

17MB104-FINANCIAL MANAGEMENT

Course Objective

This course aims to provide a framework of fundamental concepts, principles and approaches of corporate finance. It enables the students to apply their knowledge in solving problems of corporate organizations and help them to improve their overall capacities in the field of corporate finance.

Course outcomes

Students who successfully complete this course will be able to:

- Understand the concepts of time value of money relating to corporate investment decisions.
- Analyze and evaluate investment opportunities and apply capital budgeting techniques in investment decisions.
- Understand the concepts of time working capital management and ability to communicate their view point's relating to the financial health of firms.
- Demonstrate conceptual and practical knowledge of capital structure and dividend policy and how it affects a firm value.

UNIT - I

Perspectives on Financial Management: Finance Function & Inter linkages with other functions. Objective of the finance Function, Investment, Financing and dividend, firm value maximization, Agency Problems, Time value of Money.

UNIT - II

Capital Budgeting Decisions: Investment Appraisal Methods- NPV and other techniques. Fundamentals of Capital Budgeting- Forecasting earnings, Risk Analysis in capital Budgeting.

UNIT - III

Working capital management: Cash cycle, operating cycle, estimation, Factors affecting working capital, Types of working capital- Inventory management, Cash Management.

UNIT - IV

Capital Structure: Cost of Capital- Component cost of capital and WACC. Capital structure and impact on firm value- MM Hypothesis with and without taxes, traditional models.

UNIT - V

Dividend Policy: Forms of dividend, Theories of dividend, Dividend payout theories and comparison of dividends versus buy backs.

Skill Development:

(These activities are only indicative, the Faculty member can innovate)

1. To collect and scrutinize share application forms of IPOs.
2. To calculate the EPS of various companies.
3. To determine the operating cycle for a manufacturing and non – manufacturing firm.
4. To visit banks and collect information regarding short term and medium term finance offered by them.
5. To track the dividend policies of some well known companies.

TEXT BOOK:

1. Ross, Westerfield and Jaffe and Kakani (RWJK) Corporate Finance, Tata Mc Graw Hill, 2009.

REFERENCE BOOKS:

1. Michael C Ehrhardt and Eugene F Brigham, Corporate Finance- A Focused Approach, Cengage Learning, 2011.
2. Rajiv Srivastava and Anil Misra, Financial Management, Oxford University Press, 2011
3. I.M.Pandey, Financial Management (10th edition), Vikas Publishing 2011.
4. Anthony, Hawkins and Merchant, Accounting: Text & Cases.