

**Financial Management**  
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**[Discipline Specific Elective]**

<b>Semester: VI</b>	<b>Credits: 3+1</b>	<b>Subject Code: BB62205B</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

At the end of this course, the learner will be able to:

- Recognize the meaning, need and importance of Financial Management
- Describe the concept of Time Value of Money in investment decisions
- State and explain the importance of Capital Structure
- Discuss the concept and benefits of Trading of Equity
- Practice the calculation of Weighted Average Cost of Capital and Leverages
- Restate the meaning of Capitalization, study the causes, consequences and remedies of Over capitalization and under capitalization
- Compare over capitalization and under capitalization
- Debate on the Dividend Policy Decision of a Company

<b>Unit 1: Financial Management</b>	<b>12</b>
<ul style="list-style-type: none"> <li>● Introduction</li> <li>● Financial Management – Meaning, Definition, Approaches – Traditional Approach and Modern Approach, Importance of Financial Management</li> <li>● Time Value of Money in Investment Decisions, Principles in Time Value of Money, Concept of Interest, Factors affecting Interest Rates, Fixed Interest and Floating Interest, Simple Interest and Compound Interest, Present Value and Discount Factor, Compounding Rate and Capitalizing Rate, Annuity, Amortization, Business Risk and Financial Risk.</li> </ul>	
<b>Unit 2: Capital Structure</b>	<b>16</b>
<ul style="list-style-type: none"> <li>● Meaning, Concept, Importance,</li> <li>● Factors affecting Capital Structure-Internal Factors, External Factors &amp; General Factors</li> <li>● Trading on Equity-Concept, Considerations, Advantages</li> <li>● Cost of Capital- Meaning, Weighted Average Cost of Capital: Meaning, Practical problems</li> <li>● Leverages: Meaning, Types: Operating Leverage, Financial Leverage, Combined Leverage</li> <li>● (Problems on Leverages)</li> </ul>	
<b>Unit 3: Capitalization</b>	<b>10</b>
<ul style="list-style-type: none"> <li>● Meaning, Modern Concept of capitalization, Need of Capitalization</li> </ul>	



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<ul style="list-style-type: none"> <li>• Theories of Capitalization-Cost Theory and Earnings Theory of Capitalization</li> <li>• Actual Capitalization Vs. Proper / Fair Capitalization</li> <li>• Over Capitalization: Meaning, Causes, Consequences &amp; Remedies</li> <li>• Under capitalization: Meaning, Causes, Consequences &amp; Remedies</li> </ul>	
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<b>Unit 4: Dividend Decision</b>	<b>10</b>
<ul style="list-style-type: none"> <li>• Dividends, Reasons for paying Dividends</li> <li>• Dividend Payout Ratio-Meaning and Considerations</li> <li>• Legal and Procedural Aspects of Dividend Policy</li> <li>• Bonus Shares and Stock Splits</li> <li>• Share Buybacks</li> </ul>	

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

**Activity /Skill building**

- Study of different sources of finance available in Public Limited Companies.
  - Calculation of Capitalization & Capital Structure of Public Limited Company.
  - Calculation of WACC of a Public Limited Company.
  - Study of Dividend Policies of Public Limited Companies.
- Students can collect the information of sources of finance of Automobile/Pharma/Textile/IT/Power/Steel/FMCG/Petrochemicals etc.

**Areas of Practical Problems:**

Cost of Capital  
Leverages

**Allocation of Marks:**

Theory - 70%  
Practical Problems - 30%



<b>Recommended Basic Reading:</b>
<ul style="list-style-type: none"> <li>• Dr. R.P.Rustagi Fundamentals of Financial Management Taxmann Publications (P) Ltd. 15<sup>th</sup> edition 2020</li> <li>• Murthy &amp; Guruswamy, <i>Management Accounting</i> Tata McGraw Hill Publishing Co. Ltd. 2012.</li> <li>• Satish M. Inamdar, <i>Financial Management</i> Everest Publishing House 2011</li> <li>• Ashish K Bhattacharya, <i>Financial Accounting for Business Managers</i> Prentice-Hall India 2012.</li> <li>• S.K.Bhattacharya &amp; John Dearden, <i>Accounting for Management</i> Vikas Publishing House 2009.</li> <li>• N Ramachandran &amp; Ram Kumar Kakani, <i>Financial Accounting for Management</i> Tata McGraw Hill 2007.</li> </ul>

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- R. Narayanaswamy, *Financial Accounting – A Managerial Perspective* Prentice Hall of India 2015.
- V.K.Bhalla *Financial Management* S Chand 2014

**Recommended Reference Books:**

- V.K.Bhalla *Financial Management* S Chand 2014
- Prasanna Chandra *Financial Management Theory and Practice* McGraw Hill Education (India) Pvt. Ltd. 7th Edition 2020
- Ravi Kishore Taxmann's *Financial Management* Taxmann's Publication 8<sup>th</sup> Edition 2020
- M.R. Agrawal *Financial Management* Garima Publications 2011
- Paresh Shah, *Financial Management* biztantra, Delhi 2009
- P Periaswamy *Financial Management* McGraw-Hill Education (India) Pvt. Ltd., Uttar Pradesh 2008
- Dr. S.N.Maheshwari, *Principles of Management Accounting* Sultanchand & Sons 2015.
- P.V.Khatri & Sudhanshu Verma, *Management Accounting* Global Vision Publishing House 2010.
- I.M. Pandey, *Financial Management* Pearson 2021.
- Lawrence J Gitman Chad Zutter *Principles of Managerial Finance* Pearson 13th Edition 2017

**Journals:**

- The Management Accountant
- Archives available: <https://icmai.in/icmai/news/209.php>

**Websites:**

- [http://ebook.mca.gov.in/Childwindow1.aspx?pageid=18045&type=RU&ChildTitle=Chapter%20VIII%20The%20Companies%20\(Declaration%20and%20Payment%20of%20Dividend\)%20Rules,%202014](http://ebook.mca.gov.in/Childwindow1.aspx?pageid=18045&type=RU&ChildTitle=Chapter%20VIII%20The%20Companies%20(Declaration%20and%20Payment%20of%20Dividend)%20Rules,%202014)



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Faculty (Internal)	Mrs. Rekha Kankariya	RKankariya 20/8/21	
Subject Expert (outside SPPU)	Ms. Soma Kulshrestha		Somak 20/8/21
Subject Expert (outside SPPU)	Mr. Ashok Kokate	Ashok Kokate 20/8/21	
VC Nominee (SPPU)	Dr. Shweta Jain		Shweta Jain 20/8/21
Industry Expert	CA Ms. Timsi Rajpal	Timsi 20/8/21	
Alumni	Ms. Devi Krishna		



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