



# **FINANCIAL MANAGEMENT**

## **23MBPC522**

**(COURSE HANDBOOK)**

**MBA**

**COURSE FACULTY:**

**Dr. Amith D. Menezes**

## 1. GENERAL INFORMATION

Welcome to Financial Management!

This course is designed to provide you with a comprehensive understanding of the principles and practices of financial management, enabling you to make informed decisions in corporate finance. Through this journey, you will explore key concepts such as financial planning, leverage, working capital management, and capital budgeting. The curriculum is carefully structured into five modules, each building upon the previous one to offer a cohesive and enriching learning experience.

In addition to theoretical foundations, this course integrates practical applications to deepen your understanding of financial management principles in real-world contexts. For instance, in Module 4 (Capital Budgeting) will involve activities like evaluating investment projects using Net Present Value (NPV), Internal Rate of Return (IRR), and other key financial metrics. Similarly, in Module 5 (Working Capital Management), we will conduct scenario-based analyses and practical case studies to help you assess liquidity, cash flow, and short-term financing strategies.

### 1.1.Course Objectives

- **Understand Core Financial Management Principles:** Introduce foundational concepts of financial management, including planning, analysis, and control, to enable sound decision-making.
- **Analyze Financial Structures and Leverage:** Equip students with the skills to evaluate financial structures, analyze leverage, and understand its impact on profitability and risk.
- **Master Working Capital Management:** Impart knowledge of effective working capital management techniques to optimize liquidity, cash flow, and short-term financing strategies.
- **Develop Proficiency in Capital Budgeting:** Train students in capital budgeting methods, enabling them to assess long-term investment opportunities using tools such as NPV, IRR, and payback period.

### 1.2.Course Outcomes:

At the end of the course, students will be able to:

- CO1:** Summarize the key concepts, roles, and emerging trends in financial management.
- CO2:** Apply the principles of securing long-term finance and calculating the cost of capital.
- CO3:** Analyze financial strategies to optimize an organization's working capital.
- CO4:** Examine the financial management techniques to effectively manage long-term financial resources.
- CO5:** Apply financial strategies to manage and optimize an organization's overall financial health and decision-making.

### 1.3.Recommended and Reference Text Books

All books are available in the library.

#### **Recommended Text Books:**

- M.Y. Khan & P.K. Jain, “Financial Management: Text, Problems & Cases”, 7<sup>th</sup> Edition Tata McGraw Hill, 2017
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019
- I.M. Pandey, “Financial Management”, 11<sup>th</sup> edition, Vikas Publishing, 2015

#### **Reference Textbooks:**

- Dr. G. Nagarajan & Dr. Binoy Mathew, “Financial Management”, 2<sup>nd</sup> Edition, Jayvee Digitalpublishing, 2022
- Prahlad Rathod, Babitha Thimmaiah and Harish Babu, “Financial Management” (1<sup>st</sup> Edition, HPH, 2015
- Nikhil Chandra Shil & Bhagaban Das, “Financial Management: A Strategic Perspective” 1<sup>st</sup> edition, Sage Publications, 2016
- Vishwanath S. R. “Corporate Finance”, 3<sup>rd</sup> Edition, Sage Publications, 2019.

#### **Important Web Links:**

Fundamentals of Financial Management

[NPTEL :: Management - NOC:Financial Management For Managers](#)

Capital Budgeting Decisions

[NPTEL :: Management - NOC:Financial Management For Managers](#)

Basics of Financial Management

[Bing Videos](#)

Capital Structure and its Significance

[Bing Videos](#)

Working Capital Management

[NPTEL :: Management - NOC:Working Capital Management](#)

## 2. THE COURSE

### 2.1.Course Description

FINANCIAL MANAGEMENT			
Semester	<b>II</b>	CIE Marks	<b>50</b>
Course Code	<b>23MBPC522</b>	SEE Marks	<b>50</b>
Teaching Hrs/Week (L:T:P)	<b>4:0:0</b>	Exam Hrs	<b>03</b>
Total Hrs	<b>52</b>	Credits	<b>04</b>

The Financial Management course is designed to provide students with advanced knowledge in Finance specialization with over 13 weeks during Semester 2. The course consists of five modules covering essential topics in financial management of organizations. Each week includes four lectures, with Dr. Amith of the course. These lectures focus on theoretical concepts, practical applications, and course-related

activities. Spanning a total of 52 hours, this 4-credit course is assessed through Continuous Internal Evaluation (CIE) for 50 marks and a Semester-End Examination (SEE) for 50 marks, with a 3-hour exam duration. This structure ensures a balanced and engaging learning experience for students.

