

FINANCIAL MANAGEMENT

II Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBB17	Skill	L	T	P	C	CIA	SEE	Total
		4	-	-	4	30	70	100
Contact Classes: 55	Tutorial Classes: 00	Practical Classes: Nil			Total Classes: 55			
OBJECTIVES: The course should enable the students to: I. Provide support for decision making and to monitor their decisions for any potential financial implications. II. Learn and implement the financial management strategies for effective utilization of financial resources in optimum manner. III.Ensure the availability of relevant and reliable financial and non-financial information for the purpose of wealth and profit maximization. IV.Focus on wealth maximization rather than profit maximization to achieve the objectives of finance function. V. Develop the skills to analyze the impact of various financing alternatives on the wealth maximization / valuation of the firm.								
COURSE OUTCOMES(CO'S): 1. Describe the meaning, definitions, nature and scope of financial management. 2. Identify the goals, evolution and functions of financial management. 3. Examine the new role of finance function in contemporary scenario. 4. Illustrate the differences between profit maximization and wealth maximization. 5. Demonstrate the concepts of risk return trade off, time value, future value and present value of money. 6. Discuss the meaning, definitions, characteristics and importance of investment decisions. 7. Apply the methods and principles of capital budgeting. 8. Predict the investment decision process and significance of capital budgeting. 9. Explain the term capital budgeting decision under risk and uncertainty and methods of capital budgeting techniques. 10.Determine the concept and measurement of cost of capital. 11.Examine the meaning, definitions, importance and theories of cost of capital and capital structure and dividend theories. 12.Summarize the importance of working capital management, current assets management, cash management and inventory.								
UNIT-I	THE FINANCE FUNCTION						Classes: 05	
Nature and scope, evolution of finance function , new role in the contemporary scenario , goals of finance function, maximizing vs. satisfying, profit vs. wealth vs. welfare, the agency relationship and costs, risk-return trade off, concept of time value of money ,future value and present value.								
UNIT-II	THE INVESTMENT DECISION						Classes: 15	
Investment decision process, developing cash flow, data for new projects, capital budgeting techniques :traditional and discounted cash flow methods, the net present value vs. internal rate return debate; approaches for reconciliation, capital budgeting decision under conditions of risk and uncertainty; cost of capital: concept and measurement of cost of capital, debt vs. equity, cost of equity, preference shares, equity capital and retained earnings, weighted average cost of capital and marginal cost of capital. Importance of cost of capital in capital budgeting decisions.								
UNIT-III	CAPITAL STRUCTURE DECISIONS						Classes: 15	
Capital structure vs. financial structure: capitalization, financial leverage, operating leverage and composite leverage, earnings before interest and tax, Earning Per Share Analysis. Indifference Point/Break even analysis of financial leverage, capital structure theories: the Modigliani miller Theory, NI, NOI theory and traditional Theory: a critical appraisal.								
UNIT-IV	DIVIDEND DECISIONS						Classes: 10	

Dividends and value of the firm .Relevance of dividends, the MM hypothesis, Factors determining dividend policy, dividends and valuation of the firm, the basic models. Declaration and payment of dividends, bonus shares, Rights issue, share-splits, Major forms of dividends: cash and bonus shares, The theoretical backdrop: dividends and valuation, Major theories cantered on the works of GORDON, WALTER and LITNER. A brief discussion on dividend policies of Indian companies, working capital management: components of working capital, gross vs. net working capital, determinants of working capital needs, the operating cycle approach.		
UNIT-V	MANAGEMENT OF CURRENT ASSETS	Classes: 10
Management of cash, basic strategies for cash management, cash budget, cash management techniques/processes; management of receivables and management of inventory, the importance of current assets management in working capital planning, planning of working capital, financing of working capital through bank finance and trade credit, recommendations of Tandon and Daheja committee on working capital, cases.		
Text books		
1. M. Pandey, “Financial Management”, Vikas Publishing House, 10 th Edition, 2010. 2. Jonathan Berk, Peter De Marzo and Ashok Thampy, “Financial Management”, Pearson publications, 2 nd Edition, 2010.		
Reference books		
1. Brigham, E. F. and Ehrhardt. M. C., “Financial Management Theory and Practice”, Thomson South-Western publications, 10 th Edition, 2006. 2. Prasanna Chandra, “Financial Management Theory and Practice”, Tata McGraw Hill, 8 th Edition, 2011.		
Web References		
1. https://www.open.edu/openlearn/money-business/financial-management-and-reporting/content-section---references 2. https://lsc.libguides.com/c.php?g=436550&p=2976238 3. https://www.researchgate.net/publication/327767641_Financial_management_Recommended_Textbooks		
E-Text Books		
1. http://www.freebookcentre.net/Business/Accounting-Books.html 2. https://bookboon.com/en/accounting-ebooks 3. https://www.amazon.in/Dictionary-Accounting-Oxford-Quick-Reference/dp/0199563055		