

COURSE TITLE	FINANCIAL MANAGEMENT
COURSE CODE	04BC0412
COURSE CREDITS	4

Objective:

- 1 NA

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

- 1 Understand the nature, scope, and objectives of financial management and interpret financial performance using ratio analysis.
- 2 Apply time value of money concepts to assess present and future cash flows, annuities, and loan amortization schedules.
- 3 Analyze financing and capital structure decisions using cost of capital, EBIT-EPS analysis, and leverage concepts.
- 4 Evaluate investment, dividend, and valuation decisions using tools like NPV, IRR, payback period, and dividend models.
- 5 Assess working capital needs and financing options by analyzing the working capital cycle, liquidity, and short-term financial management tools.

Pre-requisite of course:NA

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
3	1	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Introduction to Financial Management Meaning, nature, objective and scope of financial management; role and purpose; financial management environment; functions of finance executives in an organization. Profit Maximization vs. Wealth Maximization., Financial Analysis through Ratios Users of the financial analysis; sources of financial data for analysis; calculation and Interpretation of ratios; limitations of ratio analysis.	12
2	Time Value of Money Time Value of Money (Present Value, Future Value, Annuities, Perpetuities), 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	10

Contents : Unit	Topics	Contact Hours
3	Financing Decisions Sources of Finance: Different Sources of Finance, Characteristics of different types of long-term debt and equity finance, Method of raising long term finance, Different Sources of short-term Finance, Internal fund as a source of finance, International sources of finance., Cost of Capital: Significance of cost of capital; factors of cost of capital; measurement of costs of individual components of capital; weighted average cost of capital (WACC); marginal cost of capital; effective Interest rate., Capital Structure Decisions: Significance of capital structure; determinants of capital structure; capital structure planning and designing; designing of optimum capital structure; theories of Capital Structure(Net Income Approach, Net Operating Income Approach, MM Theory) and value of the firm- relevancy and Irrelevancy of capital structure; EBIT- EPS Analysis, Breakeven- EBIT Analysis; Under/ Over Capitalization. Determining Optimal Capital Structure, Leverages Types of Leverages- Operating, Financial and Combined; analysis of leverages.	16
4	Capital Investment and Dividend Decisions Capital Investment Decisions Objective of capital investment decisions; methods of Investment appraisal- Payback period, Discounted payback period, Accounting Rate of Return (ARR), Net Present Value (NPV), Internal Rate of return (IRR), Profitability Index., Dividend Decisions Basics of Dividends; forms of dividend; determinants of dividend; relevancy and Irrelevancy of Dividend Policies- Traditional Approach, Walter's model, Gordon's model, Modigliani and Miller (MM) Hypothesis., Valuation of shares and Bonds Bond Valuation , Bond Yield, Valuation of Preference Stock, Equity Valuation: The relationship between earning price ratio, Expected Return and Growth	16
5	Working Capital Management Concept & Need for Working Capital, Determinants of Working Capital, The management of working capital- Liquidity and Profitability; the Working capital financing decisions- Primary and Secondary Sources of Liquidity; the working Capital Cycle (operating Cycle), Effectiveness of Working Capital based on its operating and cash conversion cycles; assessment of working capital requirement; management of Accounts Receivables (Debtors), Working Capital Financing (Short-term vs. Long-term).	6
Total Hours		60

Textbook :

- 1 Financial Management, I.M. Pandey, Pearson India, 2021
- 2 Financial Management: Theory and Practice, Prasanna Chandra, McGraw Hill India, 2022
- 3 Financial Management, M.Y. Khan & P.K. Jain, Tata McGraw-Hill, 2022

Textbook :

- 4 Essentials of Financial Management, S.N. Maheshwari & S.K. Maheshwari, Sultan Chand & Sons, 2013
- 5 Fundamentals of Financial Management, Dr. R.P. Rustagi, Taxmann Publications, 2024

References:

- 1 Financial Management, Financial Management, P.V. Kulkarni & B.G. Satyaprasad, Himalaya Publishing House, 2022
- 2 Financial Management: Principles and Applications, Financial Management: Principles and Applications, Sheridan Titman, Arthur Keown, John Martin, Pearson Education, 2020
- 3 Corporate Finance, Corporate Finance, Aswath Damodaran, Wiley India, 2014
- 4 Strategic Financial Management, Strategic Financial Management, Rajiv Srivastava & Anil Misra, Oxford University Press, 2011
- 5 Financial Management: Text, Problems and Cases, Financial Management: Text, Problems and Cases, M.Y. Khan & P.K. Jain, McGraw-Hill Education India, 2018

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					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
0.00	25.00	25.00	10.00	30.00	10.00

Instructional Method:

- 1 NA

Supplementary Resources:

- 1 https://onlinecourses.swayam2.ac.in/nou25_mg11/preview