



**Mahatma Gandhi University  
Kottayam**

<b>Programme</b>	<b>Bachelor in Business Administration (Honours)</b>					
<b>Course Name</b>	Financial Management					
<b>Type, of Course</b>	CORE COURSE					
<b>Course Code</b>	MG4CCRBBA201					
<b>Course Level</b>	<b>NA</b>					
<b>Course Summary &amp; Justification</b>	Financial Management is offered with intent to equip the students with the basic knowledge of finance theory and its application to develop relevant financial strategies pertinent to profit-seeking organizations. The theme of financial management is structured around three decision making financial areas: Investment- long and short term, Financing and Dividend policy. This imbibes students with analytical and decision-making skills in managing finance through application of theoretical questions and practical problems.					
<b>Semester</b>	<b>4</b>	<b>Credits</b>			<b>4</b>	<b>Total Hours</b>
<b>Total Student Learning Time (SLT)</b>	<b>Learning Approach</b>	Lecture	Tutorial	Practical	Others	
		4	0	0	0	60
<b>Pre-requisites</b>	NA					

**COURSE OUTCOMES (CO)**

CO No.	Expected Course Outcome	Learning Domains *	PO No:
1	To apply the knowledge in taking finance decisions	U	1

2	To develop analytical skills to identify financial management problems and solve them.	A	2
3	To analyse the relationship among capital structure, cost of capital, dividend decisions, and value of the business.	An	1
4	To assess a firm's requirement for long-term assets by applying capital budgeting techniques.	An	2

## COURSE CONTENT

### Content for Classroom transactions (Units)

Module	Course description	Hrs	CO No.
<b>1. Introduction to Financial Management</b>		<b>12 Hrs</b>	
1.1	Meaning of finance and financial management, Types of finance, Objective and Scope of financial management– profit maximization and wealth maximization - merits and criticisms.	4	CO1
1.2	Financial decisions, Internal relation of financial decisions, Factors influencing financial decisions.	4	CO1
1.3	Finance, Sources of Finance: Ownership securities – Equity shares, Preference shares, Deferred shares, no par stock/shares, Shares with differential rights, Sweat Equity.	2	CO1
1.4	Creditorship securities – Debentures – Zero coupon bonds, zero interest bonds, Internal financing or ploughing back of profit – short term and long-term sources.	2	CO1
<b>2. Capital structure and capitalization</b>		<b>16Hrs</b>	
2.1	Meaning of capitalization – Theories of capitalization – cost theory and earnings theory.	3	CO2

2.2	Over capitalization and under capitalization (Theory) – causes – effects and remedies, Watered stock.	4	CO2
2.3	Meaning of capital structure and financial structure, principles of capital structure, Optimum Capital Structure, Determinants of capital structure, capital gearing.	4	CO2
2.4	Theories of Capital structure, Effect of capital structure on EPS, EBIT-EPS Analysis, -Practical Problems.	5	CO2
<b>3. Cost of Capital, Leverage and Working Capital</b>		<b>20 Hrs</b>	
3.1	Meaning of cost of capital, significance of cost of capital, components of cost of capital – (Theory Only).	4	CO3
3.2	Meaning of Leverage, Types of Leverages – operating, financial and combined leverage, – practical problems.	5	CO3
3.4	Managing working Capital - Meaning of working capital, types of working capital, working capital cycle, adequate working capital, determinants of working capital (Practical problems).	6	CO3
3.5	Estimation of working capital-Practice problems. Management of cash. Management of inventory and debtors.	5	CO3
<b>4. Capital Budgeting and Dividend policy</b>		<b>12 Hrs</b>	
4.1	Meaning of Capital Budgeting, Importance, Need, Time value of money-Present and Future Value.	4	CO4
4.2	Capital budgeting process, project appraisal by using traditional methods and modern methods.  Practical problems on Payback Period, Net Present Value, Profitability Index, IRR (Simple Problems).	5	CO4
4.3	Dividend policy-Meaning, Kinds, Theories of dividend decisions, determinants of dividend policy decisions (Theory Only).	3	CO4

## References

Textbooks (Latest Editions):

1. Khan, M, Y, & Jain, P, K . Financial Management. Tata Mc Graw Hill.
2. Chandra, P. Financial Management. New Delhi, India. Tata McGraw Hill Book Co
3. Pandey,I.M. Financial Management. New Delhi, India. Vikas Publishing House.
4. Kumar, A. Financial Management, Khanna Publishing House.
5. Gupta, S, K., Sharma, R.K. & Gupta, N . Financial Management. Kalyani Publishers.
6. Khan, M, Y, & Jain, P, K . Financial Management. Tata Mc Graw Hill.
7. Brigham and Houston. Fundamentals of Financial Management, Cengage Learning
8. "Essentials of Financial Management" by S.N. Maheshwari and S.K. Maheshwari

## Suggestive Assessment Activities:

### CO1:

#### 1.1 Test

For testing CO-based learning domains.

