Course Title: Corporate Finance			
Course code: PPM 140	**No. of credits:** 4	**L-T-P:** 34-06-00	**Learning hours:** 40
Pre-requisite course code and title (if any): NA			
Department: Policy and Management Studies			
Course coordinator:		**Course instructor:** Dr. Parul Behl	
Contact details:		**Course offered in:** Semester 2	
Course type: Core			

Course description:

In this course the students are exposed to the decisions taken by an individual or a business firm, which have financial implications. While decision processes are dealt with the objective of maximization of wealth of shareholders, a focus is kept on sustainability issues.

Course objectives:

The course is designed to provide an understanding of the essential elements of finance and its functions and the financial environment in which the business firm operates. The paper will examine the objective of shareholder wealth maximization which encompasses much of modern corporate finance and its implication for decision making in the present context.

Course contents

Module	Topic	L	T	P
1.	**Introduction to Corporate Finance** An introduction to Corporate Finance, Evolution of finance as a discipline, the scope of finance function, Financial Objectives: Profit Maximization Vs Wealth Maximization, the financial decision making, Role of Finance Manager	3	0	0
2.	**Value, Risk and Return** **(A) Time value of money**- Future value, Discounting, Present value, Annuities, Applications **(B) Risk and return**- Risk and its measurement, Return, Risk & return of a single asset, Risk & return of a portfolio, Measurement of market risk, Relationship between risk & return: The CAPM	3 3	2	0 0
3.	**Long Term Investment Decisions -**Capital Budgeting Decisions, Techniques- NPV, IRR, Profitability Index, Payback period, Estimation of Cash Flows, NPV v/s IRR, Risk analysis in Capital Budgeting	5	0	0
4.	**Long Term Sources of Finance**- Equity shares/Ordinary Shares, Preference Shares, Debentures/Bonds, Long Term Loans, Retained Earnings	2	0	0
5.	**Cost of Capital**-Meaning and Concept, Cost of Equity, Cost of Preference Shares, Cost of Debt, Cost of Retained Earnings, Calculation of WACC, Calculation of Cost of Capital in practice	4	1	0

6.	**Financing Decisions**-Capital Structure meaning, Determinants of Capital Structure, Practices in India, Costs of Bankruptcy and Financial Distress. EBIT-EPS Analysis-Concept of Leverage, Types of Leverage: Operating Leverage, Financial Leverage, Combined Leverage	5	2	0
7.	**Dividend Decisions**- Forms of Dividend, Factors affecting Dividend Decision, Dividend valuation models, Dividend practices in India	5	1	0
8.	**Capital market**- Primary and secondary markets, Capital market efficiency, Organized exchanges in India, SEBI	2	0	0
9.	**Corporate Restructuring & Business Combinations-**Corporate Restructuring, Types of Business Combinations, Mergers & Acquisitions in India	2	0	0
	Total (in hours)	**34**	**06**	**0**

Evaluation criteria:

1. Case Analysis and Assignments- 20%
2. Minor 1 Exam (Quiz) - 20%
3. Minor 2 Exam- 20%
4. Major Exam - 40%

Learning outcomes:

- Understanding the evolution and growth of the finance function
- Understanding the role of the organisation's financial managers in achieving strategic objectives of the organisation for the finance function
- Requisite skills needed for financial decision making
- An introductory knowledge about financial markets and Corporate Restructuring

Materials:

Suggested readings

1. Pandey, I.M., Financial Management, Vikas Publishing, New Delhi. (12th Edition)
2. Chandra, Prasanna, Financial Management: Theory and Practice, Tata McGraw-Hill Publishing Co, New Delhi. (8th Edition)
3. Khan and Jain, Financial Management: Text, Problems and Cases, McGraw Hill Education. (8th Edition)
4. Richard A. Brealey and Stewart C. Meyers, Franklin Allen and Pitabas Mohanty, Principles of Corporate Finance, New Delhi, Tata McGraw Hill. (11th Edition)
5. Ross, Westerfield, & Jordan, Fundamentals of Corporate Finance, Tata McGraw Hill. (10th Edition)
6. Vanhorne and Wachowicz, Fundamentals of Financial Management Pearson Education. (13th Edition)

Additional Readings

1. Journal of Finance
2. The Review of Financial Studies Journal
3. Journal of Financial Economics

Pedagogical approach:

The course will be primarily taught though a combination of class discussions, quizzes, and case analysis and assignment, and presentations

Additional information:
Students are strongly advised to read at least one business news daily like the Economic Times, the Business Standard and the Financial Express.

Course Reviewer(s):

1. Prof Samta Jain

Fore School of Management New Delhi

2. Dr Anjala Kalsie
   Associate Professor

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