Course Code	EFIN542	Course Title	CORPORATE FINANCE

WEIGHTAGES	
CA	ETE(Th.)
30	70

Course Outcomes:

CO1: understanding finance function with respect to its evolution and growth

CO2: understanding the concept of Time Value of Money and interpreting the results based on calculations.

CO3: analyzing financing needs of the businesses and designing an optimum capital structure

CO4: understanding the retention and distribution of profits and impact on business valuation.

Unit No.	Content
Unit-1	**Financial Management:** An Overview, evolution of finance, the basic goal: creating shareholder value, agency issues, business ethics and social responsibility
Unit-2	**Sources of Finance:** Long term and Short-term sources of finance- Ordinary shares, Preferences shares, redeemable irredeemable debentures, Debt vs. Equity.
Unit-3	**Money Market Instruments:** Treasury Bills, Commercial Papers, Certificate of Deposits, Treasury Management and Treasury Operations in corporate. External Commercial Borrowings, Financing for MSMEs
Unit-4	**Time Value of Money concept:** Compounding and discounting, Future value and Present value, Annuities, Effective interest rates
Unit-5	**Investment Decisions:** Capital Budgeting Decisions, Rationale of Capital Budgeting, Non-Discounting Capital Budgeting Techniques - Payback period, Profitability Index, Accounting Rate of Return
Unit-6	**Investment Decisions:** Discounting Techniques of Capital Budgeting - NPV, IRR, Discounting Payback Period Method, Estimation of Cash Flows, NPV v/s IRR, Risk analysis in Capital Budgeting - Sensitivity Analysis, Certainty Equivalent Approach
Unit-7	**Cost of Capital:** Meaning and Concept, Cost of Debt, Cost of Equity, Cost of Retained Earnings, Calculation of WACC, International Dimensions in Cost of Capital
Unit-8	**Financing Decisions:** Capital Structure, Theories and Value of the firm - Net Income Approach, Net Operating Income Approach, Traditional Approach, Modigliani Miller Model, Determining the optimal Capital Structure, Checklist for Capital Structure Decisions, Costs of Bankruptcy and Financial Distress.
Unit-9	**EBIT-EPS Analysis:** Concept of Leverage, Types of Leverage: Operating Leverage, Financial Leverage, Combined Leverage.
Unit-10	**Dividend Decisions:** Factors determining Dividend Policy, Theories of Dividend Gordon Model, Walter Model, MM Hypothesis
Unit-11	**Forms of Dividend:** Cash Dividend, Bonus Shares, Stock Split, Stock Repurchase, Dividend Policies in practice.
Unit-12	**Working Capital Management:** Working Capital Policies, Risk-Return trade-off, Cash management, Receivables management
Unit-13	**Corporate Governance:** Value-based Corporate culture, Disclosures, transparency and accountability, Corporate Governance and Human Resource Management, Evaluation of performance of board of directors, Succession planning, Public sector undertakings and corporate governance, Insider trading, Lessons from corporate failure

Unit-14	**Economic outlook and Business Valuation:** Impact of changing business environment on corporate valuation, climate change and corporate valuation, Business sustainability and corporate valuation, Role of environmental, social, and governance (ESG) factors in corporate valuation

READINGS:

1. FUNDAMENTALS OF CORPORATE FINANCE by JONATHAN BERK, PETER DeMARZO& JARRED HARDFORD, PEARSON
2. CORPORATE FINANCE by STEPHEN A. ROSS, RANDOLPH W. WESTERFIELD & JEFFREY JAFFE, McGRAW HILL