

## Generic Elective Course- 2.2(GE-2.2): Financial Management for Beginners

### CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
<b>Financial Management for Beginners GE- 2.2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>	Pass in XII	NIL

#### Learning Objectives

The course aims to familiarize the students with the basic concepts of financial management.

#### Learning Outcomes

After completion of the course, learners will be able to:

1. Analyse the overview of finance, the concept of time value of money and risk & return.
2. Perform financial analysis with the aid of various financial statements, and analyse the capital budgeting process and techniques.
3. Analyse the cost of capital, capital structure and leverage.
4. Examine dividend & working capital dividend decisions.
5. Perform valuation of securities.

#### SYLLABUS OF GE-2.2

##### **Unit 1: Introduction (9 hours)**

Meaning and importance of finance. Time value of money (Compounding & Discounting), Risk & Return. Alternative investment options, Sources of long term financing and short term financing.

##### **Unit 2: Financial Analysis & Capital Budgeting (9 hours)**

Financial statements- income statement, balance sheet, Ratio analysis: meaning, significance and limitations. Current ratio, quick ratio, absolute liquidity ratio, debt-equity ratio, interest coverage ratio, inventory turnover ratio, debtors turnover ratio, average collection period, creditors turnover ratio, average payment period, return on capital employed, return on equity, earnings per share, dividend per share, price-earning ratio.

Capital budgeting process, Capital budgeting techniques (Payback period, Discounted payback period, NPV, IRR).

### **Unit 3: Cost of Capital & Capital Structure (9 hours)**

Concept of cost of capital and capital structure: Cost of debt capital, Cost of preference share capital, Cost of equity share capital, Weighted average cost of capital (WACC). Meaning of leverage. Operating leverage, Financial leverage, Combined leverage.

### **Unit 4: Dividend Decisions & Working Capital (9 hours)**

Types of dividends, Dividend policies and factors affecting dividend policies. Stock-split and bonus Shares. Concept of working capital, its components and factors affecting working capital requirements.

### **Unit 5: Valuation of Securities (9 hours)**

Types of risks and returns. Concept of valuation, Equity valuation & analysis, Bond valuation & analysis. Portfolio analysis.

Contemporary issues in finance.

### **Practical Exercises**

The learners are required to:

1. Assess the present value of financial investments made by your family members.
2. Analyse the risk and return of financial securities listed on NSE/BSE.
3. Analyse the capital budgeting process of various companies.
4. Examine the capital structure of various companies from their annual reports.
5. Evaluate the dividend and working capital policy of various companies.
6. Perform valuation of financial securities using MS-EXCEL.

### **Suggested Readings**

- Bhargav, B. K. (2015). *Finance For Non-Finance Managers*. Jaiko Publishing House.
- Chandra, P. (2017). *Finance Sense: Finance for Non-Finance executives*. Tata McGraw Hill.
- Gabriel, H. & Claude, V. (2008). *Finance for Non-Finance Managers*. Cengage Delmar Learning India Pvt. Ltd.
- Gene, S. (2003). *Finance for Nonfinancial Managers*. (Briefcase Books Series). Tata McGraw Hill.
- Joshipura, M. (2022). *Cases in Financial Management*. Sage Textbook
- Maheshwari, S. N. (2019). *Elements of Financial Management*. New Delhi: Sultan Chand & Sons.
- Maheshwari, S. N. (2013). *Financial Management – Principles & Practice*. New Delhi: Sultan Chand & Sons.

- Tripathi, V. (2021). *Basic Financial Management*. New Delhi: Taxmann Publication Pvt. Ltd.

**Note: Suggested readings will be updated by the Department of Commerce and uploaded on Department's website.**