# ABM 302 FINANCIAL MANAGEMENT COURSE PROFILE

Prof. Swami Prasad Saxena Department of Applied Business Economics Dayalbagh Educational Institute, Dayalbagh, Agra Email: spsaxena@dei.ac.in

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#### PREAMBLE

Understanding of concepts and techniques of financial management help an individual and corporates in taking diverse decisions. This course develops understanding of the concepts and theories of finance and integrates the knowledge with practice. It enables students to learn basics of finance alongwith process and techniques financing, investment and dividend decisions that may help the corporates in maximizing shareholders wealth.

#### COURSE OBJECTIVES

- To develop understanding about fundamentals, objectives, scope, functions and importance of financial management;
- To explain concepts and theories of capitalization and capital structures, and make students able to find out the best course of action among several financing options;
- To get students acquainted with sources of finance, tools of calculating cost of individual component of capital and the weighted average cost of capital;
- To develop understanding of the techniques of analyzing investment proposal and make them able to find out the best investment options for maximizing wealth of organization;
- To explain process and techniques of working capital management.

## STRUCTURE, PEDAGOGY & EVALUATION SCHEME

#### Course Structure

- Major Course (3 Credits)
- No. of Lectures: 39 (55 Minutes each)

#### Pedagogy

- Classroom discussion on fundamentals of course and other related aspects;
- Practical Sessions and Group discussion

#### **Evaluation Scheme**

- Home Assignments and Class Assignments (Subjective and Objective)
- Terminal Class Tests
- Surprise Quizzes and Viva-voce
- Attendance
- Term-End Examination

#### **S**YLLABUS

- Unit 1: Introduction
- Financial Management: Meaning, Significance, Scope and Objectives
- Finance Functions: Meaning and type
- Financial Organisation and Planning, Role and Responsibilities of Finance Manager
- Unit 2: Capitalisation & Capital Structure
- Meaning & Theories of Capitalization
- Over-capitalisation and Under-capitalisation-Meaning, Causes, Effects and Remedies
- Capital Structure: Meaning, Determinants, Qualities of Good Capital Structure, Practical Decisions
- Unit 3: Cost of Capital
- Meaning & Sources of Capital
- Cost of Borrowings, Equity Capital and Retain Earnings
- Weighted Average Cost of Capital.

#### SYLLABUS CONTINUED .....

Unit 4: Working Capital: Principles & Management

- Concept of Working Capital, Needs, Determinants of Working Capital
- Sources of Working Capital
- Management of Cash, Stock and Accounts Receivable.
- Unit 5: Capital Budgeting: Process & Practices
- Capital Budgeting: Characteristics, Principles & Scope
- Needs of Capital Budgeting, Time Value of Money
- Methods of Appraising Capital Budgeting proposals.

## SESSION PLAN

S.N.	Topic	Sessions
1	Financial Management: Meaning, Objectives, Scope	1-3
	and Significance	
2	Finance Function, Finance Organization, Role and	4 - 5
	Responsibilities of Finance Manager	
3	Financial Planning: Meaning, Components & Process	6-7
4	Capitalization and Capital Structure: Concept and	8 – 9
	Determinants	
5	Theories of Capital Structure	10 - 12
6	Overcapitalisation and Undercapitalisation: Meaning,	13 – 15
	Causes, Effects and Remedies	
7	Meaning and Sources of Long-term Capital	16 – 17
8	Cost of Capital: Meaning, Significance, Determinants	18 – 19
	& Calculations	7

#### SESSION PLAN CONTINUED .....

S.N.	Topic	Sessions
9	Weighted Average Cost of Capital & Leverage Analysis	20 - 23
10	Working Capital: Meaning, Determinants and Sources	24 - 26
11	Techniques of Estimating Working Capital Needs	27 - 28
12	Management of Cash, Stock & Accounts Receivables	29 - 31
13	Capital Budgeting: Concept, Need, Principles & Scope	32 - 33
14	Time Value of Money	34 - 35
15	Methods of Appraising Capital Investment Proposals	36 - 39

## SUGGESTED READINGS

- Bhalla, VK, *Financial Management*, S. Chand & Company Private Limited, New Delhi
- Brealey, Richard A & Stewart C Myres, *Principles of Corporate Finance*, Tata McGraw Hill Publishing Co. Ltd., New Delhi
- Chandra, Prasanna, *Financial Management: Theory and Practice*, Tata McGraw Hill Publishing Co. Ltd., New Delhi
- Khan, MY & PK Jain, *Financial Management: Text, Problems and Cases*, Tata McGraw Hill Publishing Co. Ltd., New Delhi
- Kishore, Ravi M, *Financial Management*, Taxmann Allied Services Private Limited, New Delhi
- Pandey, IM, Financial Management, Vikas Publishing House, New Delhi
- Rustagi, RP, Financial Management: Theory, Concepts and Problems, Galgotia Publishing Company, New Delhi
- Van Horne, James C, *Financial Management and Policy*, Prentice Hall of India Private Limited, New Delhi

# Thank you...

