

# GUJARAT TECHNOLOGICAL UNIVERSITY

## INTEGRATED MASTER OF BUSINESS ADMINISTRATION

Year – 2 (Semester –4) (W.E.F. Academic Year 2018-19)

**Subject Name: Basics of Financial Management (BFM)**

**Subject Code: 2547104**

**1. Learning Outcome:**

- Understanding of Finance and basic terms related to Finance.
- Developing insights into the Indian Financial System and overview of its related elements.
- Exposure to investigate and critically examine various means of Business financing and Risk related to the same.
- Understand the concept of Working Capital and various means of determining the Working Capital which includes inventory valuation, cash management and receivables.

**2. Course Duration:** The course duration is of **40 sessions of 60 minutes** each.

**3. Course Contents:**

Module No.	Modules with its Contents/Chapters	No. of Sessions	Marks (out of 70)
I	<b>Introduction to Financial Management and Basics of Time Value of Money</b> <b>Introduction:</b> Understanding the Meaning of Financial Management, Scope of Financial Management, Finance Function, Role of Finance Manager, Objectives of Financial Management – Profit Maximization & Wealth Maximization. <b>Time Value of Money:</b> Concept of Time Value of Money, Simple Interest & Compound Interest, Lump Sum Amount & Annuity, Compounding & Discounting. Future Value & Present Value of Single (Lump Sum) Amount, Future Value & Present Value of Ordinary Annuity.	10	14

II	<p><b>Indian Financial System</b> Introduction: Understanding the meaning and significance of Financial System, Types of Indian Financial System (Financial Market, Financial Instruments, Financial Services, Financial Institutions, Financial Regulators &amp; Informal Financial System) in detail, Inter-relation of various Financial Systems , Functions of Financial System.</p>	9	21
III	<p><b>Sources of Finance &amp; Leverage</b> Important Features &amp; Limitations of Various Types of Sources of Finance: Ordinary (Equity) Shares, Debentures &amp; Bonds, Preference Shares, Retained Earnings, Term Loans, Venture Capital. Leverage: Concept of Leverage, Types of Leverage: Financial Leverage, Operating Leverage &amp; Combined Leverage.</p>	9	14
IV	<p><b>Working Capital Management</b> Basics of Working Capital: Concept of Working Capital, Objectives of Working Capital, Need of Working Capital, Permanent &amp; Variable Working Capital, Gross Operating Cycle &amp; Net Operating Cycle, Factors Affecting Working Capital Requirement, Policies for Financing Current Assets – Matching Approach, Conservative Approach and Aggressive Approach, Liquidity Vs Profitability Trade off, Practical Problems – Estimation of Working Capital Requirements. <b>Receivables:</b> Cost &amp; Benefits of Receivables, Credit Policy, Credit Evaluation, Factoring &amp; Receivables Management, Evaluation of Credit Policy, Practical Problems. <b>Cash Management:</b> Motives for Holding Cash, Cash Forecasting and Budgeting, Managing Cash Collection and Disbursement. <b>Inventory Management:</b> Need for Inventory, Order Quantity-EOQ, Inventory Management Techniques, Inventory Control Systems-ABC &amp; JIT, Practical Problems.</p>	13	21
V	<p><b>Practical:</b> Select a company or industry in Gujarat, perform an analysis of working capital (e.g. receivables policy,</p>	---	30 marks CEC

	inventory management policy) and prepare a report. Select a startup company in India, analyze its capital structure and evaluate the same.		
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#### 4. Teaching Methods:

- Lectures
- Case Discussions and Role Playing
- Audio-visual Material (Using CDs/Clippings/ online videos)
- Assignments and Presentations

#### 5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following elements:

<b>A</b>	Continuous Evaluation Component comprising of Projects / Assignments / Quiz / Class Participation / Class test / Presentation on specific topic etc.	(Internal Assessment-50 Marks)
<b>B</b>	Mid-Semester examination	(Internal Assessment-30 Marks)
<b>C</b>	End –Semester Examination	(External Assessment-70 Marks)

#### 6. Reference Books:

Sr. No.	Author	Name of the Book	Publisher	Year of Publication
1	I M Pandey	Financial Management	Vikas Publication	2015
2	M. Y. Khan and P. K. Jain	Financial Management	Tata McGraw Hill	2007
3	R P Rastogi	Financial Management	Taxmann	2016
4	Prasanna Chandra	Financial Management, theory and Practice	Tata McGraw Hill	2011

#### 7. List of Journals/Periodicals/Magazines/Newspapers, etc.

1. Chartered Financial Analyst
2. Economic Times
3. Business Standard
4. Financial Express
5. Harvard Business Review