

Name of College: S. R. Luthra Institute of Management						
Faculty	Management		Program	Master of Business Administration (M.B.A.)		
Year	II		Version	2.0		
Semester	2		Effective From	July 2026		
Course Code	MMBA22201	Course Name	Financial Management (FM)			
Teaching Scheme				Examination Scheme		
Credits	Lecture (L)	Tutorial (T)	Practical (P)	CCE	SEE	Total
4	4	0	0	50	50	100

Course Outcomes:

CO	Students will be able to
CO1	<i>Apply</i> the concepts of time value of money to make appropriate decisions related to various functions of finance.
CO2	<i>Compare</i> capital structure alternatives and effect of leverage with firm's performance.
CO3	<i>Determine</i> the cost of capital and capital budgeting decisions.
CO4	<i>Determine</i> company's short-term financing /liquidity decisions
CO5	<i>Assess</i> dividend decisions and policies of companies.

Mapping Course Outcomes to Program Outcomes:

	PO1	PO2	PO3	PO4	PO5	PO6
CO1	3	3	2	2	2	2
CO2	3	3	2	1	1	2
CO3	3	3	2	1	1	2
CO4	3	2	2	1	1	1
CO5	3	2	2	1	1	1



Sr. No	Module	Description	CO	Marks	Hours
1	I	Introduction to Financial Management	1	6	15
		• Overview of Financial Management: ○ Introduction, Scope of Finance, Finance Function, Role of Financial Managers, Financial Goal – Profit Maximization versus Shareholders' Wealth Maximization and Agency Problems.			
		• Time value of money: ○ Time Preference for Money ○ Future Value ○ Present Value ○ Spreadsheet application			
2	II	• Valuation of Bonds and Shares: ○ Valuation of bonds, preference shares and equity shares	2	10	15
		Financing Decisions:			
		• Sources of long-term finance: ○ Features, advantages and limitations of Equity Shares, Preference Shares Debentures and Term loan. ○ Global Sources of Finance • Financial and Operating Leverage: ○ Meaning of Financial Leverage, Analysing alternative financial plans: Constant EBIT and Varying EBIT, Point of indifference, Types of Degrees of Leverage – Operating, Financial and Combined Leverage (DOL, DFL & DCL) • Theoretical Concepts of Capital Structure Theories: ○ Relevance of Capital Structure and Irrelevance of Capital Structure Theory ○ The NI Approach, Traditional View, NOI Approach & MM Hypothesis without taxes and MM hypothesis under Corporate Taxes			
3	III	Investment Decisions:	3	20	15
		○ Cost of Capital: ○ Concept of Cost of Capital and its significance ○ Components of Cost of Capital ▪ Cost of Debt, Preference Capital, Equity Capital and Reserves ○ Weighted Average Cost of Capital (WACC)			



		• Capital Budgeting Decisions: ○ Meaning, Features, Types and Importance of Investment Decisions ○ Discounted Cash Flow Techniques: NPV, IRR, PI, Discounted Payback ○ Non-Discounted Cash Flow Techniques: ARR, Payback Period ○ Spreadsheet Application			
4	IV	Liquidity and Dividend Decisions: • Working Capital management: ○ Concepts of Working Capital, Operating Cycle, Determinants of Working Capital, The Matching, Conservative and Aggressive approach, Estimating Working Capital Needs. • Cash Management: ○ Cash forecasting through budgeting • Theoretical Concepts of Receivables Management: ○ Nature and goals of credit policy, credit policy variables in brief, Optimum credit policy • Dividend Theories and Dividend Policy: ○ Dividend Models: ▪ Dividend Relevance models ▪ Dividend Irrelevance models ○ Objectives of Dividend Policy ○ Factors affecting dividend payout ○ Forms of dividend	4,5	14	15



References:**Books:**

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| 1. | Chandra, P. (2022). <i>Financial Management</i> . McGraw-Hill Education (India) Pvt. Ltd. |
| 2. | Khan, M. Y., & Jain, P. K. (2018). <i>Financial Management</i> . McGraw Hill Education (India) Pvt. Ltd. |
| 3. | Pandey, I. M. (2025). <i>Financial Management</i> . Pearson India Education Services Pvt. Ltd. |

Newspapers / Magazines / Journals:

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| 1. | News Paper: The Financial Express, Business Standard, Economic Times, Times of India |
| 2. | Journals: Finance India, Global Journal of Finance & Management, Journal of Business & Financial Affairs, Indian Journal of Finance, etc., |

Web resources:

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| 1. | https://www.bseindia.com/ : Official website of Bombay Stock Exchange |
| 2. | https://www.nseindia.com/ : Official website of National Stock Exchange |
| 3. | https://www.rbi.org.in/ : Official website of Reserve Bank of India |

