

**Dr. V. N. Bedekar Institute of Management, Thane**  
**Teaching Plan (MMS/PGDM)**  
**Academic Year (2014-15)**

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Programme Name: MMS / PGDM:

Name of the Course: **Advanced Financial Management**

Maximum marks: 100

No. of Sessions:13

Name of the Faculty: Mrs.S.S.Jape

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Weblink:

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Learning Objectives:

- 1) To study and understand the importance of corporate financial decisions
  - 2) To learn various theories of capital structure and understand its relevance in today's scenario
  - 3) To analyse various dividend policies of companies and study its implications on the valuation of firms
  - 4) To Study and understand capital markets and its importance
  - 5) To analyse the influence of capital investment decisions on Valuation of firms
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**Reference Books:**

1. Financial Management – Theory & Practice - Prasanna Chandra
2. Financial Management – Text, Problems & Cases - M. Y. Khan & P. K. Jain
3. Financial Management - I. M. Pandey
4. Financial Management - E. F. Brigham & J. F. Houston
5. Financial Management & Policy - Van Horne
6. Financial Management---Mayors and Brealey

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**Plan:**

<b>Session No</b>	<b>Topics to be covered</b>	<b>Pedagogy</b>	<b>Remark</b>
1	. Analysis of Leverage - <input type="checkbox"/> Operating <input type="checkbox"/> Financial and Total	*Explaining Concepts *Solving Numericals *Presentations and discussions	Being First topic The overall overview of the entire curriculum and its need to study the subject is to discussed and then the concepts can be studied
2	. Analysis of Leverage - <input type="checkbox"/> Operating <input type="checkbox"/> Financial and Total	Discussions for understanding relevance of the topic in practise/Applications	Numericals from university papers solved in class
3	. Indian Financial System - <input type="checkbox"/> Functions of the Financial System - Financial Markets <input type="checkbox"/> Financial Intermediaries - Regulatory System	Presentations	interactive discussions

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4	<p>Theory of Capital Structure -</p> <p>Net Income Approach - Net Operating Income Approach</p> <p><input type="checkbox"/>MM Approach - Traditional Approach</p>	<p>*Explaining Concepts</p> <p>*Solving Numericals</p> <p>*Presentations and discussions</p>	<p>discussed and then the concepts can be studied</p> <p>Solving Numericals</p>
5	<p>Theory of Capital Structure -</p> <p><input type="checkbox"/><input type="checkbox"/>Net Income Approach - Net Operating Income Approach</p> <p><input type="checkbox"/><input type="checkbox"/>MM Approach - Traditional Approach</p>	<p>Discussions for understanding relevance of the topic in practise/Applications</p>	<p>Numericals from university papers solved in class</p>
6	<p>Dividend Policy -</p> <p><input type="checkbox"/><input type="checkbox"/>Factors affecting dividend policy decision</p> <p><input type="checkbox"/><input type="checkbox"/>Dividend Decision Models</p> <p><input type="checkbox"/><input type="checkbox"/>Walter Model</p> <p><input type="checkbox"/><input type="checkbox"/>Gorden Model</p> <p><input type="checkbox"/><input type="checkbox"/>MM Approach</p>	<p>Presentations and discussions</p>	<p>Numericals from <b>university papers in class</b></p>
7	<p>.Dividend Policy -</p> <p><input type="checkbox"/><input type="checkbox"/>Factors affecting dividend policy decision</p> <p><input type="checkbox"/><input type="checkbox"/>Dividend Decision Models</p> <p><input type="checkbox"/><input type="checkbox"/>Walter Model</p> <p><input type="checkbox"/><input type="checkbox"/>Gorden Model</p> <p><input type="checkbox"/><input type="checkbox"/>MM Approach</p>	<p>Discussions for understanding relevance of the topic in practise/Applications</p>	<p>Numericals from <b>university papers in class</b></p>
8	<p>Corporate Valuation and Value Based Management -</p> <p><input type="checkbox"/><input type="checkbox"/>Valuation concepts</p> <p><input type="checkbox"/><input type="checkbox"/>Valuation of Equity and Debt Instruments</p>	<p>*Explaining Concepts</p> <p>*Solving Numericals</p>	<p>Articles</p> <p>Recent news</p>

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	<input type="checkbox"/> Corporate Valuation Approaches <input type="checkbox"/> Various approaches and concept of EVA and MVA	*Presentations and discussions	discussions Numericals from <b>university papers in class</b>
9	Corporate Valuation and Value Based Management - <input type="checkbox"/> Valuation concepts <input type="checkbox"/> Valuation of Equity and Debt Instruments <input type="checkbox"/> Corporate Valuation Approaches <input type="checkbox"/> Various approaches and concept of EVA and MVA	*Explaining Concepts *Solving Numericals *Presentations and discussions	Articles Recent news discussions
10	Project Financing and Project Appraisal - <input type="checkbox"/> Sources of long-term finance <input type="checkbox"/> Institutional Considerations <input type="checkbox"/> Venture Capital <input type="checkbox"/> SEBI Guidelines	Explaining Concepts *Solving Numericals *Presentations and discussions	Articles Recent news discussions
11	Project Financing and Project Appraisal - <input type="checkbox"/> Sources of long-term finance <input type="checkbox"/> Institutional Considerations <input type="checkbox"/> Venture Capital <input type="checkbox"/> SEBI Guidelines	Explaining Concepts *Solving Numericals *Presentations and discussions	Numericals from <b>university papers in class</b>
12	. Financial Management of PSUs	Explaining Concepts *Solving Numericals *Presentations and	Case study discussions

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		discussions	
13	Financial Management of Sick Units	Explaining Concepts *Solving Numericals *Presentations and discussions	Case study discussions
14	Test and presentations		

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**Evaluation:**

**I) Internal:**

<b>Component</b>	<b>Details</b>	<b>Marks</b>
Class Test	Will be taken on two topics with focus on University papers	10
Presentation	Group presentations Will be taken	15
Case Study	Balance sheets of few companies	05
Participation	Through interactive sessions	10
Others		

**II) External:**  
**(Sample questions)**

**Q 3** A firm has sales of Rs. 10,00,000/- Variable cost is 70% Total cost is Rs 900000/- and debt of rs 500000at 10%rate of interest .If the tax rate is 40% calculate

- a) Operating leverage
- b) Financial leverage
- c) Combined Leverage
- d)** If the firm wants to double up its EBIT ,How much of a raise in sales would be needed on percentage basis?

**Q4)** Following information is available from the books of XYZ Ltd  
Rs In Lakhs

Sales	500
Cost of Raw Materials	200
Labour cost for manufacturing	100
Interest on borrowings	60

The capitalization rate for debt is 10% and capitalization rate for the entire firm is 12.5%.Assuming that the firm does not retain any earnings and there is no tax ,AS per Net Operating Income Approach---

- a) What is the total market value of firm
- b) What is the total market value of the debt of the firm
- c) o What is the total market value of the equity of the firm
- d)** what is the equity capitalization rate

**Signature of Faculty**

**Signature of the Co-ordinator**