IMPC5001 FINANCIAL MANAGEMENT – I (3-0-0)

Course Objectives:

- To know the relevance of finance function in an organization
- To understand the scope of financial management
- To familiarize the students about various decisions taken by finance mangers

Module-I

Introduction: Introduction to Financial Management, Financial Process, Scope of Financial Management, Goals of the firm (Profit Maximum vs Wealth Maximum), Objectives of Financial Management in contemporary business environment. Time value of money, Future value and compounding Technique, Present value and discounting Techniques, Concept of Return and Risk, Concept of Value.

Module-II

Cost of Capital: Significance of Cost of Capital; Determining components of cost of capital- Cost of Debt, Preference Share Capital, Equity Share capital, Cost or Retained earnings, WACC. Sources of Finance: Long Term sources and Short Term Sources

Investment Decisions: Capital Budgeting, Features, Process and Techniques of Capital Budgeting (Payback, Rate of Return, Net Present Value, Internal Rate of Return, Profitability Index) Practical Problems.

Module-III:

Concept of Leverage, Types of Leverage, Capital Structure: Meaning, Composition, Theories: Net Income Approach, Net Operating Approach, Traditional Approach and Modigliani and Miller (MM) Approach, Arbitrage Process, Policy, Capitalization, Theories of capitalization, Over and under capitalization, watered stock/ Capital.

Course Outcomes:

CO-1: Demonstrate the applicability of the concept of Financial Management to interpret the managerial Decisions and Corporate Capital Structure.
CO-2: Apply the CAPM model, NPV and IRR Analysis associate with Financial Data in the corporate.
CO-3: Demonstrate how the concepts of financial management and investment, financing and dividend policy decisions could integrate while identification and resolution of problems.

Reference Book:

1. Financial Management, Theory & Practice, Gupta, Sharma, Gupta, Kalyani
2. Financial Management, Khan & Jain, Tata McGraw Hill
3. Financial Management, I. M. Pandey, Vikash Publication
4. Fundamentals of Financial Management, R.P Rustagi, Taxman