

## **MS-204: FINANCIAL MANAGEMENT**

### **Objectives**

The purpose of this course is to acquaint the students with the broad framework of financial decision making in a business unit.

### **Course Contents**

#### **Unit -I**

Financial Management: meaning, objectives, finance functions, Time Value of Money; Instruments of Financing, Cost of Different Sources of Raising Capital, Weighted Average Cost of Capital.

#### **Unit -II**

Operating and Financial Leverage, Valuation and Capital Structure, Decisions, Capital structure Theories, Optimum Capital Structure, Economic Value Added.

#### **Unit –III**

Internal Financing and Dividend Policy, Dividend Models, Leasing: concept, types and financial evaluation of Leasing.

#### **Unit -IV**

Capital Budgeting, Methods of Capital Budgeting, Analysis of Risk in Capital Budgeting, Use of Excel for Financial Decision Making.

#### **Unit -V**

Working Capital Concept, Nature and scope, Determinants of Working Capital, Instruments of Short-term Financing - Management of Working Capital, Cash, Receivable and Inventory Management.

### **Suggested Readings**

1. Archer, Stephen H. etc. *Financial Management*. New York, John Wiley, 1990.
2. Bhalla, V K. *Financial Management and Policy*. 2<sup>nd</sup> ed., New Delhi, Anmol, 1998.
3. Brealey, Richard A. and Myers Stewart C. *Principles of Corporate Finance*. 5<sup>th</sup> ed., New Delhi, McGraw Hill, 1996.
4. Hampton, John. *Financial Decision Making*. Englewood Cliffs, New Jersey, Prentice Hall Inc., 1997.
5. Van Horne, James C. *Financial Management and Policy*. 1<sup>st</sup> ed., New Delhi, Prentice Hall of India, 1997.
6. Winger, Bernard and Mohan, Nancy. *Principles of Financial Management*. New York, Macmillan Publishing Company, 1991.

The list of cases and specific references including recent articles will be announced in the class at the time of launching of the course.