

Veer Narmad South Gujarat University
FSE-1: 505 – ADVANCED Financial
Management
(Finance Elective Group)

Course	505
Course Title	ADVANCED Financial Management
Credit	4
Teaching per Week	4
Review / Revision	June, 2022
Minimum weeks / Semester	Lectures, PowerPoint presentations, Group Work
Medium of Instruction	English
Purpose of Course	<ul style="list-style-type: none"> To provide financial knowledge to students from a company point of view when making financial decisions and also from an investor point of view when making investment decisions in the capital market.
Course Objective	<ul style="list-style-type: none"> To equip students with basic tenets of long-term financial decision-making.
Course Outcome	<ul style="list-style-type: none"> Evaluate the applicability of the concept of Financial Management to understand the managerial Decisions and Corporate Capital Structure Analyze the complexities associated with management of cost of funds in the capital Structure Evaluate how the concepts of valuation of security and dividend policy decisions could integrate while identification and resolution of problems pertaining to Business.
Course Content	
Unit 1: Valuation of Securities (Numeric) (30%) <ul style="list-style-type: none"> Concept of value, Importance of Valuation, Bond Valuation: Basic bond valuation, semi-annual interest payment, effect of relation between required rate of return & coupon rate on bond values, effect of years to maturity on bond values, yield to maturity, perpetual bonds. Equity valuation: Dividend capitalization (Single period/ Multi period), Earnings capitalization Techniques (Numeric), Give a small assignment on equity valuation from BSE and NSE listed companies. 	
Unit 2: Cost of Capital (Numeric) (30%) <ul style="list-style-type: none"> Meaning & significance, Explicit & implicit cost, Cost of debt, equity and retained earnings, Cost of equity through dividend capitalization approach, CAPM & earning price method, Weighted average cost of capital 	
Unit 3: Capital Structure (20%) <ul style="list-style-type: none"> Meaning and Significance, Net Income, Net Operating Income, Traditional & MM Theory (Including Arbitrage) Numerical: NI approach, Net Operating Income, Traditional & MM Theory (Excluding Arbitrage) 	

Unit 4: Dividend Policy**(20%)**

- Meaning of dividend, forms of dividend, stable and unstable dividend policy,
- Factors affecting dividend policy. types of dividend dates – Ex date, due date, announcement date
- The irrelevance of dividends: MM hypothesis, Relevance of dividends: Walter's model, Gordon's model
- Numerical: MM hypothesis, Walter's model, Gordon's model

Suggested Reading:

- Pandey, I.M. (2010) Financial Management, Vikas Publishing House Pvt. Ltd. New Delhi.
- Jain, P.K. and M.Y. Khan. (2007) Financial Management, 6th Edition. New Delhi: Tata McGraw-Hill Publishing Company Limited.
- Bhala, V.K. (2006) Financial Management and Policy. New Delhi: Anmol Publication Pvt. Ltd.
- Prasanna Chandra, Financial Management-Theory Practice, Tata McGraw Hill Publication.
- P.C. Tulsian, Financial Management – S. Chand Publication