

Name of the Programme: MBA

Course Code: MGA-608

Title of the course: Corporate Finance

Number of credits: 2

Effective from: 2022-23

Prerequisites for the course:	NIL	
Objectives:	To enable the participants to take Financing and capital budgeting decisions by using Financing Theories and analysing risks.	
Content:	<p>Unit I: Capital Budgeting Decision Types of Investment Decisions – Expansion & Diversification; Replacement and Modernisation; Mutually Exclusive Investments; Contingent Investments; Investment Decisions Under Inflation and Complex Investment Decisions. Investment Evaluation Criteria – Cash Flow Investment Analysis; NPV, IRR, PI, Discounted Payback, ARR and MIRR; Investment under Capital Rationing.</p> <p>Unit II: Cost of Capital Introduction - Significance of The Cost of Capital; Designing Debt Policy; Opportunity Cost of Capital. Determining components of cost of capital - Cost of Debt (Issued at Par, Premium and Discount; Tax Adjustment and Cost of Existing Debt); Cost of Preference Capital; Cost of Equity (Internal & External Equity Dividend Growth Model; CAPM); Risky Debt and CAPM; WACC. Risk analysis in Capital Budgeting - Theories of Capital Budgeting (Utility theory); Risk and Uncertainty; Expected NPV; Risk Adjusted Discounting; Sensitivity Analysis; Decision Tree.</p> <p>Unit III: Financing Theories and Decision Financial and Operating Leverage – Shareholders' return, Combining Financial and Operating Leverage and Leverage and Shareholders' Risk. Theories of Financing (Net Income, MM Hypothesis, Trade-off, Agency Cost, Pecking Order Theory).</p>	<p>10 hours</p> <p>10 hours</p> <p>10 hours</p>
Pedagogy:	Lectures/Tutorials/Laboratory Work/ Field Work/ Outreach Activities/ Project Work/ Vocational Training/Viva/ Seminars/ Term Papers/Assignments/ Presentations/ Self-Study/ Case Studies Etc. or a Combination of Some of these. Sessions shall be Interactive in nature to enable Peer Group Learning.	
References/ Readings:	<ol style="list-style-type: none">1. Pandey I. M.; Financial Management; Pearson, India; 2022 or Latest Edition.2. Chandra, Prasanna; Financial Management: Theory and Practice; Tata McGraw-Hill; 2019 or Latest Edition.3. Brealey, Myers, Allen and Mohanty; Principles of Corporate Finance; Tata McGraw-Hill; 2018 or Latest Edition.4. Khan M.Y & Jain P.K.; Financial Management; McGraw Hill; 2018 or Latest Edition.5. Watson, Denzil and Antony Head; Corporate finance: Principles and Practice; Pearson Education; 2013 or Latest Edition.	
Course Outcomes:	<p>At the end of the course, participants will be able to:</p> <ul style="list-style-type: none">• Take Capital Budgeting Decisions by evaluating risks associated with Capital Investments.• Take Capital Structure Decisions.	