

BA5203 FINANCIAL MANAGEMENT

DETAILED SYLLABUS

OBJECTIVES:

Facilitate student to

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

UNIT I FOUNDATIONS OF FINANCE:

Introduction to finance- Financial Management – Nature, scope and functions of Finance, organization of financial functions, objectives 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:

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:

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:

Principles of working capital: Concepts, Needs, Determinants, issues and estimation of working capital - Accounts Receivables Management and factoring - Inventory management - Cash management - Working capital finance: Trade credit, Bank finance and Commercial paper.

UNIT V LONG TERM SOURCES OF FINANCE:

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

REFERENCES:

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2. M. Pandey Financial Management, Vikas Publishing House Pvt. Ltd., 10th edition, 2012.
3. Aswat Damodaran, Corporate Finance Theory and practice, John Wiley & Sons, 2011.

4. James C. Vanhorne –Fundamentals of Financial Management– PHI Learning, 11th Edition, 2012.
5. Prasanna Chandra, Financial Management, 9th edition, Tata McGraw Hill, 2012.
6. G.Sudersena Reddy, Financial Management- Principles & Practices, Himalaya Publishing House, 2nd Edition, 2010
7. Srivatsava, Mishra, Financial Management, Oxford University Press, 2011
8. Parasuraman. N. R, Financial Management, Cengage, 2014.
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10. Brigham and Ehrhardt, Financial Management, 14th edition, Cengage, 2015.