

## FINANCIAL MANAGEMENT

Subject Code	: 14MBA22	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

### Objectives :

- To explain the basic functions and responsibilities of a financial department in a business/ firm;
- To elaborate the key decision areas in financial management-investment, financing, dividend and working capital management
- To explain the various techniques of evaluation of investment proposals
- To discuss the various factors to be considered in designing the target capital structure.

### Module I

(10 Hours)

**Financial management** – Introduction to financial management, objectives of financial management – profit maximization and wealth maximization. Changing role of finance managers. Interface of Financial Management with other functional areas.

**Indian financial system** – Primary market, Secondary market – stocks & commodities market, Money market, Forex markets. (Theory Only)

**Sources of Financing:** Shares, Debentures, Term loans, Lease financing, Hybrid financing, Venture Capital, Angel investing and private equity, Warrants and convertibles (Theory Only)

### Module II

(10 Hours)

**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.

### Module III

(8 Hours)

**Cost of Capital** Cost of capital – basic concepts. Cost of debt/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.

### Module IV

(10 Hours)

**Investment decisions** – 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. Estimation of cash flow for new project, replacement projects.

### Module V

(6 Hours)

**Working capital management** – factors influencing working capital requirements. Current asset policy and current asset finance policy. Determination of operating cycle and cash cycle. Estimation of working capital requirements of a firm (Does not include Cash, Inventory & Receivables Management)

### Module VI

(8 Hours)

**Capital structure and dividend decisions** – Planning the capital structure. (No capital structure theories to be covered) Leverages – Determination of operating leverage, financial leverage and total leverage. Dividend policy – Factors affecting the dividend policy - dividend policies- stable dividend, stable payout. (No dividend theories to be covered).

### Module VII

(4 Hours)

**Emerging Issues in Financial management:** Derivatives, Mergers and Acquisitions, Behavioural Finance, Financial Modelling, Financial engineering, risk management. (Theory Only).

### 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.

### RECOMMENDED BOOKS:

- Financial Management - Prasanna Chandra, 8/e, TMH, 2011.
- Financial Management, Shashi K Gupta and R K Sharma, 8th Revised Edition, Kalyani Publishers, -2014



- Financial Management, Khan M. Y. & Jain P. K., 6/e, TMH, 2011.
- Financial Management, Rajiv Srivastava and Anil Mishra, Second edition, Oxford University Press, 2011
- Financial Management, I. M. Pandey, 10th Edition, Vikas Publishing House - 2014
- Financial Management & Policy- Vanhome, James C., 12/e, Pearson, 2002

#### REFERENCE BOOKS:

- Financial Management, V. K. Bhalla, 1st Edition - S. Chand 2014.
- Fundamentals of Financial Management, Brigham & Houston, 10/e, Cengage Learning.
- Corporate Finance, Damodaran, 2/e, Wiley India (P) Ltd., 2004
- Financial Management, Parash P., Shah 2/e, Bizantia.
- Fundamentals of Financial Management, Sheeba Kapil, Pearson, 2013
- Financial Management, Sumit Gulati & Y. P. Singh, McGraw Hill, New Delhi - 2013

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#### RESEARCH METHODS

Subject Code	: 14MIBA23	LA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

#### Objectives:

- To provide an understanding on the basic concepts of research methods
- To expose the students to the role that statistics plays in business decisions

#### Module I

(6 hours)

**Business Research** – Meaning, types, process of research- management problem, defining the research problem, formulating the research Hypothesis, developing the research proposals, research design formulation, sampling design, planning and collecting the data for research, data analysis and interpretation. Research Application in business decisions, Features of good research study.

#### Module II

(8 hours)

**Types of Business Research Design:** Exploratory and Conclusive Research Design

**Exploratory Research:** Meaning, purpose, methods –secondary resource analysis, comprehensive case methods, expert opinion survey, focus group discussions.

**Conclusive research Design** - Descriptive Research - Meaning, Types – cross sectional studies and longitudinal studies. –

**Experimental research design** – Meaning and classification of experimental designs- Pre experimental design, Quasi-experimental design, True experimental design, statistical experimental design.

**Observation Research** – Meaning – Uses – Participation and Non-participation – Evaluation – Conducting an Observation study – Data collection

#### Module III

(6 hours)

**Sampling:** Concepts - Types of Sampling - Probability Sampling – simple random sampling, systematic sampling, stratified random sampling, cluster sampling - Non Probability Sampling – convenience sampling- judgemental sampling, snowball sampling- quota sampling - Errors in sampling.