## **2.2. Initiating Contact with Staff and Other Students**

We welcome your inquiries about the course. Please use email and office hours thoughtfully, and check previous communications and handbook materials before reaching out with administrative questions. Engage with peers for discussions and collaborative learning to enhance your understanding and foster a supportive academic community.

## **2.3. Resources**

Resources include digital libraries, e-learning platforms, and research databases, offering students anytime, anywhere access to academic materials and interactive courses. On the college website, students can access the VTU Consortium, open-access repositories (e.g., NPTEL, NDLI), e-books, research papers, video lectures, and interactive tutorials, providing a flexible and comprehensive learning experience.

E-learning and digital libraries can be accessed via the college website <https://mite.ac.in/> (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

## **2.4. Staff**

Course Lecturer: Dr. Amith Donald Menezes

Cabin: 3<sup>rd</sup> floor, PG Block

Email: [amith@mite.ac.in](mailto:amith@mite.ac.in)

## **2.5. Topics and Reading Materials for each module**

### **Module 1**

*(No. of Hours:8)*

#### **Topic: Introduction to Financial Management**

- Definition and scope - objectives of Financial Management- role and functions of finance manager. The interface of Financial Management with other functional areas. Indian Financial System: Structure-types- Financial markets- Financial Instruments -Financial institutions and financial services- Non-Banking Financial Companies (NBFCs). Emerging areas in Financial Management: Risk Management- Behavioural Finance- Financial Engineering- Basics of share market and trading.
- **Activities**
- Presentations on Specific Finance related concepts
- **Essential Readings**
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019 – Chapter 1
- I.M. Pandey, “Financial Management”, 11<sup>th</sup> edition, Vikas Publishing, 2015 – Chapter 1

- **Additional Reading**
- Prahlad Rathod, Babitha Thimmaiah and Harish Babu, “Financial Management” ,1<sup>st</sup> Edition, HPH, 2015- Chapter 1
- Nikhil Chandra Shil & Bhagaban Das, “Financial Management: A Strategic Perspective” 1<sup>st</sup> edition, Sage Publications, 2016 – Chapter 1
- **Additional Web Links**
- Fundamentals of Financial Management  
[NPTEL :: Management - NOC:Financial Management For Managers](#)

## **Module 2**

*(No. of Hours: 10)*

- **Topic: Long term sources of Finance & Cost of Capital** Shares - Debentures- Term loans and deferred credit-Lease financing- Hybrid financing- Venture Capital-Angel investing- private equity - Crowd funding. Cost of Capital: Basic concepts-Components and computation of cost of capital - Cost of debentures- cost of term loans - cost of preferential capital-cost of equity (Dividend discounting and CAPM model) - Cost of retained earnings - Determination of Weighted average cost of capital (WACC).
- **Activities**
- Assignment on practical problems
- **Essential Readings**
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019 – Chapter 2 & 4
- **Additional Reading**
- Vishwanath S. R. “Corporate Finance”, 3<sup>rd</sup> Edition, Sage Publications, 2019. – Chapter -3
- **Additional Web Links**
- Basics of Financial Management  
[Bing Videos](#)

## **Module 3**

*(No. of Hours: 10)*

- **Topic: Capital Structure and Dividend Decisions**
- Capital structure– Planning the capital structure- optimum capital structure - determination of capital structure - Governance of Equity and Debt- Leverages - EBIT and EPS analysis-Return on Investment (ROI) & Return on Earnings (ROE) analysis.
- Dividend decisions & policies – Factors affecting the dividend policy – types of Dividend Policy- forms of dividend-bonus issue-stock split.
- **Activities**
- Assignment on practical problems
- **Essential Readings**
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019 – Chapter 4, 5 & 6

