

FINANCIAL MANAGEMENT

OBJECTIVE: To familiarize the students with various concepts and principle of financial management and also to develop in them the necessary skills and techniques to take decisions on various financial matters.

UNIT I

Financial Management: Meaning and Scope of Finance Functions – Goals: Profit Maximization and Wealth Maximization – Organization of Finance Function.

UNIT II

Capital Structure Planning – Meaning and Scope – Approaches: Net Income Approach – Net Operating Income Approach – MM Approach – Arbitrage Process – Traditional Approach – Indifference Point.

UNIT III

Capital Budgeting – Concept and Importance – Capital Budgeting Appraisal Methods: Pay Back Method – Discounted Cash Flow Method: NPV Method, Excess Present Value Index and IRR Method - Return on Investment Method.

UNIT IV

Cost of Capital – Concept, Importance - Classification: Cost of Debt – Cost of Equity – Cost of Retained Earnings – Weighted Average Cost of Capital.

UNIT V

Leverages – Meaning and Significance – Types: Operating, Financial and Combined Leverages – Dividend Theories and Dividend Policies – Forms of Dividend.

(Marks: Theory 40% and Problems 60%)

TEXT BOOK RECOMMENDED:

Elements of Financial Management – S.N. MAHESHWARI, Sultan Chand & Sons.

BOOKS FOR REFERENCE:

Financial Management –I.M. PANDEY, Vikash Publishing House Pvt. Ltd.

Fundamentals of Financial Management – PRASANNA CHANDRA, Tata McGraw Hills Publishing Company Limited.

Theory and Problems in Financial Management – M.Y.KHAN & P.K. JAIN, Tata McGraw Hills Publishing Company Limited.

Financial Management – R.K. SHARMA, SHASHI AND K.GUPTA, Kalyani publication