

Course Title: FINANCIAL MANAGEMENT

Course Code: 11BB2301

Objective: To acquaint the students with the basic concepts of management of business finance.

Detailed Curriculum:

Unit I: Introduction: Nature and scope of financial management - finance functions-treasury vs. controller functions - changing role of financial management

Unit II: Cost of Capital: Cost of debt, preference, equity capital and retained Earnings - Weighted average, marginal cost of capital.

Unit III: Investment decisions: Capital budgeting process- basic principles of capital expenditure proposals-various appraisal methods-Average rate of return, payback period, NPV, IRR and profitability index, merits and demerits of appraisal methods-conflicts in decision making - capital rationing.

Unit - IV: Financing Decision: Sources of finance – debt, preference and equity Capitals - Operating and financial leverage, total leverage- Capital structure - net income and net operating income approaches-optimal capital Structure- Factors affecting capital structure - EBIT/EPS and ROI & ROE analysis. Capital structure policies in practice.

Unit - V: Dividend decisions: Dividend theories-Modigliani-miller hypothesis - dividend policies-dividend policy and share valuation- corporate dividend practices in India. Working capital policy-overall considerations-importance of working capital management. Estimation of working capital.

Recommended Text Book(s):

1. Khan M.Y. and Jain P.K.: Financial Management, Text and Problems, Tata McGraw Hill, New Delhi.

Recommended Reference Books:

1. Prasanna Chandra : Financial Management Theory and Practice, Tata Mc Graw Hill, New Delhi.
2. Pandey I.M.: Financial Management, Vikas Publishing House, New Delhi.
3. Ravi M. Kishore: Financial Management, Taxman, Delhi.