- **Additional Reading**
- Nikhil Chandra Shil & Bhagaban Das, “Financial Management: A Strategic Perspective” 1<sup>st</sup> edition, Sage Publications, 2016 - Chapter 5 & 6
- **Additional Web Links**
- Capital Structure and its Significance  
[Bing Videos](#)

#### **Module 4**

*(No. of Hours: 12)*

- **Topic: Long term Investment Decisions (Capital Budgeting)**
- Need and importance of capital budgeting and its process-Techniques of capital budgeting – [Payback period, time adjusted payback period, accounting rate of return , Net present value, Internal rate of return, Modified internal rate of return, Profitability index method,). Capital Rationing. Estimation of cash flows for new projects and replacement projects
- **Activities**
- Assignment on practical problems
- **Essential Readings**
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019 – Chapter 6
- **Additional Reading**
- Vishwanath S. R. “Corporate Finance”, 3<sup>rd</sup> Edition, Sage Publications, 2019 - Chapter 5 & 6
- **Additional Web Links**
- Capital Budgeting Decisions  
[NPTEL :: Management - NOC:Financial Management For Managers](#)

#### **Module 5**

*(No. of Hours: 12)*

- **Topic: Working Capital Management**
- Sources of working capital- Factors influencing working capital requirements - Current asset policy and current asset finance policy - Determination of operating cycle and cash cycle - Estimation of working capital policy requirements of a firm. Case study on Working Capital Determination and the impact of negative working capital.
- **Activities**
- Assignment on practical problems
- **Essential Readings**
- Prasanna Chandra, “Financial Management: Theory and Practice”, 10<sup>th</sup> Edition, TMH, 2019 – Chapter 8
- **Additional Reading**
- Nikhil Chandra Shil & Bhagaban Das, “Financial Management: A Strategic Perspective” 1<sup>st</sup> edition, Sage Publications, 2016 – Chapter 7
- **Additional Web Links**
- Working Capital Management  
[NPTEL :: Management - NOC:Working Capital Management](#)

### 3. ASSESSMENT

The assessment for the Financial Management course is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

**Continuous Internal Evaluation (CIE)** comprises two internal tests, scheduled for the 8<sup>th</sup> and 14<sup>th</sup> week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks are allotted for completion of module-wise assignments, and 10 marks are allotted for student performance in group presentations).

**Semester End Examination (SEE)** constitutes the remaining 50% of the total marks. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Even Sem).

#### **Rubrics for Other Assessment (Total: 20 Marks / 40% of CIE)**

<b>1. Module wise assignment (10 Marks)</b>				
<b>Criteria</b>	<b>10 Marks (Excellent)</b>	<b>8 Marks (Good)</b>	<b>6 Marks (Fair)</b>	<b>5-3 Marks (Poor)</b>
<b>Completion</b>	Completed all modules and tasks.	Completed most modules.	Completed some modules.	Incomplete or missed modules.
<b>Timeliness</b>	Completed on time.	Completed slightly late.	Completed much later than due.	Missed the deadline.

<b>2. Student group presentation on specific topics (10 Marks)</b>					
<b>Criteria</b>	<b>10 Marks (Excellent)</b>	<b>8 Marks (Proficient)</b>	<b>6 Marks (Adequate)</b>	<b>4 Marks (Basic)</b>	<b>3- 1 Mark (Unsatisfactory)</b>
<b>Financial Concepts</b>	Strong fundamental analysis, active in all stages	Good fundamental analysis, involved in most stages	Moderate fundamental analysis and contribution	Minimal fundamental analysis and contribution	No fundamental analysis and initiative
<b>Leadership Collaboration and Teamwork</b>	Excellent collaboration, highly cooperative	Good Collaboration and teamwork	Average collaboration and teamwork	Limited collaboration and teamwork	No teamwork and collaboration