

<b>COURSE TITLE</b>	<b>FINANCIAL MANAGEMENT</b>
<b>COURSE CODE</b>	<b>05FN0101</b>
<b>COURSE CREDITS</b>	<b>4</b>

**Objective:**

- 1 To impart a thorough understanding of Financial Management with an overview.
- 2 To impart a thorough understanding of practical application of Time Value of Money with its Present Value & Future Value concept.
- 3 To impart a thorough understanding of Concept of Risk & Return and how to manage our own portfolio.
- 4 To impart a thorough understanding of how to evaluate a Project with different techniques like NPV, PI and IRR etc.
- 5 To introduce various techniques for Personal Finance as well as Corporate Finance.

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

- 1 Students will be able to analyze the fundamental principles of financial management, demonstrating comprehension of key concepts such as financial statement analysis, cost of capital, and capital structure theories.
- 2 Students will evaluate the time value of money, assessing the impact of compounding, discounting, and annuities on investment decisions, thereby developing critical thinking skills in financial planning and wealth management.
- 3 By applying risk and return analysis techniques, students will demonstrate the ability to assess and manage financial risks effectively, utilizing methods such as beta calculations, portfolio diversification, and risk-adjusted return measures to make informed investment choices
- 4 Through practical exercises in capital budgeting, students will develop the ability to create and analyze investment proposals, employing techniques such as net present value (NPV), internal rate of return (IRR), and payback period calculations to evaluate project feasibility and maximize shareholder value
- 5 Students can gain a comprehensive understanding of financial management, differentiate it from accounting and costing, and apply time value of money techniques to practical scenarios. They will analyze risk and return for assets and portfolios, and evaluate capital budgeting projects using NPV and IRR methods, enabling informed financial decision-making.

**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>
2	0	4	50	30	20	50	0

<b>Contents : Unit</b>	<b>Topics</b>	<b>Contact Hours</b>
1	<b>Financial Management- an Overview</b> Finance and Related Disciplines , Scope of Financial Management, Objectives of Financial Management , Organization of Finance Function , Emerging role of Finance Managers in India, How Finance differs from Account and Costing, Time value of Money, Rationale, Techniques, Practical Applications of Compounding, Present Value Techniques, Financial Planning through TVM, Practical on FV and PV, Practical on how to schedule loan amortization	15
2	<b>Risk and Return &amp; Capital Budgeting</b> Conceptual Framework of Risk and Return: Type of Risks; Risk and Return of a Single Asset, Risk and Return of Portfolio - only two asset portfolios. Practical on how to calculate Risk and Return., Practical on how to make your own portfolio, Capital Budgeting – Principles and Techniques- NPV, IRR, Profitability Index - Nature of Capital Budgeting, How to evaluate Project and what are the measures for evaluating Project Management. Practical on how to evaluate project through different techniques., Practical on Rank that particular project and selection among best alternatives	15
<b>Total Hours</b>		<b>30</b>

**Suggested List of Experiments:**

<b>Contents : Unit</b>	<b>Topics</b>	<b>Contact Hours</b>
1	<p><b>Unit 1</b></p> <p>Discuss the primary objectives of financial management in an organization. How do these objectives align with maximizing shareholder wealth, ensuring liquidity, and managing financial risks?, Explain the concept of the time value of money (TVM) and its significance in financial decision-making. How does TVM influence investment appraisal methods such as net present value (NPV) and internal rate of return (IRR)?, Describe the role of financial markets and institutions in facilitating capital allocation and resource mobilization. How do financial intermediaries such as banks, investment firms, and stock exchanges contribute to the efficient functioning of financial markets?, Define the concept of cost of capital and its relevance in capital budgeting decisions. Discuss the factors influencing the cost of capital for a company and explain how it is calculated for different sources of financing., Explore the principles of working capital management and its importance in ensuring the financial health of a business. Discuss strategies for optimizing working capital levels, managing cash flows, and balancing liquidity and profitability objectives., If you invest Rs.500 today at an annual interest rate of 5%, how much will you have in 3 years?, What is the future value of Rs.1,000 invested for 5 years at an annual interest rate of 8% compounded annually?, If you deposit Rs.200 into a savings account that pays 3% interest compounded quarterly, how much will you have in the account after 2 years?, You want to buy a car that costs Rs.15,000 in 3 years. If you can earn an annual interest rate of 6%, how much do you need to invest today to reach your goal?, You have a savings account that pays 4% interest compounded annually. If you want to have Rs.10,000 in the account in 7 years, how much do you need to deposit today?, You invest Rs.1,000 in a stock that has an expected return of 8% and a standard deviation of 12%. What is the range of possible returns (with 68% confidence interval)?</p>	30

