

<b>COURSE TITLE</b>	<b>BUSINESS FINANCE</b>
<b>COURSE CODE</b>	<b>04BC0225</b>
<b>COURSE CREDITS</b>	<b>4</b>

**Course Outcomes:** After completion of this course, student will be able to:

- 1 Acquainting the students with basic understanding and applications of various financial decisions.
- 2 Application of the concept of time value of money in making financial decisions.
- 3 Evaluating the various sources of finance based on its cost of capital and time period
- 4 Understanding of valuations of shares and bonds through different methods of valuation.
- 5 Understanding of Financial and Operating leverage

**Pre-requisite of course:**NA

#### Teaching and Examination Scheme

<b>Theory Hours</b>	<b>Tutorial Hours</b>	<b>Practical Hours</b>	<b>ESE</b>	<b>IA</b>	<b>CSE</b>	<b>Viva</b>	<b>Term Work</b>
4	0	0	50	30	20	0	0

<b>Contents : Unit</b>	<b>Topics</b>	<b>Contact Hours</b>
1	<b>Introduction to Business Finance:</b> Meaning & definition, nature, scope and functions; profit vs. wealth maximization, Agency Cost, Finance function in an organization and role of finance manager.	8
2	<b>Time Value of Money:</b> Future Value of Single Amount, Present Value of Single Amount, Future Value of an Annuity, Present Value of an Annuity, Loan amortization, Real and Nominal Interest Rate, Differential Cash Flow	12
3	<b>The Cost of Capital</b> Significance of the cost of capital, Concept of opportunity cost of capital, Cost of Debt, Cost of Preference Capital, Cost of Equity Capital, Cost of Equity and CAPM, Cost of Equity: CAPM vs Dividend Growth Model, The weighted average cost of capital	15
4	<b>Valuation of Bonds and Shares</b> Concept of Value, Features of a Bond, Bond values and Yields: Yield to Maturity, Present value of a Bond; Bond values and Interest rates, Valuation of Preference Shares, Valuation of Ordinary Shares: Two-Stage growth, Equity capitalization Rate, Linkages between Share price, Earnings and Dividends, Significance of P/E Ratio	15

<b>Contents : Unit</b>	<b>Topics</b>	<b>Contact Hours</b>
5	<b>Financial and Operating Leverage:</b> Introduction, Capital structure defined, Meaning of Financial Leverage, Measures of Financial Leverage, Financial leverage and Shareholder's Return, Combining Financial and Operating leverages, Financial leverage and Shareholder's Risk	10
<b>Total Hours</b>		<b>60</b>

**Textbook :**

- 1 Financial Management, I.M. Pandey, Vikas Publication, 2019

**References:**

- 1 Financial Management – Theory & Practices , Financial Management – Theory & Practices , Prasanna Chandra, New Delhi, TMH, 2018
- 2 Financial Management – Text, Problems & cases, Financial Management – Text, Problems & cases, M.Y. Khan and P.K. Jain, New Delhi, TMH, 2018
- 3 Financial Management, Financial Management, Rajiv Srivastava and Anil Sharma, Oxford University Press, 2011
- 4 Financial Management And Policy, Financial Management And Policy, Horne, James C Van., Phi Learning Pvt Ltd, 2004

**Suggested Theory Distribution:**

The suggested theory distribution as per Bloom's taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
<b>Remember / Knowledge</b>	<b>Understand</b>	<b>Apply</b>	<b>Analyze</b>	<b>Evaluate</b>	<b>Higher order Thinking / Creative</b>
20.00	30.00	25.00	15.00	10.00	0.00

**Instructional Method:**

- 1 NA

**Supplementary Resources:**

- 1 NA