# FACULTY OF MANAGEMENT STUDIES

**Integrated MBA – Five Years (Sem.-IV)**
**Effective from Academic Year 2021-22**

| Subject Code: 1MS3010403 | Subject Title: Essentials of Financial Management |
|---|---|

## 1. Course Overview

This is a comprehensive course which gives the holistic view of Finance Management which is suitably designed to take advantage of the emergent financial sector. The course takes you through the key concepts of financial management and gives you enough coverage to understand the core concepts of financial management which is a prerequisite to be an efficient finance manager. This course will also explain financial tools and techniques, which can be used to help firms maximize value by improving decisions relating to capital budgeting, sources of finance, and working capital management. This will enable the students to understand how corporations make important investment and financing decisions, and how they establish working capital policies. Since the curriculum is not just about theories, but more about practical concepts and case studies, it is best suited for enhancing knowledge, understanding, and horizons in corporate finance

## 2. Course Objectives

*After the course, participants*

- Would be able to acquaint with basic concepts and techniques of financial management and their applications.
- Would be able to facilitate decision making in corporate and investment environments in both personal and professional settings.
- Would be able to develop a clear understanding of the tools useful to value investment projects.
- Would be able to understand the various challenges present while making financing decisions related to fund raising for real investments decisions.
- Would be able to analyze how investment and financing decisions are related.
- Would be able to demonstrate knowledge about different approaches for evaluating financing decision
- Would be able to understand the concept of Working Capital and its key important aspects

## 3. Teaching Scheme (Hours per week)

| Lecture | Tutorial | Practical | Credit | | | Total |
|---|---|---|---|---|---|---|
| | | | | University | Continuous | |

| (Hrs.) | | | | Total Assessment | Assessment | |
|---|---|---|---|---|---|---|
| 3 | 1 | 0 | 4 | 60 | 40 | 100 |

**4. Syllabus:**

| Module No. | Contents | Total Hours | Weight |
|---|---|---|---|
| 1 | **Introduction to Financial Management**<br>• Understanding the Meaning of Financial Management<br>• Scope of Financial Management<br>• Finance Function<br>• Role of Finance Manager<br>• Objectives of Financial Management<br>• Profit Maximization<br>• Wealth Maximization.<br><br>**Basics of Time Value of Money**<br>• Concept of Time Value of Money<br>• Compounding & Discounting<br>• Lump Sum Amount & Annuity<br>• Future Value & Present Value of Single (Lump Sum) Amount<br>• Future Value & Present Value of Annuity<br>• Loan Amortization<br>• Loan Schedule | 10 | 25 % |
| 2 | **Sources of Finance**<br>• Ordinary (Equity) Shares<br>• Debentures & Bonds<br>• Preference Shares<br>• Retained Earnings<br>• Term Loans<br><br>**Leverage**<br>• Concept of Leverage<br>• Types of Leverage: Financial Leverage, Operating Leverage & Combined Leverage. | 12 | 25 % |
| 3 | **Investment Decision**<br>• Meaning & Significance of capital budgeting<br>• Techniques of evaluating capital budgeting proposals<br>1. Pay-Back Period<br>2. Average Rate of Return | 11 | 25 % |

| | | | |
|---|---|---|---|
| | 3. Net Present Value<br>4. Profitability Index<br>5. Internal Rate of Return<br>(Meaning, Accept-Reject criterion, Advantages and Disadvantages, Comparison and Numerical based on each method | | |
| 4 | **Working Capital Management**<br>• Concept & Objectives of Working Capital<br>• Need of Working Capital<br>• Factors Affecting Working Capital Requirement<br>• Gross Operating Cycle<br>• Net Operating Cycle<br>• Policies for Financing Current Assets – Matching Approach, Conservative Approach and Aggressive Approach **(Only theory)** | 12 | 25 % |

## 5. Suggested Readings

### Text Books

| **Sr. No.** | **Author** | **Name of the Book** | **Publisher** | **Year of Publication** |
|---|---|---|---|---|
| 1 | I M Pandey | Financial Management | Vikas Publication | 2015 |
| 2 | Prasanna Chandra | Financial Management, theory and Practice | Tata McGraw Hill | 2011 |

### Reference Books

| **Sr. No.** | **Author** | **Name of the Book** | **Publisher** | **Year of Publication** |
|---|---|---|---|---|
| 1 | M. Y. Khan and P. K. Jain | Financial Management | McGraw - Hill | Latest Edition |
| 2 | Rajiv Srivastava & Anil Misra | Financial Management | Oxford | Latest Edition |
| 3 | Ravi Kishore | Financial Management – Problems and Solutions | Taxmann | Latest Edition |
| 4 | P. V. Kulkarni and B. G. Satyaprasad | Financial Management | Himalaya | 14th Revised Edition |
| 5 | Vyuptakesh Sharan | Fundamentals of Financial Management | Pearson | 3rd Edition |
| 6 | R. P. Rastogi | Financial Management | Taxmann | Latest Edition |

**6. List of Journals/Periodicals/Magazines/Newspapers, etc.**

1. Chartered Financial Analyst
2. Economic Times
3. Business Standard
4. Financial Express
5. Harvard Business Review

**7. Evaluation Scheme**

| Sr. No. | Component | Weight |
|---|---|---|
| **1** | **University Examination**<br>* For the written examination, the open book examination may be opted by the paper setter appropriately | **60%** |
| **2** | **Internal Assessment**<br>-Depending on the need and objectives of the subject, internal assessment should include minimum three of the following sub-components;<br>*Class Test, Quiz, Assignments, Case Presentation, Class Participation, Projects, Team/Individual Assignments.*<br>-The weightage of a sub-component should not exceed 50% of internal assessment component weight.<br>-The bifurcation of sub-components shall be communicated by the instructor before commencement of the academic sessions. | **40%** |