

SRI VENKATESWARA UNIVERSITY : TIRUPATI
SUBJECT: FINANCIAL AND INVESTMENT MANAGEMENT
SEMESTER – IV – W.E.F. 2024-25

Course 3: FINANCIAL MANAGEMENT

Theory	Credits: 4	4 hrs/ week
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Learning Objectives:

1. To appreciate the role of the finance in an organization and to identify sources from where funds can be raised keeping in mind the cost and risk involved.
- 2 To familiarize the students the techniques to be employed for investing the funds and help the students to understand the application of tools and techniques of Financial Management.

Learning Outcomes:

Understand the fundamental concepts, objectives, and functions of financial management and Sources of finance for establishing business proposal and apply the theories of capital structure and concepts of designing capital structure of a firm. Apply the mechanism of dividend policies and decisions, Analyse the concepts and process of working capital and understand the methods of capital budgeting and the principles of investment decisions

Unit I: Nature of Financial Management:

Meaning and scope of finance function - Goals of financial management - Profit maximization - Wealth maximization - Importance of financial management. Financial Planning and forecasting - Factors affecting financial planning.

Unit II: Capital structure:

Meaning of capital structure – Factors influencing capital structure – optimum capital structure – computation and analysis of Earning Before Interest and Tax (EBIT), Earning Before Tax (EBT), Earning Per Share (EPS).

Unit III: Cost of Capital:

Concept: - Importance and types of cost of capital - Measurement of cost of capital - Weighted average cost of capital - Operating and financial leverages.

Unit IV: Capital Budgeting:

Capital Budgeting Process –Project Appraisal techniques –Selection Process under Capital Rationing.

Unit V: Working capital management:

Concept of working capital - liquidity vs. Profitability- Need and importance of working capital. Determinants of working capital- Components of working capital - Computation of working capital.

Activities:

- Compute cost of capital and develop innovative financial strategies.
- Analyze the capital structure decisions through relevant models.
- Discuss the dividend policy of a firm.
- Quiz programs and Seminars
- Guest lectures on various topics by Financial Managers
- Observing working capital management of a firm and report.
- Group Discussions on problems relating to topics covered by syllabus
- Conducting the project on selection process in an organization
- Examinations (Scheduled and surprise tests)

Reference Books:

1. M.Y.Khan and P.K.Jain, (2007), Financial Management, Tata McGraw Hill, New Delhi.
2. Saxena and C.D.Vashist, Essentials of Financial Management (2010), Sultan Chand and Sons,
3. Brealey and Myers, (1985), Principles of Corporate Finance, Tata McGraw Hill, New Delhi.
4. Prasanna Chandra, (2008), Financial Management Theory and Practice - Tata McGraw Hill,
5. T.S. Reddy & Y. Hari Prasad & Reddy (2013), Financial Management, Margham Publications, Chennai.

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Course 4: INVESTMENT MANAGEMENT

Theory	Credits: 4	4 hrs/ week
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Course objectives:

Understand different investment alternatives in the market • Understand how securities are traded in the market • Be able to analyze and price different securities • Be able to manage a portfolio • Understand basics in derivative

**Learning
Outcomes:**

- ✓ The course introduces the concepts of investment.
- ✓ The course aims to give investment planning decisions and modern investment alternatives.
- ✓ Different topics such as risks and valuation of investment are to be discussed.
- ✓ In this course, we will also examine the time value of money, equity and bond valuation.
- ✓ The other important topics discussed in this course are primary and secondary market and fundamental analysis of the investment.

SYLLABUS:

Unit I:

Investment:

Investment – Primary and Secondary Objectives – Investment vs. Speculation- Investment Process –
Investment Information- Personal financial planning
– Risk Profiling.

Unit II: Investment

Risk:

Systematic & Unsystematic risks – Calculation of risk – Probability & Non-probability risks – Investment
Return – Capital and Revenue Return –
Calculation of Returns.

Unit III:

Investments:

Bank deposits, post office savings scheme, NBFC deposits, Gold and silver, Real Estate, Equity shares, Bonds and Government securities, Mutual funds, life insurance, Tax Savings, Derivatives & Modern Investment alternatives.

Unit IV: Time value of Money:

Time value of Money – Present Value Interest Factor - Present Value Interest Factor Annuity - Future Value Interest Factor - Future Value Interest Factor Annuity – Equity Valuation – Bond Valuation – Yield to Maturity – Problems in Valuation of Investment.

Unit V: Primary vs. Secondary Market:

Primary vs. Secondary Market Fundamental Analysis – Economic Analysis – Industry Analysis – Company Analysis – Financial Analysis

Practical Components

- Students should learn the basics of investment and differences between investment and speculation.
- All the students should learn the systematic risk and unsystematic risk also how to calculate the risks.
- Students should form into teams and prepare presentations on the topics in the syllabus and provide them as assignments or seminars
- All the students should make teams should discussion different types of deposits.
- Students should analyse the concept of time value of money.

Reference Books

1. Rustagi R P, Investment Analysis & Portfolio Management, Sultan Chand & Sons, New Delhi.
2. Pandian Punithavathy Security Analysis & Portfolio Management, Vikas Publishers, New Delhi, 2010.
3. Chandra Prasanna, Investment & Portfolio Management, Tata McGraw-Hill, New Delhi, 2011
4. Natarajan, Investment Management, Margham Publishers, Chennai, 2012