

Subject	FINANCIAL MANAGEMENT
Subject Code	UCMAE03/BE03/CE03
Nature	Elective- AOS
SEMESTER	VI
Maximum Marks	75

Unit I

Financial Management: Definition – Objectives - Functions of a finance manager -Financial Planning - Time value of money - Measuring Return and Risk

Unit II

Capital Structure: Sources of long term finance - Factors influencing capital structure - Importance of Capital Structure – EBIT / EPS analysis - Indifference Point - Financial, Operating and Combined leverage - Capital Structure Theories (except MM theory)

Unit III

Cost of Capital: Measurement and Significance – Cost of Debt – Cost of Preference Capital – Cost of Equity – Cost of retained earnings – Weighted average cost of Capital.

Unit IV

Capital Budgeting Decisions: Nature of Investment Decisions – Investment Evaluation Criteria – Payback Period – Accounting rate of return – Discounted Payback period - Net Present Value – Internal Rate of Return – Profitability Index.

Unit V

Working Capital Management: Sources of short term finance – Concept of Operating / working Capital Cycle – Determinants of Working Capital – Estimation of Working Capital. Cash Management: Liquidity Needs – Cash Management Techniques (Lock Box System, Concentration Banking, Collection centers and Factoring). Receivables Management: Ageing schedule – Credit policy alternatives (credit period, credit limit, discounts, collection efforts and credit standards)
(Problems : Theory = 50 : 50)

REFERENCE BOOKS

1. Financial Management – S.N.Maheswari
2. Financial Management - Prasanna Chandra
3. Financial Management - I.M.Pandey
4. Financial Management - Khan and Jain

Question Paper Pattern:

Pattern	Theory	Problems	Total Questions	To answer	Marks per Question	Total Marks
Section A	6	6	12	10	2	20
Section B	4	3	7	5	5	25
Section C	2	2	4	2	15	30

Instructions to Paper Setter:

Section-A: Minimum 2 Questions to be asked from each of the five Units

Section-B: Minimum 1 Question to be asked from each of the five Units

Section-C: Minimum 1 Question to be asked from any four Units