**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 Innovative  Solutions (CBPI) | * Critically evaluate corporate finance techniques |
| Social Responsiveness and Ethics (SRE) | * Make sound and ethical financial decisions in a risky business environment |

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 Revised  Edition |
| 8 | Eugene F. Brigham | Financial Management: Theory and Practice | South  Western College | 14th Edition |
| 9 | Vyuptakesh Sharan | Fundamentals of Financial  Management | Pearson | 3rd Edition |
| 10 | R. P. Rastogi | Financial  Management | Taxmann | Latest Edition |

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| 11 | V Pattabhi Ram and S D  Bala | Strategic Financial  Management | Snow  white | Latest Edition |
| 12 | Dr. J.B. Gupta | Strategic Financial  Management | 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.