

UNDERGRADUATE PROGRAMME IN COMMERCE

SEMESTER'X

RCRGT'PQ"- 13: FINANCIAL MANAGEMENT

Marks: 100 (Theory = 75, Internal Assessment = 25)

Objective: To familiarize the students with the principles and practices of financial management.

Lectures: 48

Unit I: 5 Lectures

Introduction: Scope and Objective including basics of Agency Problems, Time Value of Money, Risk Return Trade off in Financial Decision Making.

Unit II: 15 Lectures

Capital Budgeting Decision: Process, Cash Flow Estimation, Techniques: Payback Period Method, Accounting Rate of Return, Net Present Value (NPV), Profitability Index, Internal Rate of Return (IRR), Modified Internal Rate of Return (MIRR), Capital Budgeting under Risk – Certainty Equivalent Approach and Risk- Adjusted Discount Rate.

Unit III: 15 Lectures

Financing Decision: Estimation of Components of Cost of Capital, Methods for calculating Cost of Equity Capital, Cost of Retained Earnings, Cost of Debt and Cost of Preference Capital, Weighted Average Cost of Capital (WACC) and Marginal Cost of Capital, Capital Structure –Theories of Capital Structure (Net Income, Net Operating Income, MM Hypothesis, Traditional Approach). Operating and Financial Leverage, Determinants of Capital Structure.

Unit IV: 5 Lectures

Dividend Decision: Theories of Relevance and Irrelevance of Dividend Decision for Corporate Valuation – Walter's Model, Gordon's Model, MM Approach, Cash and Stock Dividends, Dividend Policies in Practice.

Unit V: 8 Lectures

Working Capital Decision: Concepts of Working Capital, Operating & Cash Cycles, Risk-Return Trade off, Working Capital Estimation, An Overview of Cash Management, Receivables Management, Inventory Management.

Spreadsheet is the recommended software for doing basic calculations in finance and hence can be used for giving students subject related assignments for their internal assessment purposes.

READINGS:

Suggested Readings:

1. Khan, M.Y. and P.K. Jain, *Financial Management: Text and Problems*, Tata McGraw Hill
2. Horne, Van; James C., John Wachowicz, *Fundamentals of Financial Management*, Pearson Education
3. Ross, Stephen A., Westerfield, Randolph, and Jeffrey Jaffe, *Corporate Finance*, Tata McGraw Hill.
4. Srivastava, Rajiv, and Anil Mishra, *Financial Management*, Oxford University Press, UK
5. Singh, Preeti, *Financial Management*, Ane Books Pvt. Ltd, New Delhi.
6. Singh, Surender and Kaur Rajeev. *Fundamentals of Financial Management*. Mayur Paper Book Noida.
7. Singh, J.K. *Financial Management- text and Problems*. 2nd Ed. Dhanpat Rai and Company, Delhi.
8. Sharma, G.L. and Y. P.Singh *Contemporary Issues in Finance and Taxation*. Academic Foundation Delhi.
9. Rustagi, R.P., *Financial Management*, Galgotia Publishing Company
10. Pandey, I.M. *Financial Management*. Vikas Publications.
11. Bhalla, V.K. *Financial Management & Policy*. Anmol Publications, Delhi.

Note: Latest edition of text book may be used.