

COURSE TITLE	CORPORATE FINANCE
COURSE CODE	04MI0203
COURSE CREDITS	3

Course Outcomes: After completion of this course, student will be able to:

- 1 Understand financial management, including scope, goals, functions, agency conflict, and shareholder value creation.
- 2 Apply capital budgeting techniques and assess risk using sensitivity analysis, scenario analysis, and decision trees.
- 3 Analyse capital structure theories, sources of finance, cost of capital, WACC, and leverage.
- 4 Evaluate dividend policies and perform security valuation for equity, preference shares, and bonds.
- 5 Manage working capital through inventory control, credit policies, cash cycles, and cash management models.

Pre-requisite of course:NA

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
3	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	Financial Management Introduction Scope, Goals of the firm, Finance function, Role of the Finance Manager, Agency Conflict, Ten Ways to Create Shareholder Value by Alfred Rappaport., Risk and Return: Systematic vs. Unsystematic Risk, Types of Returns, Risk- Return Relationship., Time Value of Money: Single Lump-Sum Cash Flow, Annuities, Perpetuity, Uneven Cash Flows, Growing Annuity and Perpetuity, CAGR, Loan Amortization, Effective vs. Nominal	10
2	Investing Decisions Capital Budgeting, Process, Discounting and Non- Discounting Capital Budgeting Techniques (Payback – ARR – NPV – IRR – PI – Discounted Payback).	9
3	Capital Structure Introduction Definition, Capital structure theories, packing order theory, Determinants of capital structure, Sources of Finance (Pros and Cons), Leverage (Operating – Finance – Combined), Cost of Capital: Floatation cost, Cost of equity, Cost of debt, Cost of preference, Cost of retained earnings, WACC.	9

Contents : Unit	Topics	Contact Hours
4	Dividend Decisions Definition, Forms of dividend (Bonus Share, Stock Options, Stock Split, Share Buyback etc), Determinants of dividend policy, Walter's Model, Gordon's growth model (One stage – Two Stage – Three Stage), MM Model of Indifference.	8
5	Working Capital Management : Types of working capital, Determinants of working capital, Estimation of working capital, Operating cycle period, Cash conversion cycle. Inventory Management: Definition, Techniques of inventory management (EOQ – ABC – Reorder Point), Credit Management: Credit policy variables (Theory and Numerical), Five Cs of credit, Credit granting decision, Credit evaluation. Cash Management: Cash management techniques, Cash management models (Baumol – Miller and Orr – Stone)	9
Total Hours		45

Textbook :

- 1 Financial Management , I.M. Pandey, Vikash Publishing House., 2023
- 2 Financial Management: Theory and Practice , Prasanna Chandra, Tata McGraw Hill, 2011
- 3 Financial Management , M.Y. Khan and P.K. Jain, Tata McGraw Hill, 2007

References:

- 1 Financial Management , Financial Management , Rajiv Srivastava & Anil Misra, Oxford, 2011
- 2 Tulsian's Financial Management – A Self-Study , Tulsian's Financial Management – A Self-Study , P.C. Tulsian & Bharat Tulsian, S. Chand, Pearson, 2017

Suggested Theory Distribution:

The suggested theory distribution as per Bloom's taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking / Creative
0.00	0.00	30.00	20.00	25.00	25.00

Instructional Method:

- 1 Lectures and Case Studies – Explain theoretical concepts and real-world financial management applications through case discussions.
- 2 Problem-Solving and Numerical Exercises – Enhance analytical skills by solving practical problems on capital budgeting, risk analysis, and valuation.

Instructional Method:

- 3 Group Discussions and Presentations – Encourage collaborative learning through discussions on financial strategies, models, and market trends.