

Module 1: Foundation of Finance: Goals and functions of finance–Legal–Operating and Tax environment for financial decisions –Financial manager-Agency problem in financial management-Time value of money-compounding and discounting-An overview of capital investment decisions

25 hours

Module II: Sources of long-term finance and Cost of Capital: Conventional and innovative sources- leasing-factoring-securitisation- financial engineering-cost of capital-Concept–significance–Computation of cost of Debt, Preference capital, Equity capital and Retained Earnings – Opportunity cost of capital – Marginal cost of capital – WACC – Capital Asset Pricing Model.

1

0 hours Module III: Working Capital Management: Working Capital–meaning–concept and cycle – Working capital management strategy – Estimation of working capital– Mathematical and simulation models of working capital decisions – Management of cash and marketable securities – Cash management techniques – Lock box system, Concentration banking – Methods of Inventories – Techniques of inventory management – Management of receivables – Techniques of receivable management-working capital financing for Indian industry

25 hours

Module IV: Financial leverage and Capital Structure: Definition of capital structure-Leverage Analysis– Operating, Financial &Combined leverage – EBIT – EPS Analysis – Financial Breakeven – Indifference Point – Capital Structure Theories – Optimum capital Structure – NI approach, NOI approach, Traditional approach & Modigliani Miller approach – Arbitrage process– Determinants of Capital Structure- over capitalisation, under capitalisation and fair capitalisation

1

0 hours Module V :Mechanics and practices of dividend payment–factors affecting dividend policy – legal framework of payment of dividend – dividend theories – determinants of dividend policy and some case studies.

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(Theory 30%, Problems 70%)