

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
Post Graduate Diploma in Management (PGDM)
Financial Management II
CREDIT: Two credits
SESSION DURATION: 60 Minutes

TERM: III
YEAR: 2018-2020
BATCH: I

FACULTY: Prof. Ansuman Chatterjee

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Office hours: 3:30 PM – 5:30 PM (on working days with prior appointment)

Course Introduction:

In continuation to the course Financial Management I, this course Financial Management II is designed to demonstrate the logic and constraint for making optimal corporate financial decisions primarily with respect to dividend, working capital management and other allied areas. The course aims at explaining the advanced concepts and theories of finance in the predefined area in a way so as to enable the students to appreciate the relevance of these decisions on firms' economic pursuits as challenged by the dynamic business environment.

Learning Outcomes:

1. To understand the genesis, analytical models and criticism of dividend decision.
2. To introduce the practical restrictions and the scope within which the dividend decision is to be taken.
3. To analyse the concept of operating cycle and its practical relevance for a firm.
4. To appreciate the impact of various credit policies and to decide the optimal credit policy.
5. To learn to decide optimal investment in maintainable inventory and cash balance.

Course Readings (Essential):

1. Pandey, I M. (2015). *Financial Management* (11th ed.). Vikas Publication.

Course Evaluation criteria (%):

Assignments	20
Midterm Exam	30
Class Participation/Quiz	10
End-term Exam	40
Total	100

Session Plan:

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Session No.	Topic	Learning Outcome	Chapter in text book*
1,2,3,4	Dividend Theory- Issues, Walter Model, Gordon Model, Bird in hand argument, MM Hypothesis, market Imperfections, impact of Taxes.	LO 1	17, 18
5,6,7,8	Dividend Policy- Objectives, Practical considerations, Stability of Dividends, Target Payout & Dividend Smoothing, Forms of Dividends, Dividend Policy Analysis	LO 2	
ASSIGNMENT TO BE SUBMITTED: Analyse the Dividend policy of Two Indian Companies and Two US Companies. List out learnings from the analysis for each of the company. Finally make a comparative analysis between Indian and US companies. Database To Be Used: Bloomberg			
9,10,11,12	Working capital management- Concepts, GOC, NOC, Issues in working capital management.	LO 3	27
13,14,15	Receivable management & factoring- Optimum Credit Policy, Marginal Cost benefit analysis, Credit Evaluation of individual accounts	LO 4	28
ASSIGNMENT TO BE SUBMITTED: Estimate the working capital cycle both in gross and net terms of any two Indian Companies (each belonging to service and manufacturing industry respectively). Make a comparative analysis between the working capital cycles of both the companies. Database To Be Used: Bloomberg			
16,17	Inventory management- Analysis of investment in inventory	LO 5	29
18,19	Cash Management- Motives, cash Planning, Managing Cash surplus, Miller- Orr Model, Baumol Model	LO 5	30
20	Summary Discussion		--

*Additional references and cases shall be provided as and when required.

Course Readings (Reference):

1. Chandra, Prasanna. (2008). *Financial management*. New Delhi: Tata McGraw – Hill Publications.
2. Berk, J. & DeMarzo, P. (2010) *Financial Management*. Pearson Education.