

Subject Code: 401

Subject Name: Financial Management –I

Unit I: Nature of Financial Management **8 Hrs**

- Scope, Functions, objectives
- Evolution of Corporate Finance
- Organization of Finance function
- Importance of the finance function
- Basic Considerations of Risk and Return
- Responsibilities of Financial Manager in a firm

Unit II: Time value of money **20 Hrs**

- Compounding
- Discounting
- Risk & Return**
- Sensitivity Analysis
- Probability Distribution
- Standard deviation
- Coefficient of variation
- Valuation of Securities
- Bond valuation
(Interest paid annually, semiannually)
- Yield to maturity
- Valuation of ordinary shares
 - Zero Growth Model
 - Constant Growth Model (Gordon model)
 - Variable Growth Model

Unit III: Leverage Analysis **10 hrs**

- Operating leverage
- Financial Leverage
- Combined Leverage
- EBIT- EPS Analysis

Unit IV: Cost of Capital **8 Hrs**

- Cost of Equity Capital
- Cost of Debt Capital
- Measurements of Special Costs
- Computation of overall cost of Capital

Unit V: Planning the Capital Structure **10 Hrs**

- Introduction
- Importance and Concept
- Capital Structure Theories

Unit VI: Dividend Decision **4 hrs**

Dividend decision – Determinants of dividend decision

Recommended Books

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| 1. Financial Management | : Prasanna Chandra |
| 2. Financial Management | : I.M.Pandey |
| 3. Corporate Finance | : S.C.Kuchhal |
| 4. Principles of Financial Management | : S.M.Inamdar |
| 5. Financial management | : Khan & Jain |