

20BB213 BUSINESS FINANCE

Hours Per Week :

L	T	P	C
4	-	-	4

Total Hours :

L	T	P
50	-	-

COURSE DESCRIPTION AND OBJECTIVE:

This course aims to provide a framework of fundamental concepts, principles and approaches of business finance. It enables the students to apply their knowledge in solving problems of corporate organizations and help them to improve their overall capacities in the field of business finance.

COURSE OUTCOMES:

Upon completion of the course, student will able to achieve the following outcomes:

COs	Course Outcomes	POs
1	Apply the concepts of time value of money relating to corporate investment decisions.	1,2,3
2	Analyze and evaluate investment opportunities and apply capital budgeting techniques in investment decisions.	1,2,3
3	Determine the estimation of working capital requirements.	2,4,6
4	Demonstrate conceptual and practical knowledge of cost of capital and capital structure and how it affects a firm's value.	2,3,4
5	Evaluate the dividend decisions of firm and to know the relationship between dividend decisions and market value of the firm.	1,2,3

SKILLS :

- ✓ *Determining present and future value of investments*
- ✓ *prepare a project proposal by applying capital budgeting techniques.*
- ✓ *determine the operating cycle and estimating working capital requirements for a manufacturing and non – manufacturing firms.*
- ✓ *Prepare optimum capital structure for start-up companies*
- ✓ *To track the dividend policies of some well known companies.*

UNIT - I **L-10**

Financial Management- Meaning, importance, scope and objectives- Conflicts in profit versus value maximization principle- Role of Chief Financial Officer.

Time Value of Money- Compounding and discounting techniques – concepts of annuity and perpetuity.

UNIT - II **L-10**

Investment Decisions- Purpose, objective, process- Techniques of decision making: payback period method, accounting rate of return, net present value, internal rate of return, modified internal rate of return, discounted payback period and profitability index.

UNIT - III **L-10**

Management of Working Capital- Meaning, types, factors affecting Working capital – Inventory Management and Valuations, Management of cash and marketable securities.

UNIT - IV **L-10**

Capital Structure: Cost of Capital – weighted average cost of capital, Capital Structure theories– designing optimum capital structure, operating and financial leverage.

UNIT - V **L-10**

Dividend Policy - Dividend Decisions: Types and Forms of dividend, Theories of dividend – Walter model, Gordon model, MM hypothesis, concept of bonus shares.

TEXT BOOKS:

1. I.M. Pandey, Financial Management, 11th edition, S Chand publisher

REFERENCE BOOKS:

1. Prasanna Chandra, Financial Management & Practice, 9th Edition, MHI, 2015,
2. Preeti Singh, Investment Management Security Analysis and Portfolio Management, 19th Edition, Himalaya Publishing House, 2015.
3. V.K. Bhalla, Financial Management, 1st Edition, S. Chand, 2014.