

III. CORE COURSE [CCCOM203]:

(Credits: Theory-04, Tutorial-01)

Marks: 30 (MSE: 20Th. 1Hr + 5Attd. + 5Assign.) + 70 (ESE: 3Hrs)=100	Pass Marks (MSE:17 + ESE:28)=45
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Instruction to Question Setter:**Mid Semester Examination (MSE):**

There will be **two** groups of questions in written examinations of 20 marks. **Group A is compulsory** and will contain five questions of **very short answer type** consisting of 1 mark each. **Group B will contain descriptive type five** questions of five marks each, out of which any three are to be answered.

End Semester Examination (ESE):

There will be **two** groups of questions. **Group A is compulsory** and will contain two questions. **Question No.1 will be very short answer type** consisting of five questions of 1 mark each. **Question No.2 will be short answer type** of 5 marks. **Group B will contain descriptive type six** questions of fifteen marks each, out of which any four are to be answered.

Note: There may be subdivisions in each question asked in Theory Examinations

The Mid Semester Examination shall have three components. (a) Two Semester Internal Assessment Test (SIA) of 20 Marks each, (b) Class Attendance Score (CAS) of 5 marks and (c) Class Performance Score (CPS) of 5 marks. "**Best of Two**" shall be applicable for computation of marks for SIA.

(Attendance Upto 75%, 1 mark; 75 < Attd. < 80, 2 marks; 80 < Attd. < 85, 3 marks; 85 < Attd. < 90, 4 marks; 90 < Attd., 5 marks).

FINANCIAL MANAGEMENT AND POLICY**Theory: 60 Lectures; Tutorial: 15 Hrs****Objective:**

To make students understand various issues involved in financial management of a firm and equip them with advanced analytical tools and techniques that are used for making sound financial decisions and policies.

Contents:**Unit I- Introduction:**

Nature, scope and objectives of financial management. Financial decision making and types of financial decisions. Finance as a strategic function. Role of finance manager. Stakeholders' wealth maximization. Risk-return framework for financial decision making.

Unit II- Capital Budgeting:

Nature, significance and kinds of capital budgeting decisions. Cash flow estimation. Capital budgeting techniques- ARR, Payback period, Discounted payback period, NPV, Equivalent annual NPV, IRR, Capital rationing. Capital budgeting decision under inflation.

Unit III- Capital Structure:

An overview of cost of capital- Specific and WACC. Financial leverage and evaluation of financial plans (EBIT-EPS analysis). Theories of capital structure- NI, NOI, MM Hypothesis. Optimal capital structure. Determinants of Capital structure in practice.

Unit IV- Dividend Policy:

Forms of dividends. Relevance of dividend policy under market imperfections. Traditional and Radical position on dividend. Issues in dividend policy. Types of dividend policies in practices. Determinants of dividend policy.

Unit V- Working Capital Planning and Management:

Concept and types of working capital. Operating and cash cycle. Estimation of working capital requirement. Working capital financing. Determinants of working capital. Components of working capital management. Receivables management.

Unit VI- Corporate Restructuring and Contemporary Issues in Financial Management: Corporate restructuring. Mergers and Acquisitions- types, sources of takeover gains, Contemporary issues in financial management.

Suggested Readings:

- ☐ Van Horne, James C., *Financial Management and Policy*, Prentice Hall of India.
- ☐ Pandey, I. M., *Financial Management*, Vikas Publishing.
- ☐ Ross S.A., R.W. Westerfield and J. Jaffe, *Corporate Finance*, McGraw Hill.
- ☐ Brealey R.A. and S.C. Myers, *Principles of Corporate Finance*, McGraw Hill.
- ☐ Damodaran, A., *Corporate Finance: Theory and Practice*, John Wiley & Sons.
- ☐ Chandra, P. *Financial Management*, Tata McGraw Hill.
- ☐ Khan, M.Y & Jain, P.K *Financial Management: Text, Problems and Cases*, Tata McGraw Hill.
- ☐ Ehrhardt, M. C. & Brigham E. F, *Corporate Finance*, Indian Edition, Cengage Learning
- ☐ Srivastava, Rajiv and Misra. Anil, *Financial Management*, Oxford University Press.
- ☐ Arthur J. Kewon, John H. Martin, J. William Petty & David F. Scott, *Financial Management: Principles & Application*, Pearson.
- ☐ Meyer. et.al, *Contemporary Financial Management*, Cengage Learning.

Note: Latest edition of the readings may be used.
