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SIDDHARTHA INSTITUTE OF TECHNOLOGY
(Autonomous)
Kanuru, Vijayawada – 520 007
(AICTE approved, NBA accredited and ISO 9001:2008 certified Institution)
(Permanent affiliation to JNTUK, Kakinada)
(Effective for students admitted into first year MBA in 2012-13)

BA2T1- Financial Management

- Unit 1-Finance Function:** An overview of Finance functions - Profit vs wealth maximization - Investment decisions: Nature of capital budgeting decisions - Techniques of capital budgeting- Pay back method, Average rate of return and Time adjusted methods- IRR and NPV-profitability index- Capital budgeting and Risk analysis.
- Unit 2-Cost of Capital and Capital Structure:** Concept and measurement of Cost of capital- Debt vs equity- Cost of equity- Preference shares- Retained earnings- Weighted average cost of capital and marginal cost of capital; Capital structure Planning: Determinants of capital structure- Capital structure theories- Operating and financial leverage.
- Unit 3-Dividend Decisions:** Dividends and value of the firm - Relevance of dividend decision, MM hypothesis, Walter and Gordon models - Factors determining dividend policy- Dividend policies - Declaration and payment of dividends- Bonus shares-Rights issue- Share splits.
- Unit 4-Working Capital Management:** Components of working capital- Gross vs. net working capital- Determinants of size of working capital - The operating cycle approach; planning of working capital- Financing of working capital through Bank finance and trade credit.
- Unit 5-Management of Current Assets:** Management of cash– Basic strategies for cash management, cash budget, cash management techniques/processes; Marketable securities: characteristics, selection criterion, Marketable security alternatives; Management of receivables - Management of inventory – Credit policies.

Relevant cases have to be discussed in each unit.

Text Books:

1. Khan M Y and Jain P K, “Financial Management Text and Problems”. Tata McGrawHill. New Delhi.
2. Pandey I M., “Financial Management”, Vikas Publishing House Pvt. Ltd., New Delhi.

Reference Books:

1. Arthur Keown, John Martin, William Petty & David Scott Jr, “Financial Management: Principles and Applications”, Prentice Hall of India, New Delhi.
2. Brealey, Richard. and Myers Stewart. C., “Principles of Corporate Finance”, McGraw Hill, New Delhi.
3. Chandra Bose D., Fundamentals of Financial Management, Prentice Hall of India, New Delhi
4. Hampton J John, “Financial Decision Making: Concepts, Problems and Cases”, Prentice Hall of India, New Delhi.
5. William R.Lasher, Financial Management” Cengage Learning, New Delhi, 2011.
6. James C Van Horne & John M. Wachowicz Jr, “Fundamentals of Financial Management”, Prentice Hall of India, New Delhi.
7. Weston, J F and Brigham, E F., “Essentials of Managerial Finance”, Pearson Education, New Delhi.
8. Winger, Bernard and Mohan, Nancy, “Principles of Financial Management”, Macmillan, Publishing Company, New York.