INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
POST GRADUATE DIPLOMA IN MANAGEMENT
Financial Management II
CREDIT: 2 Credits
SESSION DURATION: 60 Minutes

FACULTY: Prof. Sushil Kalyani   **TERM: III**
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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:

LO1. To understand the genesis, analytical models and criticism of dividend decision.
LO2. To introduce the practical restrictions and the scope within which the dividend decision is to be taken.
LO3. To analyse the concept of operating cycle and its practical relevance for a firm.
LO4. To appreciate the impact of various credit policies and to decide the optimal credit policy.
LO5. To learn to decide optimal investment in maintainable inventory and cash balance. Understand the concept of Risk and its implications on overall corporate strategy

Course Pedagogy: The course will be delivered through a combination of lectures, PPTs and classroom case discussions. Students are expected to come prepared for the class by reading the prescribed materials. A few relevant cases shall be discussed in the class to strengthen the learning. Power point slides of class lectures and all other relevant material will be made available to students.

Course Readings:
Books

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

2. Corporate Finance – Ross, Westerfield, *TMH*

Course Evaluation criteria (%)

Component	Weightage	Learning outcome mapped
Quizzes	10%	LO1, LO3, LO4
Mid-Term	20%	LO1-LO3
Class Participation	15%	LO1-LO5
Group Project	15%	LO1-LO5
End-term Exam	40%	LO1-LO5

Plagiarism

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

Session Plan:

Session	Topics	Learning Outcome	Reading chapter
1, 2	Dividend Theory- Issues, Walter Model, Gordon Model, Bird in hand argument	LO1	Notes, PPTs
3, 4	MM Hypothesis, market Imperfections, impact of Taxes	LO1	Notes, PPTs
5, 6	Dividend Policy- Objectives, Practical considerations, Stability of Dividends	LO2	Notes, PPTs
7, 8	Target Payout & Dividend Smoothing, Forms of Dividends, Dividend Policy Analysis	LO2	Notes, PPTs
9, 10,	Working capital management- Concepts, GOC, NOC, Issues in working capital management.	LO3	Notes, PPTs
11, 12, 13	Receivable management & factoring- Optimum Credit Policy, Marginal Cost benefit analysis, Credit Evaluation of individual accounts	LO4	Notes, PPTs

15, 16	Inventory management- Analysis of investment in inventory	LO5	Notes, PPTs
17, 18	Cash Management- Motives, cash Planning, Managing Cash surplus	LO5	Notes, PPTs
19, 20	Cash Management - Miller- Orr Model, Baumol Model	LO5	Notes, PPTs

Assignment: 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.

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