations and analysis, using specific formulae, equations and features of the software.</p>	---	(30 marks CEC)

4. Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive class room discussions



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 1st Semester

Subject Name: Financial Management

Subject Code: 1519505

With effective
from academic
year 2020-21

5. Evaluation:

Students shall be evaluated on the following components:

	Internal Evaluation	(Internal Assessment- 50 Marks)
A	• Continuous Evaluation Component	30 marks
	• Class Presence & Participation	10 marks
	• Quiz	10 marks
B	Mid-Semester examination	(Internal Assessment-30 Marks)
C	End –Semester Examination	(External Assessment-70 Marks)

6. Reference Books:

No.	Author	Name of the Book	Publisher	Year of Publication / Edition
1	Prasanna Chandra	Financial Management, theory and Practice	McGraw - Hill	Latest Edition
2	I M Pandey	Financial Management	Vikas	Latest Edition
3	M. Y. Khan and P. K. Jain	Financial Management	McGraw - Hill	Latest Edition
4	Rajiv Srivastava & Anil Misra	Financial Management	Oxford	Latest Edition
5	Ravi Kishore	Financial Management – Problems and Solutions	Taxmann	Latest Edition
6	P C Tulasiani	Financial Management	S. Chand	Latest Edition
7	P. V. Kulkarni and B. G. Satyaprasad	Financial Management	Himalaya	14 th Revised Edition
8	Eugene F. Brigham	Financial Management: Theory and Practice	South Western College	14 th Edition
9	Vyuptakesh Sharan	Fundamentals of Financial Management	Pearson	3 rd Edition
10	R. P. Rastogi	Financial Management	Taxmann	Latest Edition
11	V Pattabhi Ram and S D Bala	Strategic Financial Management	Snow white	Latest Edition
12	Dr. J.B. Gupta	Strategic Financial Management	Taxmann	Latest Edition

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

7. List of Journals/Periodicals/Magazines/Newspapers / Web resources, etc.

1. News Paper: Business Standard, Economic Times, Times of India
2. Journals: Finance India, Global Journal of Finance & Management, Journal of Business & Financial Affairs etc.
3. Websites pertaining to companies, capital market, RBI etc.