

# SYLLABUS

## Core Course 16: **FINANCIAL MANAGEMENT**

Credit: 4

Instructional Hours: 90

### Objectives:

To familiarise the students with the functional areas and principles of financial management.

### Module I

**Introduction**-Meaning of Finance – Financial Management-Importance - Scope - Objectives – Profit Maximization – Wealth Maximization – Finance Function - Role of Finance Manager-Financial Management and other Disciplines- Concept of Time value of money- Discounting and compounding. **(15 Hours)**

### Module II

**Financing Decision** - Sources of Finance – Equity – Debt – Preference- Retained earnings- Cost of Capital-Concept- Importance- Measurement of Specific Costs- Cost of Debt – Cost of Preference Capital – Cost of Equity – Cost of Retained Earnings – Capitalisation - Capital Structure-Meaning of Capital Structure – Optimum Capital Structure- Factors Determining Capital Structure- Leverage- Meaning- Types-Operating Leverage- Meaning and Computation -Financial Leverage- Meaning and Computation – Composite Leverage- Meaning and Computation- Financial Risk and Business Risk. *(Capital Structure theories excluded)* **(30 Hours)**

### Module III

**Investment Decision**- Capital Budgeting – Meaning- Importance- Determination of Cash Flows – Evaluation Methods –Traditional Techniques- Pay Back Period – ARR –Discounted Cash flow techniques- NPV –IRR – Profitability Index – Discounted PBP- Interpretation of Results. **(20 Hours)**

### Module IV

**Management of Working Capital** - Meaning-Definition – Importance-Types of working capital- Gross Working Capital- Net Working Capital- Factors Determining Working Capital- Estimation of Working Capital Requirements- Methods. **(15 Hours)**

### Module V

**Dividend Decision**- Meaning- Types of Dividend-Dividend Policy-Conservative Vs Liberal Policy-Payout Ratio- Retention Ratio- Factors Determining Dividend Policy- Bonus Shares- Stock Split and Reverse Split. *(Dividend theories excluded)* **(10 Hours)**