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**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:**

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| --- | --- | --- | --- |
| **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 beforetest 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**

**I/C,** **MGTS F314**