

# FINANCIAL MANAGEMENT

**Course Code: MBAFN 10201**

**Credit Units: 04**

## Course Objective:

The objective of this course is to develop an understanding of short-term and long-term financial decisions of a firm and various financial tools used in taking these decisions. It is also aimed to develop the understanding of the financial environment in which a company operates and how it copes with it.

## Course Contents:

### Module I: Introduction

A Framework for Financial Decision-Making- Financial Environment, Changing Role of Finance Managers, Objectives of the firm

### Module II: Valuation Concepts

Time Value of Money, Risk and Return, Financial and Operating Leverage

### Module III: Financing Decisions

Capital Structure and Cost of Capital, Marginal Cost of Capital

### Module IV: Capital Budgeting

Estimation of Cash Flows, Criteria for Capital Budgeting Decisions, Issues Involved in Capital Budgeting, Risk analysis in Capital Budgeting – An Introduction

### Module V: Working Capital Management

Factors Influencing Working Capital Policy, Operating Cycle Analysis, Management of Inventory, Management of Receivables, Management of Cash and Marketable Securities, Financing of Working Capital.

### Module VI: Dividend Policy Decisions

An introduction: Different Schools of Thought on Dividend Policy

## Examination Scheme:

Components	P1	C1	CT1	EE1
Weightage (%)	10	10	20	60

## Text & References:

### Text:

- Chandra, P. 2006, Financial Management: Theory and Practice, 6<sup>th</sup> Ed., Tata McGraw Hill.

### References:

- Damodaran, A. 2004, Corporate Finance: Theory and Practice, 2<sup>nd</sup> Ed., Wiley & Sons.
- Van Horne, J.C. 2006, Financial Management and Policy, 12<sup>th</sup> Ed., Prentice Hall of India.
- Brearly, R. A. and Myers, S. C. 2006, Principles of Corporate Finance, 8<sup>th</sup> Ed., Tata McGraw Hill
- Pike, R and Neale, B. 1998, Corporate Finance and Investment: Decisions and Strategies, Prentice Hall of India
- Rustagi, R.P. 1999, Financial Management: Theory, Concepts and Problems, Galgotia Publishing Company.
- Pandey, I.M. 1999, Financial Management, 9<sup>th</sup> Ed., Vikas Publishing House