



**Open Elective Course-5**  
**BBA SEMESTER III**  
**BBOE301:FINANCIAL MANAGEMENT**

**Course objective:-**The objective of this course is to provide the students understanding of the sources of finance for determining the capital structure and assess budgets for new projects and working capital requirements.

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**Syllabus and detailed content**

Unit	Content	Hrs./Weightage
<b>Unit 1:</b>	Financial Management: meaning; scope; objectives of financial management; profit v/s wealth maximization; financial management and other areas of management; liquidity v/s profitability; methods of financial management; organization of finance function; sources and classification of financing: security financing; loan financing; project financing; loan syndication: book building; new financial institutions and instruments: depositories; factoring; venture capital; credit rating; commercial paper; certificate of deposit; stock invest; global depository receipts; concept in valuation: time value of money; valuation concepts; valuation of securities viz., debentures, preference shares and equity shares	10/25%
<b>Unit 2:</b>	Capital Structure: meaning, capital Structure and financial structure; patterns of capital structure; optimum capital structure; capital structure theories; factors determining capital structure; capital structure practices in India; cost of capital: concept; importance; classification and determination of cost of capital; leverages: concept; types of leverages and their significance	10/25%
<b>Unit 3:</b>	Capital Budgeting: concept; importance and appraisal methods: payback period; discounted cash flow techniques; accounting rate of return; capital rationing; concept of risk; incorporation of risk factor; general techniques: risk adjusted discount return; certainty equivalent coefficient and quantitative techniques: sensitivity analysis; probability assignment; standard deviation; coefficient of variation; decision tree	10/25%
<b>Unit 4:</b>	Working Capital Management: operating cycle; working capital estimation; concept; management of cash; inventory management; management of accounts receivable and accounts payable; over and under trading; dividend; bonus and rights: dividend policy; relevance and irrelevance of concepts of dividend; corporate dividend practices in India.	10/25%

**Course Learning Outcomes (CLO)**

On completion of this course, the students will be able to:

1. Understand the concepts of financial management.
2. Understand methods of capital structuring.
3. Apply dividend policies.
4. Apply the methods of working capital management.
5. Evaluate risks in business.



### **Text Books**

1. Kapil, Sheeba, (2010), Financial Management, 1st edition, Pearson Education.
2. Burk Demazo, (2010), Financial Management, Pearson Education.

### **Reference Books**

3. Ross, Stephen, Westerfield, R., and Jaffe, J.,(2004), Corporate Finance, 7th Edition, McGraw Hill Education.