

MBA –I
Semester II
Financial Management (FM)

1. Course Objective:

The objective of this course is to equip the students with conceptual understanding of finance and its practical application. It is expected that the students possess a sound base in accounting principles and practices including financial analysis. Therefore, it would begin with the framework of financial management linking various functional subjects. Important decisions that come under corporate finance, namely, setting up of projects covering investment in fixed and current assets, raising funds, and allocation of profits are taken within a framework of risk and return. Students are expected to learn these decision making skills with the help of a few cases. The course also intends to make students gain the mechanical part of various decisions with the help of selected numerical problems available in various suggested text books. Students are expected to solve a large number of numerical and other assignments which would be the preparatory requirements of this course.

2. Course Duration:

The course will have 40 sessions of 75 minutes duration.

3. Course Contents:

Assignment of sessions to the modules of course is as follows:

Module No.	Modules	Sessions	Marks (20% of 70)
I	Understanding the Meaning of Financial Management, Financial System, Financial Mathematics, and Basics of Valuation Financial Management; Definition, Scope, Goal, Function, Agency Theory; Financial System; Functions, Structure, Players, Role. Concepts of Time Value, Compounding & Discounting, Annuities, Valuation of Bonds and Shares	8	14
II	Understanding Working Capital Management as a Decision to Create Value for the Business Principles of Working Capital Management, Various Approaches, Estimation of Working Capital, Managements of Components of Working Capital; Cash, Receivables, Inventory and Sources of Working Capital Finance	8	14
III	Understanding Investment Decision and Various Steps Involved Nature of Investment Decision, Techniques of Investment Decision; Discounted and Non-Discounted Techniques, Estimation of Discount Rate (Cost of Capital), Determination of Cash Flows and Complex Investment Decisions	8	14

IV	Understanding Financing Decision and Various Sources of Finance Meaning of Leverage, Theory of Capital Structure, Relevance and Irrelevance of Capital Structure, Arbitraging, Sources of Long-Term Finance; Shares, Debentures and Term Loans, Leasing and Hire Purchase and Venture Capital	8	14
V	Understanding Dividend Decision, Theory and Practice; Contemporary Issues and Projects by Students Various Models of Relevance and Irrelevance Approaches Towards Dividend Theory.	8	14

4. Teaching Methods:

The course will use the following pedagogical tools:

- (a) Selected Cases Covering Major Financial Management Decisions.
- (b) Solving of Selected Numerical
- (c) Projects/Assignments/Quizzes

5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following elements:

A	Projects/ Assignments/ Quizzes/ Class participation etc	Weightage 10% (Internal Assessment)
B	Mid-Semester examination	Weightage 20 % (Internal Assessment)
C	End –Semester Examination	Weightage 70% (External Assessment)

6. Text Book:

Sr. No.	Author/s	Name of the Book	Publisher	Edition and Year of Publication
T1	I. M. Pandey	Basic text book is Financial Management	Vikas Publication	9 th Edition or later edition,
T2	Chandra, Prasanna (2008)	Financial Management – Theory and Practice	Tata McGraw-Hill Publishing Company, New Delhi	7 th Edition or later edition.
T3	Van Horne & Wachowicz Jr. (2004),	Fundamentals of Financial Management	Pearson Education	11 th Edition or later edition

