

Programme	: M. Com	
Course Code	: COO 311	Title of the Course: <b>Investment and Financing Decisions.</b>
Number of Credits	: 4	
Effective from AY	: 2018-19	

<b>Prerequisites:</b>	Students have studied B. Com and basic understanding of Financial Management.	
<b>Need, Description, and Objectives</b>	<p>This will enable to the student to understand how corporations make important investment and financing decisions, and how they establish working capital policies. The course also lays a foundation for more complex financial topics that arise in additional elective courses in finance. This course in financial management describes the corporation and its operating environment; it will help any future manager to understand how the finances of a company work, and how they will be interfacing with finance</p> <p>The course intends to emphasis the role of financial management in wealth maximization and explains the application of financial tools in determining the value of the firm</p> <p>The objective is to enable the students to understand the process of financial decision making to enhance shareholder's wealth.</p>	
<b>Content:</b>	<p><b>UNIT 1: Introduction to Financial Management.</b>  Introduction - Meanings and Definition - <b>Goals of Financial Management</b> - <b>Finance Functions</b> - <b>Interface between Finance and Other Business Functions</b>  <b>Time Value of Money:</b> Introduction – Rationale - Future Value - Present Value - <b>Valuation of Bonds and Shares</b> - Intrinsic Value - Book Value.</p> <p><b>UNIT 2: Cost of Capital</b>  Introduction - Meaning of Cost of Capital - Cost of Different Sources of Finance - Weighted Average Cost of Capital – Leverage - Operating Leverage - <b>Application of Operating Leverage</b> - Financial Leverage - Combined Leverage - Capital Structure – Introduction - <b>Factors affecting Capital Structure - Theories of Capital Structure (Including problems).</b></p> <p><b>UNIT 3: Capital Budgeting</b>  Introduction - Importance of Capital Budgeting - <b>Complexities involved in Capital Budgeting Decisions</b> - <b>Capital Budgeting Process</b> - Investment Evaluation - Appraisal Criteria - <b>Capital Budgeting Techniques. (Including problems).</b></p> <p><b>UNIT 4: Risk Analysis in Capital Budgeting</b>  Introduction - Types and Sources of risk in Capital Budgeting - Risk adjusted Discount Rate - Certainty Equivalent Approach - Probability Distribution Approach - <b>Sensitivity Analysis – Scenario Analysis- Simulation Analysis</b> - Decision Tree Approach (<b>Including problems</b>)</p>	<p>9hours</p> <p>9hours</p> <p>15hours</p> <p>15hours</p>
<b>Pedagogy:</b>	Lecture/ Classroom Discussion/ Presentation/ Case Study/ Group Project or a combination of some of these. Sessions shall be interactive in nature to enable peer group learning.	

**Reference /  
Readings:**

1. Brealey, Richard A and Steward C. Myers; Corporate Finance, McGraw-Hill New York, 7<sup>th</sup> ed, 2007
2. Chandra, Prasanna: Financial Management, Tata McGraw Hill, Delhi, 6<sup>th</sup> ed, 2012
3. Hampton, John: Financial Decision Making, Prentice Hall, Delhi, 5<sup>th</sup> ed, 2008
4. Pandey, I.M: Financial Management, Vikas Publishing House, Delhi, 10<sup>th</sup> ed, 2010
5. Van Horne, J.C. and J.M. Wachowicz Jr.: Fundamental of Financial Management,

	<p>Prentice – Hall, Delhi, 6<sup>th</sup> ed 2005</p> <ol style="list-style-type: none"> <li>6. Pinches, George E: Essential of Financial Management; Harper and Row, New York</li> <li>7. Khan MY, Jain PK: Financial Management; Tata McGraw Hill, New Delhi, 6<sup>th</sup> e, 2012</li> <li>8. Ross, Wester field and Jordan, Fundamentals of Corporate Finance, TMH, 6<sup>th</sup> ed, 2008</li> <li>9. V.K. Bhalla, Financial Management and Policy, Anmol Publishers, New Delhi, 3<sup>rd</sup> ed, 2012</li> <li>10. G. Sudarshan Reddy, Financial Management, Himalaya Publishers, 3<sup>rd</sup> ed, 2012</li> </ol>
<b>Learning Outcomes:</b>	<p>On successful completion of course, the students are expected to:</p> <ol style="list-style-type: none"> <li>1. Understand various forms of market imperfections and their implications for financial managers</li> <li>2. Understand the value impact of capital structure</li> <li>3. Have a greater appreciation and understanding of the importance of risk within the context of financial decision making</li> </ol>

