Course Code	Course Title	C	H	I	E	T
17P3KMC13	**Corporate Finance**	4	75	25	75	100

Learning Objectives

- To understand the concept of finance &finance functions, and familiarize with the various sources of funds
- To calculate cost of capital, Leverages and optimizing EPS though capital structure models.
- To make a decision long term investment proposals by using Payback, NPV, IRR & ARR and prepare statement of working capital requirements independently**.**
- To familiarize the concept of dividend policy and its relevance in corporate

Learning outcomes: In-depth knowledge on corporate finance, ability to determine and calculate optimum capital structure. Independent appraisal of capital investment, working capital and dividend decisions.

Unit – I Introduction to Corporate Finance

Definition - Scope – Objectives – Functions - Responsibility of Financial manager – Financial Decisions – Sources of funds – Long term – Short term sources.

Unit – II   Cost of Capital, Capital Structure and Leverages

Cost of Capital-Meaning – Importance – Measurement - Cost of Debenture, Preference share, Equity share, Retained Earnings – Weighted Average Cost. Capital structure - Theories of Capital Structure – Designing Optimum Capital structure – Indifference point – Financial Break Even point. Leverages – Meaning – Financial Leverage – Operating Leverage - Combined Leverage.

Unit – III Capital Budgeting

Meaning – Significances - Methods of appraisal-Pay back method- Discounted cash flow method – Discounted pay back – Net present value – Profitability index – Internal rate of return – Average rate return (ARR) – Capital rationing – Risk Analysing in Capital Budgeting.

Unit – IV Working Capital Management

Meaning – Types of working capital – Factors   influencing working capital-Sources of working capital – Operating cycle – Estimation of working capital – Management of Cash – Receivables Management – Working Capital Financing.

Unit – V Dividend Policy

Meaning – Types of Dividend – Factors influencing Dividend Policies – Theories of Dividend Decisions – Relevance of Dividends – MM Theory – Irrelevance Dividend - Walter's Model – Gordon's Model – Dividend Capitalization Model – Determinants of Dividend Policy – Dividend Policy in India.

Note: The Questions should be asked in the ratio of 60% Problems and 40 % for theory

Book for Study

Shasi K. Gupta, *Financial Management*, Kalyani Publishers, Ludiana.

Books for Reference

1. Ravi M. Kishore, *Financial Management*, Taxmann Publications, New Delhi.

2. M.Y. Khan & P.K. Jain, *Financial Management Text, Problems and Cases*, McGraw Hill Education Pvt. Ltd. New Delhi.

3. IM. Pandey, *Financial Management*, Vikas Publishing House Pvt. Ltd. Noida.
4. Dr. A. Murthy, *Financial Management*, Margham Publications, Chennai.
5. www.icai.org.in, www.icmai.in, www.investopedia.com, www.managementstudyguide.com