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**Course Code:** MGT212

**Semester:** VII

## **INTRODUCTION TO FINANCIAL MANAGEMENT**

### **Course Objectives:**

To identify the necessity of basics of financial managerial applications for a modern business and different techniques of calculating the cost of the capitals in modern firms for the sake of stockholders and leveraging the concept for deciding financial angle of IT projects

### **UNIT – I**

**11 periods**

**Introduction to Financial Management:** Overview of Financial Management: Scope - Functions and Objectives - Profit Vs Wealth maximisation - Finance Decisions - Roles and Responsibilities of Finance Manager. **Time Value of Money:** Time line - Compounding techniques - present value techniques - Solving for interest rate and time - Future value and present value of an annuity - Solving Interest rate - Number of periods or payment for an annuity - perpetuities.

### **UNIT – II**

**12 periods**

**Valuation of Securities:** Bond Valuation - Preferred Stock Valuation - Common Stock Valuation - Concept of Yield and YTM. Risk and Return analysis. **Risk& Return:** Defining Risk and Return - Investment returns – Stand alone Risk and portfolio risk - Calculation of Beta coefficient -Using Probability Distributions to Measure Risk - Attitudes Toward Risk - Risk and Return in a Portfolio Context - Diversification - The Capital Asset Pricing Model (CAPM)

### **UNIT – III**

**11 periods**

**Operating & Financial Leverage:** Operating Leverage - Financial Leverage - Total Leverage - Indifference Analysis in leverage study. **Cost of Capital:** Concept - Computation of Specific Cost of Capital for Equity - Preference - Debt - Weighted Average Cost of Capital - Factors affecting Cost of Capital 4L. **Capital Budgeting :** The Capital Budgeting Concept & Process - An Overview - Generating Investment Project Proposals - Estimating Project - After Tax Incremental Operating Cash Flows - Capital Budgeting Techniques - Project Evaluation and Selection - Alternative Methods

### **UNIT – IV**

**11 periods**

**Working Capital Management:** Overview - Working Capital Issues - Financing Current Assets (Short Term and Long Term- Mix) - Combining Liability Structures and Current Asset Decisions - Estimation of Working Capital. **Cash Management:** Motives for Holding cash - Speeding Up Cash Receipts - Slowing Down Cash Payouts - Electronic Commerce - Outsourcing - Cash Balances to maintain - Factoring. **Accounts Receivable Management:** Credit & Collection Policies - Analyzing the Credit Applicant - Credit References - Selecting optimum Credit period.

## TEXT BOOK

1. Prasanna Chandra, *Fundamentals of Financial Management*, Tata McGraw Hills, New Delhi, Fourth Edition, 2011.

## REFERENCES

1. M.Y.Khan& P.K. Jain, *Theory and Problems in Financial Management*, Tata McGraw Hills, New Delhi, Fifth Edition, 2011.
2. R.K. Sharma and ShashiK.Gupta, *Financial Management Theory and Practice*, Kalyani publishers, New Delhi, First Edition, 2014.
3. S.N. Maheshwari, *Financial Management, Principles and practice*, Sultan Chand & Sons, New Delhi, Third Edition, 2014.
4. I.M. Pandey, *Financial Management*, Vikas Publishing House Pvt. Ltd., Noida and New Delhi, Eleventh Edition, 2015.

## UNITWISE LEARNING OUTCOMES

Upon successful completion of each unit, the learner will be able to

Unit - I	<ul style="list-style-type: none"><li>• List out the basics of financial managerial applications for a modern business.</li><li>• Illustrate the value of money, deposits, loans, applying different tools</li></ul>
Unit - II	<ul style="list-style-type: none"><li>• Determine the value of financial securities using different models</li></ul>
Unit - III	<ul style="list-style-type: none"><li>• Experiment the different techniques for calculating the cost of the capitals in modern firms.</li><li>• Examine and evaluate the structures of the present-day firms' capital structure and the optimization.</li></ul>
Unit - IV	<ul style="list-style-type: none"><li>• Understand the Working Capital Management, Cash Management and Accounts Receivable Management techniques</li></ul>

## COURSE LEARNING OUTCOMES

Upon successful completion of this course, the learner will be able to

CO No.	Course Outcome	Knowledge Level
1	Explain the concept of fundamental financial concepts, especially time value of money.	K2
2	Apply capital budgeting projects using traditional methods.	K4
3	Identify the necessity of basics of financial managerial applications for a modern business.	K4
4	Determine the value of money, deposits, loans, applying different tools for the benefit of the individuals and firms.	K5
5	Determine the value of securities applying different tools for the benefit of the individuals and firms.	K3
6	Understand the different techniques of calculating the cost of the capitals in modern firms for the sake of stockholders.	K3
7	Leverage the concept for deciding financial angle of IT projects	K3