

Nirma University
Institute of Law
B.Com.,LL.B. (Hons) [5-Year Integrated Programme]
Academic Year 2019-20
Semester – IV

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Course Code	2BBL441
Course Title	Financial Management

Course Learning Outcomes (CLO):

At the end of the course student will be able to:

1. Explain basic concepts of Financial Management
2. Classify the different sources of finance.
3. Determine the cost of capital and capital structure
4. Determine whether the investment proposals are worth funding.
5. Estimate the working capital requirement.

Syllabus

Teaching Hours: 60
10 Hours

Unit I: Financial Management: An Introduction

- 1.1 Financial Management Introduction and core concepts
- 1.2 Objectives of Financial Management
- 1.3 Approaches
- 1.4 Risk – Return Trade off
- 1.5 Finance Function
- 1.6 Concept and Application of Time Value of Money
- 1.7 Risk and Return
- 1.8 Portfolio Management

Unit II: Introduction to Sources of Finances:

10 Hours

- 2.1 Equity or Ordinary Shares, Preference Shares Debentures, Bonds and Term Loans
- 2.2 Securitization, Internal Accruals, Lease Financing and Hire Purchase Finance
- 2.3 Venture Capital Financing
- 2.4 Private Equity, Angel Investor
- 2.5 Short Term Finance
- 2.6 Behavioral Finance and International Finance

Unit III: Concept and Measurement of Cost of Capital:**08 Hours**

- 3.1 Introduction, Meaning and Importance of Cost of Capital
- 3.2 Various Concepts of Cost of Capital
- 3.3 Measurement of Cost of Debt, Cost of Preference Capital, Cost of Equity Capital, Cost of Retained earnings
- 3.4 Computation of Overall or Weighted Average Cost of Capital (WACOC)
- 3.5 Factors Affecting Weighted Average Cost of Capital

Unit IV: Capital Budgeting:**10 Hours**

- 4.1 Meaning, Objectives and Techniques of Capital Budgeting

Unit V: Capital Structure:**12 Hours**

- 5.1 Introduction, Meaning of Capital Structure and Optimum Capital Structure
- 5.2 Net Income Approach, Net Operating Income Approach, Modigliani and Miller Approach, Traditional Approach
- 5.3 Leverage Analysis

Unit VI: Working Capital Management:**10 Hours**

- 6.1 Meaning and Need for Working Capital
- 6.2 Concept of Gross & Net Working Capital, Temporary & Permanent Working Capital
- 6.3 Operating Cycle Concept and its Importance
- 6.4 Factors Affecting Working Capital Requirement
- 6.5 Estimating Working Capital Requirement
- 6.6 Receivable and Cash Management

Suggested Readings:

- 1. Pandey, I.M.(2016).*Financial Management*.NewDelhi:Prentice Hall of India
- 2. Chandra, Prasanna (2015).*Financial Management*.NewDelhi:Mcgrawhill.
- 3. Khan M.Y. &Jain P.K.(2016).*Financial Management*. New Delhi:McGraw Hill
- 4. Vanhorne, J.C.(2016).*Financial Management and Policy*New Delhi:Prentice Hall of India
- 5. Kishore, Ravi M.(2016).*Fundamentals of Financial Management*New Delhi: Taxman Publications
- 6. Chandra, Prasanna. *Investment Analysis and Portfolio Management*New Delhi: Mcgrawhill.