#### 1.2 Finance Decision-Making Simulation

Designing Financial Decisions for a Startup-You are the financial manager of a new start-up in the agri-tech sector. The startup is looking to expand and needs ₹50 lakhs for the next phase.

Evaluate various sources of finance (equity, debt, preference shares, internal accruals). Choose the most suitable combination considering:

- Cost of capital
- Risk
- Control dilution
- Repayment flexibility

Justify your choice of financial decision with logical reasoning. Discuss internal relationships among financing, investment, and dividend decisions.

#### 1.3 Source of Finance Identification – Company-Based Mapping

Choose 3 listed Indian companies from different industries (e.g., FMCG, IT, Manufacturing).

Analyze their capital structure and identify:

- Ownership securities (e.g., equity, preference shares)
- Creditorship securities (e.g., debentures, bonds)
- Internal financing (retained earnings)
- Short-term vs long-term financing sources

Create a comparative table of the different types of securities used.

Reflect on why these companies chose these instruments (cost, risk, industry norms, etc.). Students may make presentation in group.

## CO2

### 2.1 Test

For testing CO-based learning domains.

### 2.2 Impact of Capital Structure on EPS – Real Company Analysis

Select atleast two listed Indian company. Analyse and compare the capital structure of selected listed companies.

### 2.3 Theories of Capital Structure – Debate

Divide the class into four teams.

Assign each team one theory:

- Net Income Approach
- Net Operating Income Approach
- MM Theory
- Traditional Approach

Each team will:

- Present the core assumptions and logic of their assigned theory.
- Argue its relevance in today's Indian corporate context with examples.

### 2.4 Numerical Problems

Problems on EBIT-EPS analysis, capital structure impact on EPS

## CO3

### 3.1 Test

For testing CO-based learning domains.

### **3.2 Estimate the Working Capital Requirement for a Startup Manufacturing Business**

Estimate the Working Capital Requirement for a Startup Manufacturing Business and prepare a working capital estimation using the operating cycle method. Encourage students to make appropriate assumptions.

### **3.3 Leverage Analysis Using Real Company Data- A comparative study**

Select two Indian companies in different sectors (e.g., Tata Steel vs Infosys).

Collect recent financial data (from Annual Reports or Moneycontrol):

- Sales, EBIT, Interest, and EBT

Calculate: Operating Leverage, Financial Leverage, Combined Leverage

Analyze and interpret:

- Which company has higher business risk?
- Which one is more sensitive to financial risk?

### **3.4 Numerical problem**

- Leverage calculations
- Estimation of working capital

## **CO4**

### **4.1 Test**

For testing CO-based learning domains.

### **4.2 Numerical Problems based on capital budgeting methods.**

## **ASSESSMENT**

**Continuous Comprehensive Assessment (CCA) - Maximum Marks: 30**

Sl. No	Component	Activity	Max. Marks
1	Test		10



2	Case Study Analysis/Simulation/ Company-Based Mapping/ Debate/ Estimation of Working Capital/ comparative study/ Numerical Problems	Assessment methods specified in the syllabus.	10
3	Case Study Analysis/Simulation/ Real Company Analysis/ Debate/ Estimation of Working Capital/ comparative study/ /Numerical Problems	Assessments specified by the teacher (Assessment methods defined in the syllabus may also be used).	5
4	Group or individual presentation	Presentation of any of the assessment topics given.	5
Total Marks			30

**End Semester Assessment (ESA) - Maximum Marks: 70**

Sl. No	Component	Activity	Max. Marks
1	Written Examination  2 hours	Short answer (four to five sentences)  (a choice between two options for each question- answer five short answer questions, one from each pair (1a/1b, 2a/2b, 3a/3b, 4a/4b, 5a/5b).	5 X 3=15
		Short Essay  (a choice between two options for each question- answer three short essay questions, one from each pair (6a/6b, 7a/7b, and 8a/8b).	3 X 5=15

		Long Essay  (a choice between two options for each question- answer two long essay questions, one from each pair (9a/9b, 10a/10b))	2 x 20=40
Total Marks			70



**MGU-BBA (HONOURS)**

## Syllabus