

17BB204-Business Finance

Course Description and Objective:

To enable the students understand the fundamental concepts of financial management and various financial decisions of a firm. Students will learn importance of Investment decisions in FM, issues of management of working capital, Financing decisions and Dividend decisions.

Learning Outcomes

By the end of this course it is expected that the student will be able to:

1. Understand fundamentals of Financial Management
2. Importance of Investment decisions in FM
3. Issues of management of working capital
4. Financing decisions
5. Dividend decisions

UNIT-I

- 12 Hrs

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

- 12 Hrs

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

- 12 Hrs

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

UNIT-IV

- 12 Hrs

Financing Decisions- Cost of Capital – weighted average cost of capital - Capital Structure decisions – designing optimum capital structure, operating and financial leverage.

UNIT-V

- 12 Hrs

Dividend decisions: Forms of dividend, Theories of dividend – Walter model, Gordon model, MM hypothesis, concept of cash and bonus shares.

Skill Development:

(These activities are only indicative, the Faculty member can innovate)

1. To collect and scrutinize share application forms of IPOs.
2. To calculate the EPS of various companies.
3. To determine the operating cycle for a manufacturing and non – manufacturing firm.
4. To visit banks and collect information regarding short term and medium term finance offered by them.
5. To track the dividend policies of some well known companies.

Text Books:

1. I.M. Pandey, Financial Management.
2. V.K. Bhalla, Financial Management.

Reference Books:

1. Dr. S.N. Maheswari & Dr. C.B. Gupta, Financial Management.
2. Prasanna Chandra, Financial Management & Practice.
3. Preeti Singh, Investment Management Security Analysis and Portfolio Management.