

FINANCIAL MANAGEMENT

CREDITS	3
:	

OBJECTIVE:

Facilitate learner

- Understand the operational nuances of a Finance Manager.
- Comprehend the technique of making decisions related to finance functions.

UNIT I FOUNDATIONS OF FINANCE 9

Introduction to finance- Financial Management – Nature, scope and functions of Finance, organization of financial functions, Objective of Financial management, Major financial decisions – Time value of money – features and valuation of shares and bonds – Concept of risk and return – single asset and of a portfolio.

UNIT II INVESTMENT DECISIONS 9

Capital Budgeting: Principles and techniques - Nature of capital budgeting- Identifying relevant cash flows - Evaluation Techniques: Payback, Accounting rate of return, Net Present Value, Internal Rate of Return, Profitability Index - Comparison of DCF techniques - Concept and measurement of cost of capital - Specific cost and overall cost of capital.

UNIT III FINANCING AND DIVIDEND DECISION 9

Leverages - Operating and Financial leverage – measurement of leverages – degree of Operating & Financial leverage – Combined leverage, EBIT – EPS Analysis- Indifference point. Capital structure – Theories – Net Income Approach, Net Operating Income Approach, MM Approach – Determinants of Capital structure. Dividend decision- Issues in dividend decisions, Importance, Relevance & Irrelevance theories- Walter's – Model, Gordon's model and MM model. – Factors determining dividend policy – Types of dividend policies – forms of dividend.

UNIT IV WORKING CAPITAL MANAGEMENT 9

Principles of working capital: Concepts, Needs, Determinants, issues and estimation of working capital - Receivables Management - Inventory management – Cash management - Working capital finance : Commercial paper, Company deposit, Trade Credit, Bank finance.

UNIT V LONG TERM SOURCES OF FINANCE 9

Indian capital market- New issues market- Secondary market - Long term finance: Shares, debentures and term loans, lease, hire purchase, venture capital financing, Private Equity.

TOTAL: 45 PERIODS

OUTCOMES:

- Identify the concepts of financial decision of an organisation
- Recognize the time value of money
- Learn the capital budgeting and cost of capital techniques
- Understand how to decide the decision of capital structure and distribution of dividend
- Assess the short-term and long-term sources of finance

REFERENCES:

1. I M. Pandey Financial Management, Vikas Publishing House Pvt. Ltd., 11th edition, 2018
2. M.Y. Khan and P.K.Jain Financial management, Text, Problems and cases Tata McGraw Hill, 8th edition, 2017.
3. AswathDamodaran, Corporate Finance Theory and practice, John Wiley & Sons, 2011.
4. James C. Vanhorne –Fundamentals of Financial Management– PHI Learning, 13th Edition, 2014.
5. Brigham, Ehrhardt, Financial Management Theory and Practice, 14th edition, Cengage Learning 2015.
6. Prasanna Chandra, Financial Management, 9th edition, Tata McGraw Hill, 2017.
7. Srivatsava, Mishra, Financial Management, Oxford University Press, 2012.