

Course Name: Financial Management

Course Code-MS 109

Course Credits: 6

Course Objective:

Block I Introduction to Financial Management

Unit I Introduction to Financial Management

Finance functions – Its Nature and Scope-Relationship with other functions- Role of Financial Management – Profit vs. Wealth- concept

Unit II The Mathematics of Finance

Unit III Risk and Return

Unit IV Indian Financial System

Unit V Sources of Long Term Finance and Short Term Finance

Unit VI Valuation of Securities

Valuation of Securities: Bond Valuation, Preferred Stock Valuation, Common Stock Valuation, Concept of Yield and YTM.

Block II-Financing Decisions

Unit VII Cost of Capital

Cost of Capital -Concept, Factors Affecting, Computation of Specific Cost of Capital, Weighted Average Cost of Capital

Unit VIII Capital Structure

Concept of Capital Structure, Legal Requirements, Factor affecting Capital Structure

Unit IX Theories of Capital Structure

Unit X EBIT- EPS analysis and Leverage

EBIT- EPS analysis- Operating leverage- Financial leverage-Combined leverage.

Block III- Long Term Investment Decisions

Unit XI Capital Budgeting Concept & Process - An Overview

Unit XII Estimating Project after Tax Incremental Operating Cash Flows

Unit XIII Capital Budgeting Techniques

Unit XIV Issues in Capital Budgeting

Capital Rationing, Decision Tree, Stimulation, Sensitivity Analysis and CAPM methods.

Block IV Current Assets Management

Unit XV An Overview of Working Capital Management

Definition -Types-Working Capital for Policies -Factors affecting working Capital requirements, Estimation of Working Capital.

Unit XVI Cash Management

Cash Management : Motives, optimum level of cash - stochastic models, Miller and Orr model Models, Electronic Commerce, Outsourcing, Factoring

Unit XVII Inventory Management

Inventory Management- Inventory Level- Inventory Management Techniques.

Unit XVIII Receivables Management

Receivables Management- Credit & Collection Policies, Analyzing credit-worthiness of Applicants including Credit Information Bureau (India) Limited (CIBIL) , Credit References, Selecting optimum Credit period.

Block V Dividend Decisions

Unit XIX Dividend Policy-An Introduction

Dividend Policy: Passive Versus Active Dividend Policy ; Factors influencing Dividend Policy

Unit XX Dividends-Issues and Types

Dividend Stability, Stock Dividends and Stock Splits and Legal Consideration of Paying Dividends.

Unit XXI Dividend Theories

Unit XXII Contemporary Issues in Finance

Suggested Readings:

1. Basic Financial Management: M.Y. Khan and P.K. Jain, New Delhi, TMH 2000.
2. Financial Management: I.M. Pandey.
3. Financial Management: Theory and Practices- Prasanna Chandra.
4. Financial Management: Khan and Jain.
5. Corporate Financial Management: Arnold Alen, London, Pitman 1998.
6. Corporate financial management: Emery Douglas R, Pearson Education Asia, 1997.
7. Indian corporate financial management: Vijay Gopalan E., Bombay: Himalaya, 1997.