

Financial Management

- 1.1 Course Number: MA 454
- 1.2 Contact Hours: 3-0-0 Credits: 09
- 1.3 Semester-offered: 4th Year-Even
- 1.4 Prerequisite: Financial engineering
- 1.5 Syllabus Committee Member: Dr. C. Kundu (convener), Dr. M.K. Rajpoot, Dr. A. Kumar, Dr. G. Rakshit.

2. Objective:

- ☞ The basic objective of a firm is to select most profitable investment projects, finance them in the most efficient manner, and thus create value for its owners. As such, almost every decision of the firm has financial implications. The best of the technologies, marketing strategies and HR interventions may fail if the finances of the firm are not managed efficiently in relation to all its activities. This course helps to develop this understanding so as to enable the participants to make optimal utilization of firms' financial resources.
- ☞ Application of the tools and techniques using empirical data would be a frequent practice during the course. Major emphasis is laid on applications of excel spreadsheet modeling in financial decision making.

3. Course Content:

Unit-wise distribution of content and number of lectures

| Unit | Topics | Sub-topic | Lectures |
|------|-----------------------------|---|----------|
| 1 | Introduction | Financial Environment, Financial Management: An Introduction, Financial Performance Analysis, Time Value of Money. | 8 |
| 2 | Portfolio & Risk | Risk and Return Concept, Portfolio optimization and CAPM, Cost of Capital, Theories of capital structure. | 9 |
| 3 | Bonds & Stocks | Valuation of Bonds, Valuation of Stocks, Dividend policies, Modigliani & Miller Hypothesis | 8 |
| 4 | Capital Management | Working Capital Management Financing, Cash Management, Long term Capital Budgeting Decision, Project finance | 6 |
| 5 | Option Pricing | Introduction to Derivatives, Forward contracts, Futures and Options, Black-Sholes option pricing, Call-Put parity and formulation | 8 |

| | | |
|--|--------------|-----------|
| | Total | 39 |
|--|--------------|-----------|

4. Readings

4.1 Textbook:

- Khan & Jain, Financial Management Text Problems and Cases 8th Edition, TMH

4.2 Reference books:

- Srivastava R, Misra A, Financial Management, Oxford Publications, 2008.
- Pandey, I.M. Financial Management Tenth Edition Vikas Publication.
- Eugene Brigham "Financial Management Cengage Publication.
- Brealey Richard A, Myers Stewart C, Allen Franklin, Mohanty Pitabas, Principles of Corporate Finance, 8th edition, The McGrawhill Companies, 2007.
- Brigham and Erdhardt, Financial Management: Text and cases, India Edition, Cengage Learning.
- Levy, H & Sarnat M: Capital Investment and Financial Decisions, Prentice Hall.

5 Outcome of the Course:

On the completion of this course the participants are expected to:

- ✓ Become financially literate, major emphasis is laid on applications of excel spreadsheet modeling in financial decision making.
- ✓ Be able to analyse investment opportunities for better decision making.
- ✓ Do equity and financial analysts.