

Mandatory Course 3: Corporate Finance

Course Type:	PS: Program Specialisation	Course Credits:	2
Course Code:	C2PM414	Course Duration:	30 Hours

Course Objective:

- Comprehensive understanding of corporate finance fundamentals, financial systems, and working capital management.
- It develops analytical and decision-making skills in financial planning, capital structure, investment appraisal, and dividend policy.
- Students gain practical insights into financial performance analysis and the evolving role of technology in banking and finance.

Pre-requisites:

- Understand the relationship between organization vision, mission, values and objectives

Course Outcomes:

- CO1: Recall basic terminologies in relation to financial system, sources of finance, Leverages, Ratio, capital structure, investment decisions, dividends, financial planning, inventory and working capital management.
- CO2: Explain the concepts & formulas pertaining to corporate finance, financial system, functions of financial management and financial practices to understand its relevance in current scenario.
- CO3: Make use of different models, formulas and frameworks related to ratios, Leverage Analysis, Capital structure, Capital budgeting, Working Capital and Dividend models.
- CO4: Examine and analyse various corporate financial statements of companies based on ratios, capital structure, capital budgeting, working capital management and dividend policies of companies and study its implications on the profits and valuation of firms
- CO5: Evaluate financial results to take managerial decisions related to financial planning, capital investments, dividend distribution, choice of capital structure and working capital decisions.
- CO6: Create an analytical report on capital structure, working capital management and dividend policy of a public listed company.

Unit/ Module	Content	CO Mapping	Hours Assigned
1	Corporate Finance: Objectives of Corporate Finance Role and responsibilities of the financial manager, corporate finance decisions, Functions of corporate finance, Sources of Finance - Short Term and Long-Term Goals of firm-profit maximisation v/s Shareholder's wealth concepts of Economic value addition market value addition (EVA/MVA)	CO1, CO2	2
2	Indian Financial system Financial Markets: Capital Market (Equity and Debt market), Money market Financial Intermediaries Financial Assets, Regulatory system	CO1, CO2	2
3	Working Capital Management and Short-Term Planning: Components of working capital, working capital cycle, Inventory Management, Receivables Management, Cash Management	CO3	2
4	Financial Planning and Forecasting: Meaning and importance of financial planning, Preparation of Pro-forma Income Statement and Balance Sheet, Computation of external financing requirements	CO3, CO4	2
5	Banking and Financial Institutions types: Commercial banks, Investment Banks Understanding banking Finances: Sources, Deposits, Loans, Advances, NPA, gross net, Basic overview of BASEL Norms, use of AI in Banking sector	CO2, CO3	3
6	Leverage Analysis: Operating, financial and total leverage, Business risk, Operating and financial Risk and other types of risks	CO2, CO3, CO4	4
7	Capital Structure: Cost of Capital, WACC, Determination of optimal capital structure, Decision making based on parameters PE, ROI, EBIT and EPS/MPS approach	CO2, CO3, CO4	2

8	Valuation Concepts: Future values and compound interest; present values; level cash flows: perpetuities and annuities financial needs and suggestions for various investment options	CO2, CO3, CO4	5
9	Investment in Capital Assets: Capital budgeting and estimating cash flows; capital budgeting techniques; multiple internal rates of return Decision making about best alternative project for investment use various evaluation techniques like NPV, IRR, PI, ARR, Modified IRR payback period etc	CO2, CO3, CO4	2
10	Dividend policy: Factors affecting dividend decision; theories of relevance and irrelevance of dividend policy Dividend decision models; Walter model; Gordon model; Walter model MM approach	CO3, CO4, CO5	3
11	Ratio Analysis: Financial performance analysis using Ratios of few companies and banks	CO3, CO4, CO5	3

Textbooks:

1. Financial Management – M.Y. Khan and P.K. Jain
2. Financial Management – Prasanna Chandra
3. Financial Management – I. M. Pandey

Reference Books:

1. Principles of Corporate Finance – Myers and Brealey
2. Fundamentals of Financial Management – James Van Horne
3. Fundamentals of Financial Management by Eugene F. Brigham, Joel F. Houston (2011), South Western (Cengage Learning)

Suggested Pedagogy - Lectures and discussions, Case studies, Book presentations of recommended readings