**Syllabus for Master of Business Administration, 2nd Semester**

**Subject Name: Corporate Finance (CF) Subject Code: 4529202**

**With effective from academic year 2018-19**

# Learning Outcomes:

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| **Learning Outcome Component** | **Learning Outcome** |
| Business Environment and Domain Knowledge (BEDK) | * Acquire, interpret, and analyze accounting, economic, and financial data to facilitate decision making in corporate and investment environments

in both personal and professional settings. |
| Critical thinking, Business Analysis, Problem Solving and InnovativeSolutions (CBPI) | * Critically evaluate corporate finance techniques
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| Social Responsiveness and Ethics (SRE) | * Make sound and ethical financial decisions in a risky business environment
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1. **Course Duration:** The course duration is of **40 sessions of 60 minutes each.**

# Course Contents:

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| **Module No:** | **Module Content** | **No. of Sessions** | **70 Marks (External****Evaluation)** |
| **I** | **Overview of Financial Management:*** Meaning, Objectives, Scope, Role and Functions of Financial Management (Financial Decisions).
* Financial Goal - Profit Maximization versus Shareholders’ Wealth Maximization.

**Time value of Money**: **(theory and numerical)*** Concepts, Compounding, Discounting, Annuities.

**Sources of Long-Term Finance:*** Introduction to Equity Shares, Preference Shares and Debentures, Term loan.

**Valuation of Bonds, Preference shares and Equity. (numerical)** | 10 | 17 |
| **II** | **Understanding Investment Decisions (Capital Budgeting Decisions)**:* Meaning, Features
* Types and Importance of Investment Decisions
	+ Discounted Cash Flow (DCF)
		- NPV, IRR, MIRR, PI, Discounted Payback
	+ Non-Discounted Cash Flow Techniques
		- ARR, Payback period

**Capital Rationing (theory and numerical)****Understanding Dividend Decision:*** Dividend and dividend policy
 | 10 | 18 |
|   | * Factors affecting dividend payout
* Dividend payment models: **(theory and numerical)**
	+ Dividend relevance model
		- Walter model
		- Gordon model
	+ Dividend irrelevance model
		- MM model

**Basics of Decision Tree Analysis (1-level and 2-level) (theory only)** |  |  |
| **III** | **Cost of Capital: (theory and numerical)*** Significance, Concept of the Opportunity Cost of Capital
* Component Costs of Capital - Cost of Debt, Preference Capital and Equity Capital
* Weighted Average Cost of Capital (WACC)

**Leverage: (theory and numerical)*** Types of Leverage - Operating, Financial and Combined Leverage.
* Point of indifference

**Understanding Financing Decisions** (**Capital Structure Decisions)**: **(theory and numerical)*** NI Approach
* NOI Approach
* MM Theory with and without Taxes
 | 10 | 18 |
| **IV** | **Working Capital Management:*** Concepts of Working Capital.
* Operating Cycle.
* Determinants of Working Capital.
* Estimating Working Capital Needs. **(theory and numerical)**
* Working Capital Finance Policies.

o Matching approach, conservative approach, aggressive approach.**Cash Management: (theory and numerical)*** Need for Cash Management.
* Cash Management Cycle.
* Cash Forecasting through budgeting.
* Determining the Optimum Cash Balance under Certainty (Baumol’s Model) and Uncertainty (The Miller- Orr Model).

**Receivables Management:*** Nature and Goals of Credit Policy
* Credit Policy Variables**(theory and numerical)**
 | 10 | 17 |
|  **V** | Application:Select suitable organization and study:* The role and functions of Finance department;
* Select Scrip or bonds and do the valuation of its Securities;
* Study the investment decisions,

working capital policy and cash budgeting etc. | --- | (30 marks CEC) |

1. **Pedagogy:**
	* ICT enabled Classroom teaching
	* Case study
	* Practical / live assignment
	* Interactive class room discussions

# Evaluation:

Students shall be evaluated on the following components:

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| **A** | **Internal Evaluation** | **(Internal Assessment- 50 Marks)** |
| * Continuous Evaluation Component
 | 30 marks |
| * Class Presence & Participation
 | 10 marks |
| * Quiz
 | 10 marks |
| **B** | **Mid-Semester examination** | **(Internal Assessment-30 Marks)** |
| **C** | **End –Semester Examination** | **(External Assessment-70 Marks)** |

# Reference Books:

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| --- | --- | --- | --- | --- |
| **No.** | **Author** | **Name of the Book** | **Publisher** | **Year of****Publication / Edition** |
| 1 | Prasanna Chandra | Financial Management, theory and Practice | McGraw -Hill | Latest Edition |
| 2 | I M Pandey | Financial Management | Vikas | Latest Edition |
| 3 | M. Y. Khan and P.K. Jain | Financial Management | McGraw - Hill | Latest Edition |
| 4 | Rajiv Srivastava &Anil Misra | Financial Management | Oxford | Latest Edition |
| 5 | Ravi Kishore | Financial Management – Problems and Solutions | Taxmann | Latest Edition |
| 6 | P C Tulasiyani | Financial Management | S. Chand | Latest Edition |
| 7 | P. V. Kulkarni and B.G. Satyaprasad | Financial Management | Himalaya | 14th RevisedEdition |
| 8 | Eugene F. Brigham | Financial Management: Theory and Practice | SouthWestern College | 14th Edition |
| 9 | Vyuptakesh Sharan | Fundamentals of FinancialManagement | Pearson | 3rd Edition |
| 10 | R. P. Rastogi | FinancialManagement | Taxmann | Latest Edition |

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| 11 | V Pattabhi Ram and S DBala | Strategic FinancialManagement | Snowwhite | Latest Edition |
| 12 | Dr. J.B. Gupta | Strategic FinancialManagement | Taxmann | Latest Edition |

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

# List of Journals / Periodicals / Magazines / Newspapers / Web resources, etc.

1. News Paper: Business Standard, Economic Times, Times of India
2. Journals: Finance India, Global Journal of Finance & Management, Journal of Business & Financial Affairs etc.
3. Websites pertaining to companies, capital market, RBI etc.