



GUJARAT TECHNOLOGICAL UNIVERSITY

Syllabus for Master of Business Administration, 2nd Semester

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

Subject Code: **4529202**

With effective
from academic
year 2018-19

1. Learning Outcomes:

Learning Outcome Component	Learning Outcome
Business Environment and Domain Knowledge (BEDK)	<ul style="list-style-type: none">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)	<ul style="list-style-type: none">Critically evaluate corporate finance techniques
Social Responsiveness and Ethics (SRE)	<ul style="list-style-type: none">Make sound and ethical financial decisions in a risky business environment

2. Course Duration: The course duration is of **40 sessions of 60 minutes each.**

3. Course Contents:

Module No:	Module Content	No. of Sessions	70 Marks (External Evaluation)
I	Overview of Financial Management: <ul style="list-style-type: none">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) <ul style="list-style-type: none">Concepts, Compounding, Discounting, Annuities. Sources of Long-Term Finance: <ul style="list-style-type: none">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): <ul style="list-style-type: none">Meaning, FeaturesTypes and Importance of Investment Decisions<ul style="list-style-type: none">Discounted Cash Flow (DCF)<ul style="list-style-type: none">NPV, IRR, MIRR, PI, Discounted PaybackNon-Discounted Cash Flow Techniques<ul style="list-style-type: none">ARR, Payback period Capital Rationing (theory and numerical) Understanding Dividend Decision: <ul style="list-style-type: none">Dividend and dividend policy	10	18



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	<ul style="list-style-type: none"> • Factors affecting dividend payout • Dividend payment models: (theory and numerical) <ul style="list-style-type: none"> ○ Dividend relevance model <ul style="list-style-type: none"> ▪ Walter model ▪ Gordon model ○ Dividend irrelevance model <ul style="list-style-type: none"> ▪ MM model <p>Basics of Decision Tree Analysis (1-level and 2-level) (theory only)</p>		
III	<p>Cost of Capital: (theory and numerical)</p> <ul style="list-style-type: none"> • 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) <p>Leverage: (theory and numerical)</p> <ul style="list-style-type: none"> • Types of Leverage - Operating, Financial and Combined Leverage. • Point of indifference <p>Understanding Financing Decisions (Capital Structure Decisions): (theory and numerical)</p> <ul style="list-style-type: none"> • NI Approach • NOI Approach • MM Theory with and without Taxes 	10	18
IV	<p>Working Capital Management:</p> <ul style="list-style-type: none"> • Concepts of Working Capital. • Operating Cycle. • Determinants of Working Capital. • Estimating Working Capital Needs. (theory and numerical) • Working Capital Finance Policies. <ul style="list-style-type: none"> ○ Matching approach, conservative approach, aggressive approach. <p>Cash Management: (theory and numerical)</p> <ul style="list-style-type: none"> • 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). <p>Receivables Management:</p> <ul style="list-style-type: none"> • Nature and Goals of Credit Policy • Credit Policy Variables(theory and numerical) 	10	17



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V	<p>Application: Select suitable organization and study:</p> <ul style="list-style-type: none"> 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)
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4. Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive class room discussions

5. Evaluation:

Students shall be evaluated on the following components:

	Internal Evaluation	(Internal Assessment- 50 Marks)
A	• 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)

6. Reference Books:

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



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11	V Patabhi 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.

7. 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.