

Course Code	Course Title	C	H	I	E	T
17U4KMC10	Business Finance	4	75	25	75	100
Learning Objectives						
<ul style="list-style-type: none"> To understand the concept of finance & finance functions, and familiarize with the various sources of funds To calculate cost of capital, Leverages and optimizing EPS through capital structure models. To make a decision long term investment proposals by using Payback, NPV, IRR & ARR and prepare statement of working capital requirements independently. To familiarize the concept of dividend policy and its relevance in corporate 						
Learning Outcomes: Knowledge on Sources of finance, suggesting suitable capital mix for financing decisions, skill on capital budgeting, working capital and dividend decisions.						

Unit – I Introduction to Business Finance

Definition – Scope – Objectives – Functions - Responsibility of Financial Manager – Financial Decisions – Sources of Funds – Long term – Short term sources.

Unit – II Cost of Capital, Capital Structure and Leverages

Cost of Capital – Meaning – Importance – Measurement – Cost of Debenture, Preference Share, Equity Share, Retained Earnings – Weighted Average Cost. Capital structure – Theories of Capital Structure – Designing Optimum Capital structure – Indifference point – Financial Break Even point. Leverages – Meaning – Financial Leverage – Operating Leverage – Combined Leverage.

Unit – III Capital Budgeting

Meaning – Significances – Methods of Appraisal - Pay Back Method – Discounted Cash Flow Method – Discounted Pay Back – Net Present Value – Profitability Index – Internal Rate of Return – Average Rate Return (ARR) – Capital Rationing.

Unit – IV Working Capital Management

Meaning – Types of Working Capital – Factors influencing Working Capital – Sources of Working Capital – Operating Cycle – Estimation of Working Capital.

Unit – V Dividend Policy

Meaning – Types of Dividend – Factors influencing Dividend Policies – Theories of Dividend Decisions – Irrelevance and Relevance Theory.

Note: The Questions should be asked in the ratio of 60% Problems and 40 % for theory

Book for Study

Shasi K. Gupta, *Financial Management*, Kalyani Publishers, Ludiana.

Books for Reference

1. M.Y. Khan & P.K. Jain, *Financial Management Text, Problems and Cases*, McGraw Hill Education Pvt. Ltd. New Delhi.
2. IM. Pandey, *Financial Management*, Vikas Publishing House Pvt. Ltd. Noida.
3. Dr. A. Murthy, *Financial Management*, Margham Publications, Chennai.
4. www.investopedia.com, www.managementstudyguide.com