

Financial Management

Course Code	21BA2T1	Year	I	Semester	II
Course Category	Core	Branch	Business Administration	Course Type	Theory
Credits	4	L-T-P	4-0-0	Prerequisites	Basics of Economics and Financial Accounting
Continuous Internal Evaluation	30	Semester End Evaluation	70	Total Marks	100

Course Outcomes

Upon successful completion of the course, the student will be able to:

CO1	Apply the financial management knowledge and skills to distinguish between different types of business structure to achieve corporate objectives.	L3
CO2	Analyse the concepts of financial management to develop and apply this knowledge for the allocation, management and funding of financial resources.	L4
CO3	Demonstrate the applicability of the concepts of Financial Management in relation to the various decision areas like Investment, Financing and Dividend Decisions.	L4
CO4	Identify the short and long-term sources of funding to the corporation and make appropriate choices relative to the term structure of interest rates.	L3
CO5	Establish the importance of working capital management and apply techniques of finance in managing the working capital needs of organisations.	L3

Contribution of Course Outcomes towards achievement of Program Outcomes & Strength of correlations (3-High, 2-Medium, 1-Low)

	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PSO1	PSO2
CO1	3	3	3	2	3	-	3	-	-	-	-	3	3
CO2	3	3	3	2	3	-	3	-	-	-	-	3	3
CO3	3	3	3	2	3	-	3	-	-	-	-	3	3
CO4	3	3	3	2	3	-	3	-	-	-	-	3	3
CO5	3	3	3	2	3	-	3	-	-	-	-	3	3

SYLLABUS

Unit No.	Contents	Mapped CO
I	Finance Function: An overview of Finance functions - Profit vs wealth maximization - Investment decisions: Nature of capital budgeting decisions - Techniques of capital budgeting- Pay back method, Average rate of return and Time adjusted methods- IRR and NPV-profitability index- Capital budgeting and Risk analysis.	CO1 CO2 CO3 CO4
II	Cost of Capital and Capital Structure: Concept and measurement of Cost of capital- Debt vs equity- Cost of equity- Preference shares- Retained earnings- Weighted average cost of capital and marginal cost of capital; Capital structure Planning: Determinants of capital structure- Capital structure theories- Operating and financial leverage.	CO1 CO2 CO3

III	Dividend Decisions: Dividends and value of the firm - Relevance of dividend decision, MM hypothesis, Walter and Gordon models - Factors determining dividend policy- Dividend policies - Declaration and payment of dividends- Bonus Shares-Rights issue- Share splits.	CO1 CO3 CO4
IV	Working Capital Management: Components of working capital- Gross vs. net working capital - Determinants of size of working capital - The operating cycle approach; planning of working capital- Financing of working capital through Bank finance and trade credit.	CO1 CO4 CO5
V	Management of Current Assets: Management of cash– Basic strategies for cash management, cash budget, cash management techniques/processes; Marketable securities: characteristics, selection criterion, Marketable security alternatives; Management of receivables - Management of inventory - Credit policies.	CO1 CO4 CO5
Case Study Compulsory. Relevant cases have to be discussed in each unit.		

Learning Resources	
Text Books:	
<ol style="list-style-type: none"> 1. Khan M. Y., Jain P.K., “Financial Management - Text & Problems”. Tata McGraw-Hill. 2. Pandey I.M., “Financial Management”, Vikas Publishing House Pvt. Ltd., New Delhi. 	
Reference Books:	
<ol style="list-style-type: none"> 1. Chandra Bose D., Fundamentals of Financial Management, Prentice Hall of India, New Delhi Arthur Keown, John H. Martin, William Petty & David Scott Jr., “Financial Management: Principles and Applications”, Prentice Hall of India, New Delhi. 2. James C. Van Horne & John M. Wachowicz Jr., “Fundamentals of Financial Management”, Prentice Hall of India, New Delhi 3. Richard A. Brealey, Stewart C. Myers, “Principles of Corporate Finance”, McGraw Hill, New Delhi. 4. Hampton J. John, “Financial Decision Making: Concepts, Problems and Cases”, Prentice Hall of India, New Delhi. 5. Weston, J.F. and Brigham, E.F., “Essentials of Managerial Finance”, Pearson Education, New Delhi. 6. Winger, Bernard and Mohan, Nancy, “Principles of Financial Management”, Macmillan, Publishing Company, New York. 	
e- Resources & other digital material:	
<ol style="list-style-type: none"> 1. https://nptel.ac.in/courses/110/107/110107144/ 	