**Suggested List of Experiments:**

<b>Contents : Unit</b>	<b>Topics</b>	<b>Contact Hours</b>
2	<p><b>Unit 2</b></p> <p>You invest Rs.1,000 in a stock that has an expected return of 8% and a standard deviation of 12%. What is the range of possible returns (with 68% confidence interval)?, You own two stocks in your portfolio. Stock A has an expected return of 10% and a standard deviation of 15%, while Stock B has an expected return of 12% and a standard deviation of 20%. If you invest 40% of your portfolio in Stock A and 60% in Stock B, what is the expected return of your portfolio?, You are considering investing in a bond with an expected return of 6% and a standard deviation of 2%. If you require a minimum return of 5% for this investment, what is the probability that the bond's return will meet your requirement?, You are comparing two investment options. Option 1 has an expected return of 9% and a standard deviation of 10%, while Option 2 has an expected return of 12% and a standard deviation of 15%. Which option has lower risk, considering the coefficient of variation?, You are analyzing the historical returns of a mutual fund over the past five years. The returns for each year are as follows: 8%, 10%, 5%, 12%, and 9%. What is the average return for the mutual fund over this period?, A company is considering investing Rs.50,000 in a new project that is expected to generate annual cash flows of Rs.10,000 for the next 8 years. Calculate the project's payback period., A manufacturing company is evaluating two investment projects. Project A requires an initial investment of Rs.80,000 and is expected to generate annual cash flows of Rs.20,000 for the next 5 years. Project B requires an initial investment of Rs.100,000 and is expected to generate annual cash flows of \$25,000 for the next 6 years. Which project should the company choose based on the payback period criterion if the maximum acceptable payback period is 4 years?, Calculate the net present value (NPV) of a project that requires an initial investment of Rs.120,000 and is expected to generate annual cash flows of Rs.30,000 for the next 6 years. Assume a discount rate of 10%., A company is evaluating a project with an initial investment of Rs.150,000. The project is expected to generate annual cash flows of Rs.40,000 for the next 5 years. Calculate the internal rate of return (IRR) of the project., A company is considering investing in a new machine that costs Rs.200,000 and is expected to generate annual cash flows of Rs.50,000 for the next 8 years. Calculate the profitability index (PI) of the project if the discount rate is 12%.</p>	30
<b>Total Hours</b>		<b>60</b>

**Textbook :**

- 1 Financial Management, I.M. Pandey, Vikas Publishing House, 2015

### References:

- 1 Principles of Corporate Finance, Principles of Corporate Finance, Richard A. Brealey, Stewart C. Myers, and Franklin Allen, McGraw-Hill Education, 2019
- 2 Financial Management: Theory & Practice, Financial Management: Theory & Practice, Eugene F. Brigham and Michael C. Ehrhardt, Cengage Learning, 2019
- 3 Fundamentals of Financial Management, Fundamentals of Financial Management, Eugene F. Brigham and Joel F. Houston, Cengage Learning, 2021
- 4 Financial Management: Concepts and Applications, Financial Management: Concepts and Applications, Stephen Foerster, Pearson, 2020
- 5 Financial Management: Core Concepts, Financial Management: Core Concepts, Raymond Brooks, Pearson, 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					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
20.00	30.00	25.00	15.00	10.00	0.00

### Instructional Method:

- 1 Board Work
- 2 PPT
- 3 Demo

### Supplementary Resources:

- 1 <https://www.investopedia.com/terms/s/strategic-financial-management.asp>
- 2 <https://corporatefinanceinstitute.com/>