

MBA First Year (2nd Semester)

Paper – 205 : Financial Management

Objective:

The objective is to provide conceptual knowledge of the tools of financial analysis and management and various long-term and short-term sources of finance. It also aims at helping them to develop skills for making financial decisions in practical business situations.

Unit – I

Nature and Scope of Financial Management, Financial Goal of the Firm, Financial Forecasting, Valuation of Firm; Time Value of Money, Valuation of Securities.

Unit – II

Capital Budgeting – Principles and Techniques: ARR, Payback, Net Present Value, Internal Rate of Return; Risk and Uncertainty Analysis for Investment Decisions,.

Unit – III

Concept and Measurement of Cost of Capital, Capital Structure Decisions, Designing Capital Structure; Leverage – Operating, Financial and Combined; Portfolio Theory.

Unit – IV

Long Term Financing, Sources of Long Term Finance, Preference and Equity Shares, Debentures; Term Loans, Lease Financing, Hire purchase, Venture Capital Financing.

Unit – V

(a). Management of Working Capital: Principles of Working Capital, Management of Cash, Receivables and Inventory, (b). Dividend Decisions and Theories: (i). Irrelevance of Dividends: Modigliani and Miller (M-M) Hypothesis, (ii). Relevance of Dividends: Walter's Model, Gordon's Model, (iii). Determinants of Dividend Policy.

Suggested Readings:

1. Khan & Jain: Financial Management, TMH, New Delhi
2. James C. Van Horne: Financial Management
3. I. M. Pandey: Financial Management, Vikas Publication