

PROGRAM	Bachelors of Commerce /Bachelors of Commerce (Hons)
SEMESTER	IV
COURSE TITLE	Financial Management – II
COURSE CODE	04BC1403
COURSE CREDITS	04
COURSE DURATION	48 Hrs (48 sessions of 60 minutes each)

COURSE OUTCOMES:

- Understand the concept of capital budgeting and leverage
- Apply capital budgeting techniques in decision making
- Estimate and analyze project cash flow
- Evaluate dividend decision in relation to value of the firm
- Formulation of appropriate cash & liquidity management policy

Teaching and Examination Scheme

Teaching Scheme (Hours)			Credits	Internal Marks (50%)		End-Semester Examination (50%)			Total Marks
Theory	Tutorial	Practical		IA	CSE	Theory	Practical/Viva	Term Work (TW)	
3	1	0	4	30	20	50	0	0	100

Course Contents:

Unit No	Unit / Sub Unit	Sessions
I	Capital Structure & Leverage Capital Structure Introduction, Factors affecting Capital Structure Decision, Relevance Capital Structure Theories - Net Income Approach, Traditional View, Irrelevance Capital Structure Theories - Net Operating Approach, MM Propositions, Leverage Introduction, Operating leverage, Financial leverage & Combined leverage.	9
II	Capital Budgeting Capital Budgeting Introduction, Capital Budgeting Process , Discounting Capital Budgeting Techniques, Advantages and disadvantages of discounting capital budgeting techniques, Net Present Value, Internal Rate of Return, Profitability Index, Non-discounting Capital Budgeting Techniques, Advantages and disadvantages of non-discounting capital budgeting techniques, Payback period, Discounting payback period, Accounting rate of return.	12
III	Estimation of Project Cash flow Introduction to Estimation of Project Cash flow, Elements of Cash flow Stream, Time Horizon for Analysis, Basic principles of cash flow estimation, Cash flow for a replacement project, Biases in cash flow estimation.	8

IV	Dividend Decision Dividend Decision Introduction, Factors affecting to Dividend Decision, Relevance Dividend Decision Theories - Walter Model, Gordon Model, Irrelevance Dividend Decision Theories - MM Theory.	9
V	Cash & Liquidity Management Cash Management Introduction , Motives of holding cash , Objectives of cash management , Cash budget, Cash Management Model, Baumol Model, Miller & Orr Model.	10

SUGGESTED READINGS:

Text Books:

Sr. No	Author/s	Name of the Book	Publisher	Edition & Year of Publication
T-01	Prasanna Chandra	Financial Management	McGraw-Hill	8 th Edition, 2011

Reference Books:

Sr. No	Author/s	Name of the Book	Publisher	Edition and Year of Publication
R-01	I M Pandey	Financial Management	Vikas Publishing House Pvt Ltd	9 th Edition, 2005
R-02	M Y Khan & P K Jain	Financial Management	McGraw-Hill	5 th Edition, 2007