

BCAF-01 Financial Management

Objective:

The objective of this course is to help students understand the conceptual framework of financial management.

Course Inputs

Unit – I

- a. Financial Management, financial goals, Profit vs wealth maximization; financial functions – investment. Financing. And dividend decisions; Financial Planning.
- b. Capital Budgeting; Nature of investment decisions. Investment evaluation criteria. Payback period. Accounting rate of return. Net present value. Internal rate of return profitability index; NPV and IRR comparison.

Unit –II

Cost of capital; significance of cost of capital; Calculating cost of debt; preference shares. Equity capital. And retained earnings: combined (weighted) cost of capital.

Unit – III

Operating and financial leverage: their measures; effects on profit. Analyzing alternate financial plans. Combined financial and operating leverage.

Unit – IV

Capital structure: theories and dividend policies and determinants. Dividend policies: issues in dividend policies; walter's model; Gordon's model; M.M. Hypothesis. Forms of dividends and stability in dividends. Determinations.

Unit – V

Management of working capital: Nature of working capital. Significance of working capital. Operating cycle and factors determining of working capital requirements; management of working capital-cash. Receivables. And inventories.

Suggested Readings:

1. Van Home J. C: Financial Management and policy; Prentice Hall of India. New Delhi.
2. Van Home J.C. Fundamentals of financial Management, Prentice Hall of India. New Delhi.
3. Khan M.Y. and Jain P.K. financial management; text and problems; Tata McGraw Hill. New Delhi.
4. Prasanna Chandra: Financial Management and theory and Prentice. Tata McGraw Hill. New Delhi.
5. Pandey I.M: Financial Management: Vikas Publishing House. New Delhi.
6. Brigham E.F. Gapenski L.C. and Ehrhardt M. C. Financial Management – Theory and Prentice; Harcourt College Publishers. Singapore.
7. Bhalla V. K: Modern working capital management. Anmol Pub. Delhi.