

FINANCIAL MANAGEMENT			
Course Code	20MBA22	CIE Marks	40
Teaching Hours/Week (L:T:P)	3:0:2	SEE Marks	60
Credits	04	Exam Hours	03
<b>Course Objectives:</b> 1. To familiarize the students with basic concepts of financial management and financial system. 2. To understand concept of time value of money and its implication. 3. To evaluate the investment proposals. 4. To understand the management of working capital in an organization. 5. To analyze capital structure and dividend decision.			
<b>Module-1 Introduction</b>			<b>9 hours</b>
Meaning and objectives of Financial Management, changing role of finance managers. Interface of Financial Management with other functional areas. Indian Financial System: Financial markets, Financial Instruments, Financial institutions and financial services. Emerging issues in Financial Management: Risk Management, Behavioural Finance, Financial Engineering, Derivatives (Theory).			
<b>Module-2 Time value of money</b>			<b>9 hours</b>
Meaning of Time value of money –Future value of single cash flow & annuity, present value of single cash flow, annuity & perpetuity. Simple interest & Compound interest, Capital recovery & loan amortization. (Theory & Problem). Case Study on Loan amortization. Computer lab for calculation of future value, present value and loan amortisation in MS excel.			
<b>Module-3</b>			<b>9 hours</b>
<b>Sources of Financing:</b> Shares, Debentures, Term loans, Lease financing, Hybrid financing, Venture Capital, Angel investing and private equity, Warrants and convertibles (Theory Only). <b>Cost of Capital:</b> Basic concepts. Cost of debenture capital, cost of preferential capital, cost of term loans, cost of equity capital (Dividend discounting and CAPM model) - Cost of retained earnings - Determination of Weighted average cost of capital (WACC) and Marginal cost of capital. (Theory & Problem). Case Study on WACC.			
<b>Module-4 Investment Decisions</b>			<b>9 hours</b>
Capital budgeting process, Investment evaluation techniques – [Net present value, Internal rate of return, Modified internal rate of return, Profitability index, Payback period, discounted payback period, accounting rate of return Problem). Risk analysis in capital budgeting-Case Study on replacement of capital project. (Numerical problems). Computer lab for calculation of NPV, IRR, PI, Payback period, ARR in MS excel.			
<b>Module-5 Working Capital Management</b>			<b>7 hours</b>
Factors influencing working capital requirements - Current asset policy and current asset finance policy- <b>Determination of operating cycle and cash cycle on Excel-</b> Estimation of working capital requirements of a firm. (Does not include Cash, Inventory & Receivables Management). Case study on Working Capital Determination and the impact of negative working capital Amazon-negative working capital and profitability. Computer lab for calculation of working capital cycle and operating cycle in MS excel.			
<b>Module-6 Capital structure and dividend decisions</b>			<b>7 hours</b>
Capital structure and dividend decisions – Planning the capital structure-Governance of Equity and Debt, Fall in interest rates and perils of Debt funding. Leverages, EBIT and EPS analysis. ROI & ROE analysis. Capital structure policy. Dividend policy – Factors affecting the dividend policy - Dividend Policies- Stable Dividend, Stable Payout (No dividend theories to be covered). Case Study on EBIT-EPS analysis & Leverages.			
<b>Course outcomes:</b> At the end of the course the student will be able to: <ol style="list-style-type: none"> <li>Understand the basic financial concepts</li> <li>Apply time value of money</li> <li>Evaluate the investment decisions</li> <li>Estimate working capital requirements</li> <li>Analyze the capital structure and dividend decisions</li> </ol>			

**Practical Components:**

- Identifying the small or medium sized companies and understanding the Investment evaluation techniques used by them.
- Using the annual reports of selected companies, students can study the working capital management employed by them. Students can also compare the working capital management of companies in the same sector.
- Students can choose the companies that have gone for stock split and Bonus issue in the last few years and study the impact of the same on the stock price.
- Students can study any five companies capital structure
- Students can do Company analysis for select companies using profitability and liquidity ratios.

**CO-PO MAPPING**

CO	PO				
	PO1	PO2	PO3	PO4	PO5
CO1	X				
CO2	X	X			
CO3	X		X		
CO4	X		X	X	
CO5	X		X		

**Question paper pattern:**

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 60.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks.
- Each full question will have sub question covering all the topics under a Module.
- The students will have to answer five full questions; selecting four full question from question number one to seven and question number eight is compulsory.
- 40 percent theory and 60 percent problems in the SEE.

**Textbooks**

Sl. No.	Title of the book	Name of the Author/s	Publisher Name	Edition and year
1	Financial Management	Khan M. Y. & Jain P. K,	TMH	7/e,
2	Financial Management	Prasanna Chandra	TMH	9/e,
3	Financial Management	Prahlad Rathod ,Babitha Thimmaiah and Harish Babu	HPH	1/e, 2015
4	Financial Management: A Strategic Perspective	Nikhil Chandra Shil & Bhagaban Das	Sage Publications	1/e, 2016

**Reference Books**

1	Financial Management	I M Pandey	Vikas Publishing	11/e, 2012
2	Principles of Corporate Finance	Brealey, Myers, Allen & Mohanty	McGraw Hill Education	11/e, 2014
3	Cases in Financial Management	I.M.Pandey & Ramesh Bhat	McGraw Hill Education	3/e, 2015
4	Corporate Finance	Vishwanath S. R.	Sage Publications	3/e, 2019