

103 CORPORATE FINANCE

(4 CREDITS)

Principles of Corporate Finance is the worldwide leading text that describes the theory and practice of corporate finance. Throughout the book, the authors show how managers use financial theory to solve practical problems and as a way to respond to change by showing not just how, but why companies and management act as they do.

MODULE ONE: (10)

UNIT:I

Financial Management: Meaning, nature and scope of finance; Financial goal - profit vs. wealth maximization; Finance functions - investment, financing and dividend decisions.

MODULETWO: (10)

UNIT ONE: Capital Budgeting: Nature of investment decisions; Investment evaluation criteria - net present value, internal rate of return, profitability index, payback period, accounting rate of return: NPV and IRR comparison; Capital rationing; Risk analysis in capital budgeting.

UNIT TWO: Cost of Capital: Meaning and significance of cost of capital: Calculation of cost of debt, preference capital, equity capital and retained earnings; Combined cost of capital (weighted); Cost of equity and CAPM;

MODULE THREE: (25)

UNIT ONE: Operating and Financial Leverage: Measurement of leverages; Effects of operating and financial leverage on profit; analyzing alternate financial plans; Combined financial and operating leverage.

UNIT TWO: Capital Structure Theories: Traditional and M.M. Hypotheses - without taxes and with taxes; Determining capital structure in practice.

UNIT THREE: Dividend Policies: Issues in dividend decisions, Walter's model. Gordon's model. M-M hypothesis, dividend and uncertainty, relevance of dividend; dividend policy in practice; Forms of dividends; stability in dividend policy; corporate dividend behaviour.

UNIT ONE: Management of working Capital: Meaning, significance and types of working capital: Calculating operating cycle period and estimation of working capital requirements; Financing of working capital and norms of bank finance; Sources of working capital: Factoring services; various committee reports on bank finance; Dimensions of working capital management.

UNIT TWO: Components working capital – Cash Management – Receivables Management – Inventory Management

UNIT THREE: Working capital Financing - Financing Strategies

RECOMMENDED BOOKS:

1. Prasanna Chandra: Financial Management (TMH), 7/e,
2. I.M. Pandey – Financial Management (Vikas), 9/e,
3. M.Y. Khan & P.K. Jain – Financial Management (TMH), 5/e,

REFERENCE BOOKS:

1. Brigham & Houston – Fundamentals of Financial Mgmt., Thomson Cengage Learning, 1/e,
2. Fundamentals of Financial Management – Vanhorns & Bhandari- Pearson evaluation.
3. Contemporary Financial Management – Kothari & Dutta – Machanilan India Ltd.
4. Financial Markets & Institution – Guruswamy – Thomson / Cengage Learning.
5. Stephen A. Ross, Wester Field, Jordan – Fundamentals of Corporate Finance (MacGraw Hill), 6/e, 2003
6. Vanhorne & Wachowicz, Fundamentals of Financial Management – Pearson / PHI, 12/e, 2003.
7. Damodaran, Corporate Finance – John wiley & Co., 2/e, 2004
8. Financial Management –Shah– Wiley India (P) Ltd.
9. Gitman, Principles of Managerial Finance, Pearson Education / PHI, 10/e, 2004
10. Brealy and Myers, Principles of Corporate Finance – Theory & Practice TMH– 7/e, 2003
11. Vanhorne, Financial Management & Policy, Pearson / PHI, 11/e, 2002
12. Sathyaprasad & Kulkarni, Financial Management – HPH
13. Sharan, Fundamentals of Financial Management – Pearson, PHI, 2/e, 2005
14. Pares P Shah, Financial Management – Biztantra, 1/e, 2005
15. Cost Accounting & Financial Management – M E Thukaram Rao –New Age International
16. Bharati V. Patak – The Indian Financial System Markets, Institution & Services – Pearson , PHI, – 2/e