

## PRINCIPLES OF FINANCE

Semester II

Subject Code: BB21503

Lectures: 48

### Objectives:

The syllabus aims in equipping students with –

- A basic understanding of finance function
- Appreciating the importance of Financial Management for a Business Organization
- A thorough understanding of the various sources of finance available to a Company
- Imbibing knowledge about the importance and application of Capital Structure and Capitalization Decisions
- Familiarizing with the emerging trends in sources of finance

### Unit 1: Introduction

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Lects

1.1 Finance – Meaning and Definition, Features, Scope	02
1.2 Financial Management – Meaning, Approaches – Traditional Approach and Modern Approach	02
1.3 Objectives of Financial Management-Profit Maximization Objective, Wealth Maximization Objective, Value Maximization Objective, Other Objectives	02
1.4 Importance of Financial Management, Organization chart of Finance Function, Reasons for Centralizing Finance Function	02

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Prof. Mrs. Rekha Kankariya	<i>Rekha Kankariya</i>	Dr. Yashodhan Mithare	<i>Yashodhan Mithare</i>
Dr. Mrs. Deepika Chadda	<i>Deepika Chadda</i>	Dr. John Gilbi	<i>John Gilbi</i>
Prof. Mrs. Minakshi Balkawade	<i>Minakshi Balkawade</i>	CA Mr. Pramod Gugale	<i>Pramod Gugale</i>
		Ms. Anjali Thakur	<i>Anjali Thakur</i>



**Unit 2: Short Term Sources of Finance**

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Lects

2.1 Classification of Sources of Finance	01
a) According to term-short term and long term	
b) According to ownership-Owned sources and Borrowed sources	
c) According to form of assistance – Fund Based and Non Fund Based	
2.2 Short Term Sources–Trade Credit, Factoring of Book Debts, Working Capital Finance from Banks-Cash Credit, Bank Overdraft, Bill Discounting, Letter of Credit, Bank Guarantee	07
2.3 Other Sources of Finance - Commercial Papers, Certificate of Deposits	02

**Unit 3 : Medium and Long Term Sources of Finance**

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Lects

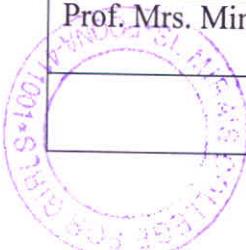
3.1 Medium Term and Long Term Sources – Equity Shares, Preference Shares- Types, Debentures – Types , Public Deposits and Leasing	10
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**Unit 4: Capital Structure and Capitalization**

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Lects

4.1 Capital Structure-Meaning, Capital Structure and Financial Structure	02
4.2 Optimum Capital Structure, Factors affecting Capital Structure Decisions- Internal Factors, External Factors, General Factors	02
4.3 Capitalization-Meaning and Definition, Theories of Capitalization-Cost Theory and Earnings Theory	02
4.4 Actual Capitalization Vs. Proper / Fair Capitalization	02
4.5 Over-Capitalization-Meaning, Causes, Consequences and Remedies	03
4.6 Under-Capitalization-Meaning, Causes, Consequences and Remedies	03

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**Unit 5: Recent Trends in Finance**

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Lects

5.1 Mutual Funds	02
5.2 Venture Capital	02
5.3 Angel Financing	02

**Recommended Text Books:**

- Financial Management by Dr. N.M. Vechalekar
- Financial Management by Satish M. Inamdar (Everest Publishing House)
- Principles of Finance for FYBBA (Nirali Prakashan)
- Principles of Finance for FYBBA (Thakur Publishers)

**Reference Books:**

- Financial Management by M.Y.Khan and P.K.Jain (Tata McGraw-Hill Publishing Company Ltd.)
- Financial Management by Prasanna Chandra (Tata McGraw Hill)
- Advanced Financial Management by M.A.Kohok (Everest Publishers)
- Financial Management by Ravi M. Kishore (Taxmann Publications (P) Ltd.)
- Financial Management by S.Kr. Paul New Central Book Agency (P) Ltd., Kolkata
- Financial Services and Markets by Dr. S Guruswamy (Thomson Publications)
- Financial Institutions and Markets by L.M.Bhole and M. Jitendra (Tata McGraw)

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