



Kot Bhalwal, Jammu



Model Institute of Engineering  
& Technology (Autonomous)  
Course Handout

## COURSE HANDOUT

FINANCIAL MANAGEMENT (MBA-205)

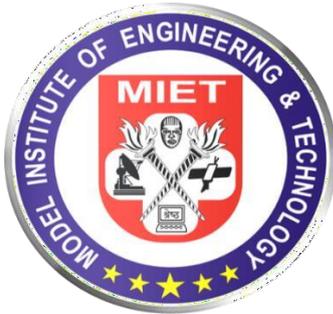
MBA-2<sup>nd</sup> SEMESTER

ACADEMIC YEAR (2024-25)

**Dr Deeksha Singh**

Assistant Professor

School of Management



School of Management

Model Institute of Engineering & Technology (Autonomous)

Kot Bhalwal, Jammu - 181122

[www.mietjmu.in](http://www.mietjmu.in)



Dr. Arun K. Gupta Teaching-Learning Centre

Version 1.1



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Course Code	Course Name	Course Type	Cd	L	T	P	Marks		
							Sessional	Final Exam	Total
MBA-205	Financial Management	Core	4	4	0	0	30	70	100

### COURSE OUTCOMES

At the end of the course the student will be able to:	
CO1	Understand the financial objectives and functions in managerial decision-making.
CO2	Assess the estimation of funds required for long term and short-term investment decisions
CO3	Examine the Working Capital Management System
CO4	Comprehend financial leverages and the value of an organization with respect to its capital structure
CO5	Analyze the dividend policy in managing the earnings of an organization.

#### Unit-I

**Corporate Financial Objectives and Functions:** Introduction to Financial Management, Objective of Financial Management, Profit maximization vs Wealth maximization. Finance Functions, Role of Financial Manager, Time value of money - Present value, Future value of money and the basic valuation models.

(10 Hours)

#### Unit-II

**Corporate Investment Decision:** Capital Budgeting: Nature and concept of Capital Budgeting. Techniques of Capital Budgeting- Traditional and Discounted Cash Flow (DCF). Cost of Capital: Cost of equity, Preference shares, Debt and weighted average cost of capital

(8 Hours)

#### Unit-III

**Working Capital Management:** Concept of Working Capital, Factors affecting working capital requirements, Computation of average working capital requirements. Cash Management: Meaning, Objectives and Techniques of Cash Management and Receivable Management

(8 Hours)

#### Unit-IV

**Capital Restructure Decisions:** Financial and Operating Leverage, Capital Structure- Determinants of capital structure. Capital Structure Theories- Net Income Approach, Net Operating Income Approach & Modigliani-Miller Hypothesis.

(8 Hours)

#### Unit-V

**Dividend Policy:** Types of Dividends, Dividend Payment-Retention decision, Factors influencing dividend decision, Dividend Theories- Dividend Theories of Relevance- Walters Model, & Gordon's Model, Dividend Theories of Irrelevance-Modigliani-Miller Hypothesis.

(7 Hours)

#### Textbooks

S.No	Name of the Books	Name of the Author	Publisher Name	Edition (Pub.Yr.)
1	Financial Management	Pandey I.M (2015)	Vikas Publishing House Pvt. Ltd. New Delhi	11 <sup>th</sup> (2019)
2.	Financial Management	Khan M. Y. and Jain P. K	McGraw Hill Education (India) Private Limited, Chennai	8 <sup>th</sup> (2019)



Reference Books

S.No	Name of the Books	Name of the Author	Publisher Name	Edition (Pub.Yr.)
1	Financial Management	Chandra Prasanna 2019	McGraw Hill Education (India) Private Limited	6 <sup>th</sup> (2019)

COURSE PLAN		
Unit-I Corporate Financial Objectives and Functions		
S.No	Topics	Recommended Books
1	Introduction to Financial Management	Book 2, Ch.1 <a href="https://www.economicdiscussion.net/financial-management/introduction-to-financial-management/33281">https://www.economicdiscussion.net/financial-management/introduction-to-financial-management/33281</a>
2	Objective of Financial Management,	Book 2, Ch.1
3	Profit maximization vs Wealth maximization	Book 2, Ch.1 <a href="https://www.wallstreetmojo.com/profit-maximization/">https://www.wallstreetmojo.com/profit-maximization/</a>
4	Finance Functions	Book 2, Ch.1 <a href="https://www.wallstreetmojo.com/finance-functions/">https://www.wallstreetmojo.com/finance-functions/</a>
5	Role of Financial Manager	Book 2, Ch.1
6	Time value of money	Book 2, Ch.2 <a href="https://www.investopedia.com/terms/t/timevalueofmoney.asp">https://www.investopedia.com/terms/t/timevalueofmoney.asp</a>
7	Future value of money and the basic valuation models.	Book 2, Ch.2
Unit-II Corporate Investment Decision		
8	Capital Budgeting: Nature	Book 2, Ch.3 <a href="https://www.investopedia.com/terms/c/capitalbudgeting.asp">https://www.investopedia.com/terms/c/capitalbudgeting.asp</a>
9	Capital Budgeting: concept	Book 2, Ch.3 <a href="https://www.investopedia.com/terms/c/capitalbudgeting.asp">https://www.investopedia.com/terms/c/capitalbudgeting.asp</a>
10	Techniques of Capital Budgeting- Traditional	Book 2, Ch.3
11	Techniques of Capital Budgeting- Discounted Cash Flow	Book 2, Ch.3
12	Cost of Equity	Book 2, Ch.4
13	Cost of Preference shares	Book 2, Ch.4 <a href="https://efinancemanagement.com/investment-decisions/cost-of-preference-share-capital">https://efinancemanagement.com/investment-decisions/cost-of-preference-share-capital</a>
14	Cost of Debt	Book 2, Ch.4



