

Gujarat University

K. S. School of Business Management and Information Technology
[Five Years' (Full – Time) M.B.A. Integrated Degree Course]

Second Year M.B.A. (Sem - IV)

Code: KS-MBA-DSC-C-241

Fundamentals of Financial Management

Course Credit: 4

Instructions: Finance is the life blood for any organization. Management of Finance is very important and critical function of the Business Management. This course is a Discipline Specific Core Course. Approximately 55to 60 hours direct teaching in the semester will be required. At least two assignments in the semester would be given to the students.

Objective: The objective of this course is to make the students understand the fundamentals of financial management and important decisions of financial management viz. investment decision, financing decision and working capital decision.

Program Outcomes: The learnings, at the Second Year of the MBA programme, focus more on practical orientation of the various subjects. For business to grow and flourish competitive edge is the need of the hour. The application based study of the concepts, introduced in various subject areas, prepares students to face any kind of market competition and make them able to deliver best in any circumstances.

Course Outcomes:

- Understanding about meaning of financial management and its important functions
- Understanding the concept of time value of money and its application
- Knowing working capital meaning and estimation for the business
- Learning concept of cost of capital and capital structure
- Studying capital budgeting meaning and techniques

Detailed Syllabus:

Module 1:

[25%]

- Introduction to financial management
 - Scope of Finance
 - Functions of Financial Management
 - Goals of Financial Management
 - Role of Financial Manager
- Time value of money
 - Time Preference for Money

- Future Value of Single cash flow and an Annuity
- Present Value of Single cash flow and an Annuity

Module 2:

[25%]

- Working capital management
 - Meaning
 - Types and Determinant of Working Capital
 - Operating Cycle
 - Estimating Working Capital Requirements
 - Sources of Working Capital Finance

Module 3:

[25%]

- Cost of Capital
 - Meaning and Importance
 - Component of Cost of Capital
 - Cost of Debt
 - Cost of Preference Capital
 - Cost of Equity
 - Weighted Average Cost of Capital
- Capital Structure
 - Meaning and Determinants
 - Approaches to determine appropriate capital structure
 - EBIT – EPS Analysis
 - ROI – ROE Analysis
 - Leverage Analysis

Module 4:

[25%]

- Capital Budgeting
 - Nature and Types of Investment Decision
 - Investment Evaluation Criteria
 - Payback period
 - Average rate of return
 - Net present value
 - Internal rate of return
 - Profitability index

Reference Books:

- Financial Management – I.M. Pandey (Vikas)
- Financial Management – Khan and Jain (TMH)
- Financial Management – Prasanna Chandra (TMH)
- Financial Management – G. Sudarsana Reddy (Himalaya)

Mode of Evaluation:

Continuous Evaluation 30%

Mid Semester Exam 20%

End Semester Exam 50%

Assessment Tools: Test, Quiz, Assignment, Presentation, Project etc.