

## FIN501:CORPORATE FINANCE

**Course Outcomes:** Through this course students should be able to

CO1 :: measure the importance of finance function, time value of money and the relative cost of various sources of finance

CO2 :: decide the optimum capital structure and to apply various capital budgeting techniques

CO3 :: understand meaning of beta and risk

CO4 :: analyze the impact of dividend policy on the value of the firm

### Unit I

**Financial Management- Introduction** : Objective and scope, Financial goal- Profit Maximization vs. Wealth Maximization

**Finance function** : Investment Decision, Financing Decision, Dividend decision, Interrelation of Finance Functions

**Source of Finance** : Short term Sources of Finance, Long term Source of Finance, Leasing as a Source of Finance, Venture capital

### Unit II

**Concept of Time Value of Money** : Present & future value of annuities & Single Amount, Perpetuity

**Cost of Capital** : Concept and its Significance, Measurement of cost of capital of various source of funds i.e. Equity Shares, Preference Shares, Debentures, Retained Earnings, Weighted Average Cost of Capital

### Unit III

**Leverage** : Operating Leverage, Financial Leverage, Combined Leverage

**Capital Structure Decision** : Introduction, Factors Effecting capital structure decision, Theories of Capital Structure, Optimum Capital Structure, Understanding debt and equity mix

### Unit IV

**Capital budgeting** : Meaning and Process, Traditional Methods of analyze capital budgeting decisions, Discounting methods of analyze capital budgeting decisions, Simulation Analysis, Scenario Analysis, Sensitivity Analysis

### Unit V

**Risk and return analysis** : Risk Measurement, Beta - Meaning and Calculation, Standard Deviation as a measure of risk

**Management of Surplus; Dividend policy** : Retained earnings and Dividend policy, Theories of dividend, Forms of dividend

### Unit VI

**Working Capital Management** : Concept and Significance, Financing of working capital needs, Estimation of working capital requirement, Approaches for working capital management, Management of cash, receivable and inventory

### Text Books:

1. FINANCIAL MANAGEMENT by I M PANDEY, VIKAS PUBLISHING HOUSE

### References:

1. FINANCIAL MANAGEMENT by SRIVASTAVA R, MISRA A, OXFORD UNIVERSITY PRESS
2. FINANCIAL MANAGEMENT by RAJESH KOTHARI, SAGE PUBLICATIONS