

Course Code	MBG5 206	Semester	II
Course Title	<i>Financial Management</i>		
Credits	3	Type	Core

This is a practice-oriented, employability-based course that enhances problem-solving, Financial Analysis and decision-making skills.

Course Description

The course enables the students in understanding various concepts in Corporate Finance, and familiarizes them with techniques in financial management and focuses on the institutional framework of Corporate Finance. This is an employability-based skill development course.

Course Outcome

By the end of the course, students will obtain the following course/learning outcome:

1. Knowledge Gained:
 - (i) Understand the Financial market in India
 - (ii) Examine the various factors affecting the financial decisions in a business organization
 - (iii) Understand the theories of capital structure
2. Skill Gained:
 - (i) Analyze the different sources of funds for an organization
 - (ii) Capital budgeting decision-making skills
3. Competency Gained
 - (i) Discuss the various methods undertaken for taking capital budgeting decisions
 - (ii) Summarize the impact of each financial decision on the organization as a whole.

Course Structure

The following is a detailed syllabus.

MODULE I : Business Finance

Finance function – meaning and scope – objective of financial management – Financial forecasting – Financial planning – steps in financial planning – Estimating financial requirements, Role of financial market and financial institutions in India.

MODULE II : Source of Funds

long term – short term and medium term – Equity shares – preference shares – Debentures and Bonds – Retaining Earnings. Institutional borrowings – Public Deposits – Lease financing – Venture capital – Commercial paper – Factoring. Working capital management : Management of cash, Management of the receivables and inventory – Inventory Management – Bank financing of working capital.

MODULE III : Investment decisions

Capital budgeting process – Selection of projects – Estimation of cash flows – Project evaluation techniques – Payback period– Accounting rate of return – NPV method – IRR – Capital rationing – project selection under rationing.

MODULE IV : Finance decisions

meaning – structure planning – optimum capital structure – capital structure theories – Net income approach – Net operating income approach – MM approach – Traditional approach – Cost of capital – meaning – methods of computing cost of debt, equity and preference shares – the weighted average cost of capital.

MODULE V : Dividend decisions

Factors influencing dividend policy – stable dividend policy – cash dividend – stock dividend – stock split – Dividend models – Walter’s model – Gordon’s Model – MM Irrelevance Approach.

Testing & Evaluation (if any)

- Assignments
- Case analysis/ Problems
- Seminar/Project
- Discussions/ Group activity
- Internal Assessment

References

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- Prasanna Chandra, (2017), Financial Management: Theory and Practice, Ninth edition, McGraw Hill Education.
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- <http://storage.googleapis.com/uniquecourses/online.html>
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