		<a href="https://www.wallstreetprep.com/knowledge/cost-of-debt/">https://www.wallstreetprep.com/knowledge/cost-of-debt/</a>
15	Weighted average cost of capital	Book 2, Ch.4
<b>Unit-III Working Capital Management</b>		
16	Concept of Working Capital	Book 1, Ch.27 <a href="https://efinancemanagement.com/working-capital-financing/working-capital-management">https://efinancemanagement.com/working-capital-financing/working-capital-management</a>
17	Factors affecting working capital requirements	Book 1, Ch.27 <a href="https://razorpay.com/learn/factors-affecting-working-capital-requirement/">https://razorpay.com/learn/factors-affecting-working-capital-requirement/</a>
18	Computation of average working capital requirements	Book 1, Ch.27 <a href="https://www.wallstreetprep.com/knowledge/working-capital-101/">https://www.wallstreetprep.com/knowledge/working-capital-101/</a>
19	Cash Management: Meaning and Objectives	Book 1, Ch.30 <a href="https://corporatefinanceinstitute.com/resources/career-map/sell-side/capital-markets/cash-management/">https://corporatefinanceinstitute.com/resources/career-map/sell-side/capital-markets/cash-management/</a>
20	Techniques of Cash Management	Book 1, Ch.30 <a href="https://www.managementnote.com/techniques-of-cash-management/">https://www.managementnote.com/techniques-of-cash-management/</a>
21	Receivable Management	Book 1, Ch.28
<b>Unit-IV Capital Restructure Decisions</b>		
22	Financial Leverage	Book 1, Ch.14 <a href="https://www.investopedia.com/terms/l/leverage.asp">https://www.investopedia.com/terms/l/leverage.asp</a>
23	Operating Leverage	Book 1, Ch.14 <a href="https://www.wallstreetmojo.com/operating-leverage/">https://www.wallstreetmojo.com/operating-leverage/</a>
24	Capital Structure- Determinants of capital structure	Book 1, Ch.15
25	Capital Structure Theories	Book 1, Ch.15
26	Net Income Approach	Book 1, Ch.15 <a href="https://efinancemanagement.com/financial-leverage/capital-structure-theory-net-income-approach">https://efinancemanagement.com/financial-leverage/capital-structure-theory-net-income-approach</a>
27	Net Operating Income Approach	Book 1, Ch.15 <a href="https://efinancemanagement.com/financial-leverage/capital-structure-theory-net-operating-income-approach">https://efinancemanagement.com/financial-leverage/capital-structure-theory-net-operating-income-approach</a>
28	Modigliani-Miller Hypothesis	Book 1, Ch.15 <a href="https://corporatefinanceinstitute.com/resources/valuation/mm-">https://corporatefinanceinstitute.com/resources/valuation/mm-</a>



		<a href="#">theorem/</a>
<b>Unit-V Dividend Policy</b>		
29	Types of Dividends	Book 1, Ch.17 <a href="https://www.angelone.in/knowledge-center/share-market/types-of-dividends">https://www.angelone.in/knowledge-center/share-market/types-of-dividends</a>
30	Dividend Payment-Retention decision Capital Management	Book 1, Ch.17
31	Factors influencing dividend decision	Book 2, Ch.17 <a href="https://efinancemanagement.com/dividend-decisions">https://efinancemanagement.com/dividend-decisions</a>
32	Dividend Theories of Relevance- Walters Model	Book 1, Ch.17 <a href="https://www.financestrategists.com/accounting/management-accounting/relevance-theory-of-dividend/">https://www.financestrategists.com/accounting/management-accounting/relevance-theory-of-dividend/</a>
33	Dividend Theories of Relevance- Gordon's Model	Book 2, Ch.17
34	Dividend Theories of Irrelevance-Modigliani-Miller Hypothesis.	Book2, Ch. 17

#### ADDITIONAL WEB RESOURCES

1.	Course Pack on Financial Management created on Harvard Business Publishing <a href="https://hbsp.harvard.edu/coursepacks/1261333">https://hbsp.harvard.edu/coursepacks/1261333</a>
2.	NPTEL: Video lectures on Financial Management Lecture series by Prof. Anil.K.Sharma, Management, IIT Roorkee <a href="https://youtu.be/CCQwz_Gwo6o">https://youtu.be/CCQwz_Gwo6o</a>

#### GRADING AND ASSESSMENT

- **Sessional Test:** 15 marks
- **Assignment:** 10 marks
- **Attendance:** 5 marks
- **Final Examination:** 70 marks

#### COURSE POLICIES

- **Attendance:** Minimum 75% attendance is mandatory to appear in the final examination of the course.
- **Academic Integrity:** MIET's academic integrity policies apply. Plagiarism will not be tolerated.
- **Late Submissions:** Assignments and projects must be submitted by the specified timelines.

#### FACULTY INFORMATION

- **Office Hours**  
Monday (12:05 PM - 12:55 PM)  
Friday (12:05 PM - 12:55 PM)
- **Contact Information**  
[deeksha.mba@mietjammu.in](mailto:deeksha.mba@mietjammu.in)

