

**SARDAR PATEL UNIVERSITY**  
**Programme & Subject: Master of E-Business (M.Eb)**  
**Semester: I**  
**Syllabus with Effect from: June-2010**

<b>Paper Code: PM01EMEB02</b>	<b>Total Credit: 4</b>
<b>Title Of Paper: Principles of Financial Management</b>	

Unit	Description in Detail	Weightage (%)
I	<p><b>Overview Financial Management:</b>  Meaning, Importance, Scope of finance; Financial goals - profit vs. wealth maximization; Finance functions – investment, financing, dividend, and liquidity decisions.</p> <p><b>Capital Structure: Meaning, Characteristics, Determinants,</b>  Leverage Analysis: Meaning, Types, Computation of Operating Leverage, Financial Leverage, Combined Leverage and their implications</p>	25%
II	<p><b>Basic of Capital Budgeting:</b>  Meaning, Features, Significance, Use of PBP, ARP, NPV, PI and IRR Method for decision making, Ranking conflicts and resolution,</p> <p><b>Cost of Capital:</b>  Meaning and significance of cost of capital;  Calculation of cost of debt, preference capital, equity capital and retained earnings, Weighted Average cost of capital</p>	25%
III	<p><b>Working Capital Management:</b>  <b>Overview</b> – Concepts, Significance, Factors affecting working capital requirement, Computation of operating cycle &amp; Estimating Working capital requirements</p> <p><b>Management of Cash, Receivables, Inventory -</b>  Cash Budgeting – Motives for holding cash, Managing the flow, Computation of cash budget, Credit Policy variables, Credit Evaluation, Types &amp; Motives for holding Inventory, Computation of EOQ, Maximum level, Minimum level, Recorder point, safety stock and ABC Analysis</p>	25%
IV	<p><b>Dividend Policies:</b>  Forms of dividends , Determinants of dividend policy, Walter’s model, Gordon’s model, M.M. hypothesis</p>	25%

**Basic Text & Reference Books:-**

- Pandey I.M.:Financial Management[9<sup>th</sup> ed] :Vikas Publishing House, New Delhi

