

**Course Title: Financial Management**  
**Course Code: 15MB52C1**

**Semester: II/Year I**

**L-T-P: 2-2-0**

**Credits: 3**

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**COURSE OBJECTIVES**

The main objectives of this course are

1. To understand the role of financial manager in business
2. To develop knowledge on various sources of finance
3. To know the significance of time value of money in decision making.
4. To develop an ability to make certain important decisions relating to capital budgeting, cost of capital, capital structure, and working capital management for effective utilization of resources.

**COURSE OUTCOMES**

After completion of this course, the student will be able to

1. To gain a knowledge on availability of various sources of finance and markets for raising of funds.
2. To evaluate the long term and short term investment decisions
3. To Evaluate the financing decisions by using different techniques of valuation.
4. To evaluate the dividend Decisions in relation to wealth maximization.

**SYLLABUS**

**Introduction to Finance:** Nature and Scope of Financial Management, Goals& Objectives of Financial Management – Emerging Role of Financial Manager – organization of finance function--Sources of Finance-Long Term and Short Term Financing – Overview of Indian Stock Markets- Time Value of Money. Calculation of NAV in Mutual Funds.(Problems).**Capital Budgeting Decisions:** Payback Period, Average Rate of Return, Net Present value, Internal Rate of Return, Profitability Index and Discounted Payback Period – Risk Evaluation Approaches – RADR, Certainty-Equivalent, Decision Tree, Probability Distribution- (Problems).**Cost of Capital and Capital Structure:** Capital Structure Theories, EBIT& EPS Analysis – Financial Leverage – Operating Leverage – Specific Cost of Capital and Weighted Average Cost of Capital. Mergers and Acquisition, restructuring (Problems).**Dividend Decisions and Working Capital Management:** Dividend Theories– Forms of Dividend- Working Capital Management – Determinants - Working Capital Financing approaches –Estimation of working Capital - Cash Management - Receivables Management - Inventory Management. (Problems)

**RECOMMENDED TEXT BOOK**

1. James C. Vanhorne , Financial Management

**REFERENCE BOOKS**

1. Jonathan Berk, Peter Demarzo, Financial Management, Pearson.
2. Prasanna Chandra, Fundamentals of Financial Management, TMH.
3. I. M. Pandey, Financial Management, Vikas Publications
4. Shashi K.Gupta, Financial Management by Kalayani Publications