GUJARAT TECHNOLOGICAL UNIVERSITY

Program Name: Master of Business Administration

Level: PG

Course / Subject Code: MB02092021

Course / Subject Name : Corporate Finance

w. e. f. Academic Year:	2024-25
Semester:	2
Category of the Course:	Core Course (CC)

Prerequisite:	Any Graduate
Rationale:	Equip the learners to understand how the corporate manages the financial resources, analyze varied investment decisions, and optimize the capital structure for shareholders value. It covers importance of short term to long term sources of business and various factors to be considered while adopting various sources.

Course Outcome:

After Completion of the Course, Student will able to:

No	Course Outcomes	RBT Level
01	Understand the fundamentals of financial management and Interpret the accounting and financial data for organizational decision making	Remember, Understand,
02	Evaluate the capital budgeting decisions and Dividend policy for business in context of global perspectives	Evaluation, Application
03	Understand the importance of Capital structure and leverage by estimate the cost of varied sources of funds for the business organization	Understand, Analyze Create
04	Analyze the Working capital & its components for routine of business requirements at global as well as domestic level	Analyze, Apply

**Revised Bloom's Taxonomy (RBT)*

Teaching and Examination Scheme:

Teaching Scheme (in Hours)			Total Credits L+T+ (PR/2)	Assessment Pattern and Marks				Total Marks
				Theory		Tutorial / Practical		
L	T	PR	C	ESE (E)	PA / CA (M)	PA/CA (I)	ESE (V)	
3	1	0	4	70	30	50	0	150

Course Content:

Module No:	Module Content	No. of Hours	% of Weightage
I	**Overview of Financial Management:** • 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)** • Concepts, Compounding, Discounting, Annuities. **Sources of Long-Term Finance:** • Introduction to Equity Shares, Preference Shares and Debentures, Term loan. **Valuation of Bonds, Preference shares and Equity. (numerical)**	10	25

II	Understanding Investment Decisions (Capital Budgeting Decisions):
	• Meaning, Features
	• Types and Importance of Investment Decisions
	    o Discounted Cash Flow (DCF)
	        ▪ NPV, IRR, MIRR, PI, Discounted Payback
	    o Non-Discounted Cash Flow Techniques
	        ▪ ARR, Payback period
	Capital Rationing (theory and numerical)
	
	Understanding Dividend Decision:
	• Dividend and dividend policy
	• Factors affecting dividend payout
	• Dividend payment models: (theory and numerical)
	    o Dividend relevance model
	        ▪ Walter model
	        ▪ Gordon model
	    o Dividend irrelevance model
		10	**25**

	▪ MM model Basics of Decision Tree Analysis (1-level and 2-level) (theory only)		
III	Cost of Capital: (theory and numerical) • 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) Leverage: (theory and numerical) • Types of Leverage - Operating, Financial and Combined Leverage. • Point of indifference Understanding Financing Decisions (Capital Structure Decisions): (theory and numerical) • NI Approach • NOI Approach • MM Theory with and without Taxes	**12**	**25**
IV	Working Capital Management: • Concepts of Working Capital. • Operating Cycle. • Determinants of Working Capital. • Estimating Working Capital Needs. (theory and numerical) • Working Capital Finance Policies. o Matching approach, conservative approach, aggressive approach. Cash Management: (theory and numerical) • 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). Receivables Management:	**13**	**25**

	• Nature and Goals of Credit Policy Credit Policy Variables (theory and numerical)		
V	Application: Select suitable organization and study: • 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.	**15**	**NIL**
	TOTAL	**60**	**100**

Suggested Specification Table with Marks (Theory):

Distribution of Theory Marks (in %)					
R Level	**U Level**	**A Level**	**N Level**	**E Level**	**C Level**
10%	10%	25%	20%	25%	10%

Where R: Remember; U: Understanding; A: Application, N: Analyze and E: Evaluate C: Create (as per Revised Bloom's Taxonomy)

References/Suggested Learning Resources:

(a) 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	14th Revised Edition

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

(b) 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. Web sites pertaining to companies, capital market, RBI etc.

CO- PO Mapping:

Semester 2	**Corporate Finance**				
	POs				
Course Outcomes	PO1	PO2	PO3	PO4	PO5
CO1	3	1	2	1	3
CO2	2	3	1	2	2
CO3	1	2	3	2	2
CO4	2	2	2	3	3

*Legend: ‘**3**’ for high, ‘**2**’ for medium, **‘1’** for low and **‘-’** for no correlation of each CO with PO.*

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