FINM542:CORPORATE FINANCE -I

L:2 T:1 P:0 Credits:2

Course Outcomes: Through this course students should be able to

CO1 :: analyze the finance function in the corporate setup

CO2 :: evaluate short and long term sources of finance for any corporate

CO3 :: evaluate the role of time value of money in corporate finance

CO4 :: evaluate cost of various sources of finance in the light of wealth maximization objective of a company

CO5 :: analyze projects using traditional capital budgeting techniques

CO6 :: analyze projects using discounted and risk adjusted techniques

Unit I

Financial management : an overview, evolution of finance, the basic goal: creating shareholder value, agency issues, business ethics and social responsibility

Unit II

Sources of finance : long term and short-term sources of finance, ordinary shares, preferences shares, redeemable irredeemable debentures

Money market instruments : treasury bills, commercial papers, certificate of deposits, treasury management and treasury operations in corporates, external commercial borrowings, financing for msmes

Unit III

Time value of money : compounding and discounting, future value and present value, annuities, effective interest rates

Unit IV

Cost of capital : firm's overall cost of capital, cost of debt, cost of preference, cost of equity, using CAPM and WACC in practice

Unit V

Investment decisions-I : importance and process, classification of investment projects, methods of capital budgeting, payback period, post payback period, accounting rate of return, discounted payback

Unit VI

Investment decisions-II : net present value, internal rate of return, profitability index, risk analysis in projects using sensitivity and scenario analysis

Text Books:
1. CORPORATE FINANCE by ROBERT PARRINO; DAVID KIDWELL, WILEY

References:
1. FUNDAMENTALS OF CORPORATE FINANCE by JONATHAN BERK, PETER DEMARZO & JARRED HARDFORD, PEARSON

2. CORPORATE FINANCE by STEPHEN A. ROSS, RANDOLPH W. WESTERFIELD & JEFFREY JAFFE, Tata McGraw Hill, India