7. Reference Books:

Sr. No.	Author/s	Name of the Book	Publisher	Edition and Year of Publication
R1	Srivastava & Misra	Financial Management	Oxford University Press New Delhi	(2008)
R2	Briham & Houston	Fundamentals of Financial Management	South-Western, Thomson Business Information India (P) Ltd., New Delhi.	(2006) 10 th Edition
R3	Brealey & Myers	Principles of Corporate Finance	Tata McGraw-Hill Publishing Company, New Delhi.	(2005) 7 th Edition
R4	Reddy, Sudarsana	Financial Management – Principles and Practice	Himalaya Publishing House, Mumbai	(2008) 1 st Edition
R5	Vishwanath, S. R. (2007)	Corporate Finance - Theory and Practice	Response Books, New Delhi	2 nd Edition
R6	McMenamin, Jim	Financial Management – An Introduction	Oxford University Press, New Delhi.	(2000) 1 st Edition
R7	Sinha, P.K	Financial Management	Excel Books	1 st Edition
R8	Bhat, S.	Financial Management	Excel Books	(2007) 2 nd Edition
R9	Peter DeMarzo, Jonathan Berk	Financial Management	Pearson Education	Latest Edition
R10	Vyuptakesh Sharan	Foundations of Financial Management	Pearson Education	Latest Edition
R11	G. Sudarsana Reddy	Financial Management	Himalaya Publishing	Latest Edition
R12	Lawrence J. Gitman	Principles of Managerial Finance	Pearson Education	Latest Edition
R13	Glen Arnold, Mohan Kumar	Corporate Financial Management	Pearson Education	Latest Edition
R14	Engene F. Brigham, Michael Ehrhardt	Financial Management	Thomson	Latest Edition
R15	Rajiv Srivastava, Anil Misra	Financial Management	Oxford	Latest Edition

8. List of Journals/Periodicals/ Magazines/ Newspapers: Chartered Finance Analysis, Journal of Financial Management, Economic Times, Business Standard, Financial Express, etc.

9. Session Plan:**Financial Management (FM)**

Sessions	Topics
1-2	Financial Management; Definition, Scope, Goal, Function, Agency Theory Case: It Makes or Breaks (Will be Provided) Assignments:1) A Comparison of Profit Maximisation and Wealth Maximisation 2) Agency Theory and Agency Cost
3,4, 5	Concepts of Time Value, Compounding & Discounting, Annuities, Sinking and Capital Recovery Factors Expected : Discussing and Solving of Numerical Examples
6,7,8	Valuation of Bonds and Shares Expected : Discussing and Solving of Numerical Examples
9	Principles of Working Capital Management and Formulating Working Capital Policy
10-11	Estimation of Working Capital Requirements and Operating Cycles Expected : Discussing and Solving of Numerical Examples
12-13	Components of Working Capital; Cash Management and Tools of Managing Cash. Case: Bright Paints Limited, pp 656 of IMP Expected : Discussing and Solving Numerical Examples
14	Components of Working Capital; Receivables Management Case: Relax Pharmaceutical Limited, pp 623 of IMP Expected : Discussing and Solving of Numerical Examples
15	Components of Working Capital; Inventory Management Expected : Discussing and Solving of Numerical examples
16	Sources of Working Capital Finance; Regulation of Bank Finance, Committees, Maximum Permissible Bank Finance Case: Reliable Texamill Limited, pp 597 of IMP
17-19	Investment Decision; Introduction and Techniques of Investment Selection, DCF and non DCF methods Expected : Discussing and Solving Numerical Examples
20-21	Cost of Capital Read: Chapter 9 of IMP Expected : Discussing and Solving of Numerical Examples
22-24	Estimation of Cash Flows Case: Hind Petrochemicals Company, pp 227 of IMP Expected : Discussing and Solving of Numerical Examples
25-27	Concepts of Leverage, Operating and Financial Leverages, Risk Return Analysis Expected : Discussing and Solving of Numerical Examples Case: Central Equipment Company, pp310-312of IMP
28-30	Capital Structure Theories Relevance and Irrelevance of Capital Structure, and

	Arbitraging. Expected : Discussing and Solving of Numerical Examples
31-32	Sources of Long-Term Finance; Shares, Debentures and Term Loans, Leasing and Hire Purchase and Venture Capital
33-34	Dividend Theory; Various Models of Relevance and Irrelevance Approaches Towards Dividend Theory. Expected : Discussing and Solving of Numerical Examples
35-36	Formulation of Dividend Policy & Practice, Methods of Payments and Other Considerations
37-40	Students' Assigned Projects' Presentation and Discussion. Topics are to be Related to Studies on Major Decisions Made by Companies Such as Acquisition, Take-over, Dividend Practices and Working Capital Management etc.

The Instructor/s (Faculty Member/s) will be required to guide the students regarding suggested readings from the Text(s) and references in items 6 and 7 mentioned above.