



SECOND SEMESTER 2023-2024
Course Handout Part II

Date: 09-01-2024

In addition to part-I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No. : **MGTS F314**
Course Title : **Essentials of Financial Management**
Instructor-in-Charge : Dr. Nivedita Sinha (nivedita.sinha@hyderabad.bits-pilani.ac.in)

Scope and Objective of the Course:

This course helps students to understand and apply concepts of financial management, time value of money, risk and rates of return, cost of capital, financial planning, capital investment decisions, capital management, capital structure and rewarding policy (shareholders) and corporate taxation.

This course aims at applying and examining fundamentals of financial concepts and theories in the process of financial decision making in six national and international organizations. The structure of the course will enable students to appreciate the integration between financial markets, business environment and the role of finance manager in maximizing firm's and shareholders' value.

Textbooks:

1. Richard A Brealey, Stewart C Myers, Franklin Allen and Pitabas Mohanty, Principles of Corporate Finance, 2012, Tata McGraw-Hill Publishing Company Ltd.

Reference books

1. Prasana Chandra, Financial Management: Theory and Practice, 6/e, 2005, Tata McGraw Hill,
2. Eugene F. Brigham and Louis C. Gapenski, Financial Management: Theory and Practice, 6/e, 1991, The Dryden Press.
3. Lawrence J. Gitman, Principles of Managerial Finance, 6/e, 1991, Harper Collins Publishers.
4. I.M. Pandey, Financial Management, 9/e, 2005, Vikas Publishing House, Pvt. Ltd.
5. Elton Gruber, John Wiley & Sons, Modern Portfolio: Theory and Investment Analysis, Inc. 4/e, 1991, Wiley.

Course Plan:

Lecture No.	Learning objectives	Topics to be covered	Chapter in the Text Book
1	Introduction to the course, financial statements overview, financial statement analysis	Introduction to financial accounting	1 (5 sessions)
2	Reasons for time value of money, Present value, future value	Time value of money	6 (3 sessions)



3	Degree of financial leverage, degree of operating leverage	Estimation and analysis of business risk	7 & 8 (2 sessions)
4	To learn about beta levered and unlevered, cost of equity, cost of debt, cost of capital using WACC method	Cost of capital	9 (10 sessions)
5	Relevant cash flows and investment criteria	Capital budgeting decision	10&11 (7 sessions)
6	M&M Propositions I & II with taxes, static tradeoff model, pecking order theory of financing	Capital structure decision	17 & 18 (4 sessions)
7	Rewarding policy tradeoff dividend or share repurchase	Dividend or Share repurchase policy	16 (4 sessions)
8	Cash budgeting, accounts receivable management, management	Working capital management	15, 28, 29 & 30 (5 sessions)
9	What are futures, forwards and options	Introduction to derivatives products	Class notes (2 sessions)

Total session : 42 sessions

Evaluation Scheme:

Component	Duration	Weightage (%)	Date & Time	Nature of Component
Midsem	90 minutes	30%	11/03 - 4.00 - 5.30PM	CB
Quiz (2) Surprise		20%		CB
Assignment		10%		OB
Comprehensive exam	180 minutes	40%	07/05 AN	30%CB+10%OB

Chamber Consultation Hour: With prior intimation through email

Notices: All notice concerning this course will be displayed on CMS

Make-up Policy: Make-up for Midsem and Comprehensive exam will be approved only for students who give a prior (on or before test date) intimation with a genuine reason. There will **not be** any Makeup for Quizzes.

Academic Honesty and Integrity Policy: Academic honesty and integrity are to be maintained by all the students throughout the semester and no type of academic dishonesty is acceptable.

INSTRUCTOR-IN-CHARGE

Dr. Nivedita Sinha



