

PAPER CODE: BB206: FINANCIAL MANAGEMENT

Learning Objectives:

- Ability to organize, analyze and interpret numerical and financial data
- Sound decision-making abilities in the area of Investment, Financing, Dividend
Proficiency in oral and written communications with the ability to explain complex financial transactions and data to others
- Knowledge of economics and accounting in addition to finance
- Demonstrate the ability to organize, analyze and draw appropriate conclusions from financial information

UNIT-I: INTRODUCTION:

Nature & Scope, Evolution of Finance Function - its New Role in the Contemporary Scenario- Goals of Finance Function - Maximization versus Satisfying; Profit versus Wealth Versus Welfare; Risk Return Trade Off; Concept of Time Value of Money – Future Value & Present Value.

UNIT-II: INVESTMENT DECISION:

Investment Decision Process - Project Generation, Project Evaluation, Project Selection & Project Implementation, Capital Budgeting Decision: Discounted Techniques- NPV, IRR, PI, Non-Discounted Techniques- ARR and Payback Period.

UNIT-III: FINANCING DECISION:

Sources of Finance , Capital Structure Theories, Concept and Financial Effects of Leverage, Cost of Capital – Concept, Average versus Marginal Cost of Capital, Measurement, Weighted Average Cost of Capital.

UNIT-IV: WORKING CAPITAL MANAGEMENT:

Concept of Current Assets, Characteristics of Working Capital, Factors Determining Working Capital, Estimating Working Capital Requirements, Cash Management, Receivables Management & Inventory Management.

UNIT -V: DIVIDEND DECISION:

The Dividend Decision: Major Forms of Dividends - Cash & Bonus Shares. The Theoretical Drop - Dividends & Valuation. Major Theories Centred on the Works of Gordon, Walter

REFERENCE BOOKS:

1. James, C. Vanhorne “ Fundamentals of Financial Management”, 13th Edition, Prentice Hall.
2. M. Y. Khan & P.K. Jain, “Financial Management- Text Problems and Cases”, 7th Edition, UBSPD.
3. Prasanna Chandra, "Financial Management" “Financial Management Theory and Practice”, 7th Ed, Tata McGraw Hill
4. IM. Pandey, "Financial Management", 2010, 10th Ed. Vikas Publishing House.

Learning Outcomes :

- Demonstrate basic finance management knowledge.
- Communicate effectively using standard business terminology.