

# FINANCIAL MANAGEMENT PRINCIPLES

**Semester I**  
**Code : FM01C03**

**Credit -4**  
**Hrs – 90**

## Objectives

- . *To introduce the subject of financial management*
- . *To acquaint the student with various methods and techniques of financial management.*

## MODULE 1

Financial management-meaning-goals and objectives-Functions of a financial manager financial decision making-financial planning concept and relevance of time value of money-compounding technique-discounting technique.

(15 Hrs)

## MODULE 2

Cost of capital-concepts-importance-computation-cost of debt-cost of preference capital-cost of equity- cost of retained earnings-weighted average cost of capital-book value and market value weights-marginal cost of capital

(15 Hrs)

## MODULE 3

Financing decision and capital structure-finance structure-pattern of capital structure-concept of balanced capital structure-determinants of capital structure-optimum capital structure-theories of capital structure-net income approach-net operating income approach - traditional approach-MM approach.

(20 Hrs)

## MODULE 4

Long term investment decisions-capital budgeting-nature features and significance of capital budgeting-traditional methods-payback period- ARR-Discounted cash flow methods-Bailout pay back period-NPV- IRR-Profitability index-Risk analysis in capital budgeting- techniques of risk analysis.

(25 Hrs)

## MODULE 5

Leverage analysis-concept-meaning and measurement of financial leverage. Operating leverage-Financial risk and operating risk-EBT--EPS- Indifference point.

(15 Hrs)

## REFERENCE BOOKS

1. *Contemporary financial management, Rajesh kothari, Macmillain India limited.*
2. *Financial management, PV.Kulkarni, Himalya Publishing House.*
3. *Financial management, Srivastava, Himalya Publishing House*
4. *Fundamentals of financial management, Preetisingh, Ane books private limited.*
5. *Financial management, Dhagat, kogent.*
6. *Financial management, Shah.*
7. *Financial management, Knott, Palgrave Macmillian.*
8. *Financial management, S.N.Maheswari, Sultan Chand Co;*
9. *Financial management, Van Horn, James C, Prentice Hall India, Limited.*
10. *Financial Management, Khan MY, Jain PK, Tata Macgraw Hill publishing Co;*
11. *Financial Management, Pandey IM, Vikas publishing house*