Master of Business Administration
MBA Semester II
Core Course

204:Financial Management

Marks: 100   **Duration: 60 Hrs.**

CREDITS: 4

Objectives: In today's dynamic world financial decisions play an important role in managerial decision making.So managers need to understand, analyse and interpret financial data and financial issues. This course will help students in understanding the concepts and principles of finance so that they can make quick and informed financial decisions.

Course Outcomes: The successful completion of this course shall enable the students to:

CO1: Understand the issues and framework of corporate finance.

CO2: Analyze the effect of corporate decisions on the value of a firm.

CO3: Compare various investment proposals.

CO4: Design a firm's financial needs and interpret its effect on the value of the firm.

CO5: Make optimal financial decisions by integrating the concepts of leverages, working capital and dividend.

Contents:

UNIT	CONTENT	HOURS
I	Introduction, meaning and definition of financial management, functions of financial manager, objective of the firm.	8
II	Capital Budgeting - Definition and concept of capital budgeting, importance of capital budgeting methods of appraisal – Pay back, average rate of return, IRR and NPV methods, Comparison of IRR and NPV. Cost of capital - importance, definition and concept, measurement of cost of capital of a specific source and overall cost of capital.	15
III	Operating and financial leverage, EBIT – IPS analysis, combined leverage. Capital structure theories - NI and NOI approach, M.M. Approach, Traditional Approach, capital structure designing, stability in dividends, factors influencing capital structure.	12
IV	Dividend decisions - Relevance and irrelevance of dividend decision, Walter model, Gordon models. Dividend Policy in Practice - Dividend payout ratio, stability in dividends, legal contractual and internal constraints: Owners consideration and capital market considerations, types of dividends, Stock dividends.	10
V	Working Capital Management – Meaning and scope of working capital management, Factors effecting requirements of working capital.	10
	Group learning exercises involving discussion, role-play and presentation by students.	05
	TOTAL	**60**

Readings:

1. Financial Management by I.M. Pandey, Vikas Publishing.

2. Financial Management by Rajiv Srivastava and Anil Misra, Oxford University Press.

3. Fundamentals of Financial Management by James C. Van Horne, Prentice Hall.

4. Financial Management: Theory and Practice by Eugene F. Brigham, AbeBooks.

5. Financial Management: Theory and Practice by Prasanna Chandra, Tata McGraw Hill.

Pedagogy:
- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive classroom discussions
- Flipped classroom

Teaching Plan:

At the beginning of each semester faculty teaching the course will provide (i) Teaching Plan,
(ii) updated reading list, and (iii) the list of case studies for uploading on Department website.

Facilitating the achievement of Course Learning Outcomes

Unit No.	Course Learning Outcomes	Teaching and Learning Activity	Assessment Tasks
I	Ability to uunderstand the issues and framework of corporate finance	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Analysis of Case Study
II	Ability to analyze the effect of corporate decisions on the value of a firm	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Analysis of Case Study
III	Ability to compare various investment proposals	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Analysis of Case Study
IV	Ability to design a firm's financial needs and interpret its effect on the value of the firm	Lecture/ Case/ Industry Expert interaction /Presentation	Class participation, Presentation, Viva/ test, Analysis of Case Study
V	Ability to make optimal financial decisions by integrating the concepts of leverages, working capital and dividend	Lecture/ Industry Expert interaction/ Presentation	Class participation, Presentation, Viva/ test, Analysis of Case Study