

UNIT I FOUNDATIONS OF FINANCE

Financial management – An overview, time value of money. Introduction to the concept of risk and return of a single asset and of a portfolio, valuation of bonds and shares option valuation.

UNIT II INVESTMENT DECISIONS

Capital Budgeting: Principles and techniques, Nature of capital budgeting, Identifying relevant cash flows, Evaluation Techniques, Payback, Accounting Rate of Return, Net Present Value, Internal Rate of Return, Profitability Index, Comparison of DCF techniques, Project selection under capital rationing, Inflation and capital budgeting. Concept and measurement of cost of capital, Specific costs and overall cost of capital.

UNIT III FINANCING AND DIVIDEND DECISION

Financial and operating leverage, capital structure, Cost of capital and revaluation, designing capital structure. Dividend policy, Aspects of dividend policy, practical consideration, forms of dividend policy, practical considerations, forms of dividends, share splits.

UNIT IV WORKING CAPITAL MANAGEMENT

Principles of working capital: Concepts, need; Determinants, issues and estimation of working capital, Accounts Receivables Management and factoring, Inventory management, Cash management, Working capital finance, Trade credit, Bank finance and Commercial paper.

UNIT V LONG TERM SOURCES OF FINANCE

Indian capital and stock market, New issues market. Long term finance: Shares debentures and term loans, lease, hire purchase, project financing, venture capital financing.

TEXT BOOKS:

1. I.M.Pandey - Financial Management, Vikas Publishing House Pvt. Ltd., 8th edition, 1999.
2. M.Y. Khan and P.K.Jain - Financial Management, Text, Problems and Cases - Tata McGraw Hill Publishing company Ltd., 4th edition, 2004.

REFERENCES:

1. Aswat Damodaran, Corporate Finance Theory and Practice, John Wiley & Sons, 2000.
2. Hrishikes Bhattacharya – Working Capital Management, Strategies and Techniques, Prentice – Hall of India Pvt. Ltd., New Delhi 2001.
3. James C.Vanhorne – Financial Management and policy – Pearson Education Asia, November 2004