

**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"> <li>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.</li> </ul>
Course Objective	<ul style="list-style-type: none"> <li>To equip students with basic tenets of long-term financial decision-making.</li> </ul>
Course Outcome	<ul style="list-style-type: none"> <li>Evaluate the applicability of the concept of Financial Management to understand the managerial Decisions and Corporate Capital Structure</li> <li>Analyze the complexities associated with management of cost of funds in the capital Structure</li> <li>Evaluate how the concepts of valuation of security and dividend policy decisions could integrate while identification and resolution of problems pertaining to Business.</li> </ul>
<b>Course Content</b>	
<b>Unit 1: Valuation of Securities (Numeric) (30%)</b> <ul style="list-style-type: none"> <li>Concept of value,</li> <li>Importance of Valuation,</li> <li>Bond Valuation: Basic bond valuation, semi-annual interest payment, effect of relation between required rate of return &amp; coupon rate on bond values, effect of years to maturity on bond values, yield to maturity, perpetual bonds.</li> <li>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.</li> </ul>	
<b>Unit 2: Cost of Capital (Numeric) (30%)</b> <ul style="list-style-type: none"> <li>Meaning &amp; significance,</li> <li>Explicit &amp; implicit cost,</li> <li>Cost of debt, equity and retained earnings,</li> <li>Cost of equity through dividend capitalization approach, CAPM &amp; earning price method,</li> <li>Weighted average cost of capital</li> </ul>	
<b>Unit 3: Capital Structure (20%)</b> <ul style="list-style-type: none"> <li>Meaning and Significance,</li> <li>Net Income,</li> <li>Net Operating Income,</li> <li>Traditional &amp; MM Theory (Including Arbitrage)</li> <li><b>Numerical:</b> NI approach, Net Operating Income, Traditional &amp; MM Theory (Excluding Arbitrage)</li> </ul>	

**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