

# Financial Management

## Objective

Financial management course let the students explores the fundamental nature of the finance function, the conceptual and theoretical underpinnings of tools for successful financial management. It conceptually provides the basic tools and concepts necessary for the handling of financial decision-making situation.

## Contents

### 1. Introduction to Financial Management

The introduction of financial management. The business, taxes & financial environment.

### 2. Finance Function

Profit or wealth maximization & EPS, Maximization, an overview of managerial finance functions; time value of money; present value, future value of money & the basic valuation models.

### 3. Bonds

Nature of Bonds, Different Type of Bonds, Yield to Maturity, yield to call, Dividend Yield, Premium Bonds, Discount Bonds

### 4. Stocks

Common Stocks, Preferred Stocks, Growth in Dividend, Gordon Growth Model, Constant Growth Model.

### 5. Cost of Capital

Cost of Debt, Cost of Equity, Weight of debt and equity, Weighted Average Cost of Capital.

### 6. Investment Decision:

Nature of capital budgeting decisions-techniques of capital budgeting: pay back method, average rate of return & time-adjusted methods: IRR & NPV, probability index & excess present value index. Advance problems & cases in capital budgeting.

### 7. Dividend Decisions:

Dividends & value of the firm- relevance of dividends, the MM hypothesis, factors determining dividend policy-dividends & valuation of the firm-the basic models, declaration & payments of dividends. Bonus shares. Rights issue, share-splits, Walter model & Gordon model.

## **Recommended Books**

1. Brigham, E.F. and Houston, J.F. (2015). *Fundamentals of Financial Management*. 15th Edition. Brigham.
2. Van Horne & Wachowicz.(2008). *Fundamental of Financial Management*. 13<sup>th</sup> Edition, Prentice Hall.
3. John J. Hampton. (2003). *Financial Decision Making-Concepts, Problems & Cases*. Prentice Hall.

- Note:**
1. Duration of course will be 10 weeks.
  2. Total 10 lectures of two hours duration will be delivered.
  3. Class time will be from 7:00 pm to 9:00 pm, once a week.
  4. Atleast 75% attendance is required to get a certificate.