

## Financial Management I

### Course Objectives

The objectives of this course are to familiarise with fundamentals of financial management in an organization, Time value of money, risk Management, various sources of financing business investment, cost of capital and investment decisions

### Syllabus

Introduction, meaning and goals, concept of time value, risk & return, various sources of financing business investments, concepts of cost of capital and criteria for investment decisions

### Expected Outcome

The course expects that the students will become proficient in the following areas of financial Management • Basic functions and goals of financial management • Risk & return of projects • Sources of finance • Investment decision making criteria References

1. Brealey, Richard A and Stewart C Myers. Principles of Corporate Finance. McGraw Hill India, 2012.
2. Brigham, Eugene F and Joel F Houston. Fundamentals of Financial Management (13/e). Cengage Learning, 2012.
3. Chandra, Prasanna Financial Management, Theory & Practice. Tata McGraw Hill, 2014.
4. Damodaran, Aswath. Corporate Finance: Theory and Practice (4/e). Wiley India, 2012.
5. Gitman, Lawrence J and Chad J Zutter. Principles of Managerial Finance (14/e). Pearson Education, 2007.
6. Kapil, Sheeba. Financial Management. Pearson Education India, 2010.
7. Khan, M Y and P K Jain. Financial Management: text, problems and cases. New Delhi: Tata Mc-Graw Hill, 2013
8. Kishore, Ravi M. Financial Management: Comprehensive Text Book with Case Studies (7/e). Taxmann Allied Services, 2009.
9. Kothari, Rajesh and Bobby Dutta. Contemporary Financial Management. Mcmillan Publishers, India, 2005.
10. Pandey, IM. Financial Management. Vikas Publishing House, 2009.
11. Reddy, G Sudarsana. Financial Management. Himalaya Publishing House, 2011.
12. Ross, Stephen, Randolph Westerfield and Bradford Jordan. Fundamentals of Corporate Finance, McGraw Hill, 2010.

13. Sharan, Vyuptakesh. Fundamentals of Financial Management. Pearson Education, 2012.
14. Srivastava, Rajiv and Anil Misra. Financial Management. Oxford University Press India, 2011.
15. Vanhome, James C. Financial Management and Policy (12/e). Pearson Education, 2002.
16. Vanhorne, James C and John M Wachowicz (Jr). Fundamentals of Financial Management, (13/e).Pearson Education, 2010.

#### Course Plan

1 Business Finance: Meaning and scope - objectives of financial management - Financial goal - profit maximization and wealth maximization - finance functions – role of finance manager - interface of financial management with other functional areas

2 Concept of value and return - Time Value of money: Future value of single cash flow & annuity, present value of a single cash flow, annuity & perpetuity, Simple interest & compound interest, capital recovery & loan amortization Risk & Risk management, Definition, Computation, Types of risk, Beta , Computation of beta, Application of Beta

#### First Internal Examination

3 Sources of Finance - Primary market, Secondary market - long term, short term, and medium term funds – equity shares - preference shares - debentures and bonds - retained earnings - institutional borrowings - public deposits- lease financing - venture capital investing – commercial paper -Warrants - Angel investing - Private equity, Warrants and convertibles

4 Cost of capital: Basic concepts - Cost of debenture capital, cost of preferential capital, cost of term loans, cost of equity capital (Dividend discounting and CAPM model), Cost of retained earnings, methods of computing cost of capital - Weighted average cost of capital (WACC) and Marginal cost of capital.

#### Second Internal Examination

5 Nature and types of investment decisions - capital budgeting process - selection of projects - estimation of cash flows - investment evaluation techniques - payback and discounted payback period - accounting rate of return NPV - IRR - capital rationing - project selection under rationing Capital Budgeting decisions under risk

#### Trimester Examination