

Course Outline

CORPORATE FINANCE

for PGCBM 2009-10 (Batch 15)

Course Instructor: *ram kumar kakani*



XLRI Jamshedpur
School of Business & Human Resources

Contact:

Office – 91 657 398 3104; Email: kakani@xlri.ac.in; in person – During campus visit

Course Objectives:

The course provides necessary exposure to the students on the basics of corporate finance. It is to inculcate a broad level of financial awareness among the PGCBM students. The objective of the course is also to acquaint the students with the financial management techniques such as financial analysis, valuation, capital budgeting, and working capital management, where emphasis is laid on sound concepts and their managerial implications.

Pedagogical Methods:

The course is based on classes, cases, and project work. Active participation by students is an important feature of the course. A variety of quizzes, take home assignments, tests, and case studies are the main pedagogical instruments.

Primary Teaching Book & Reading Material:

“Corporate Finance” by Ross, Westerfield, Jaffe, & Kakani, 8th Edition, Special Indian Edition, McGraw Hill Publications (Higher Education), 2009.

Other Suggested Readings:

1. Fundamentals of Financial Management by Van Horne & Wachowicz
2. Principles of Managerial Finance by Lawrence J. Gitman, Pearson Education
3. Financial Management by I M Pandey

Any other good (introductory) book on Corporate Finance

Study Material

Students will be given a text book as part of the course material. Should the students feel that they need more reading material (or detailed notes) for a particular topic – they can get in touch with me.

Other Course Policies:

Students are expected to have their own calculators during the class/examinations.

Exams → End-term exam will typically have cases/problems followed by questions. The end-term exam will be comprehensive meaning you will be responsible for all the material covered in the course.

Class Participation → I will sometimes randomly call on people to present their answers, case analysis, and assignment solution, and at other times I will allow people to volunteer to present their worked out solutions. Class participation marks will also be based on participation in class discussion, attendance, and being on time.

System of Evaluation

| Method of Evaluation | Marks |
|------------------------------------|-------|
| Class Attendance/ Participation | 10 |
| Take Home Assignment [^] | 40 |
| End-term Examination* [^] | 50 |

[^] Please note that non-submission of take home assignment or not attending the end-term examination will lead to 'incomplete' grade being awarded

* Please note that some questions will carry negative marks (for wrong answers)

Grading Pattern

| Range of Marks | 0-30 | 31-35 | 35-40 | 41-45 | 46-50 | 51-60 | 61-70 | 71-80 | 81-100 |
|----------------|------|-------|-------|-------|-------|-------|-------|-------|--------|
| Grades | F | D | D + | C | C + | B | B + | A | A + |

Note: Adjustments in the above could be made to meet the norms of the institute.

Sources of Financial Information:

The following sources apart from **CMIE-PROWESS** have extensive information about corporate world, economy and markets.

- Government-owned Websites: Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Ministry of Finance – Government of India (*.nic.in)
- Stock Exchange Websites: National Stock Exchange (NSE), and Bombay Stock Exchange (BSE)
- Financial Magazine/Newspaper Websites: Business Standard, Hindu Business Line, Financial Express, Wall Street Journal, Financial Times, Business Today, Economic Times, Economist, etc.
- Other websites: Capital Market, Indiainfoline, Indiabulls, Equitymaster, Sharekhan, iInvestor, CRISIL, CMIE, CapitalIdeasOnline, ICICIMarkets, Motleyfool, World Bank, ICICIDirect, 5paisa, CARE, MoneyControl, Myiris, etc.

Topics to be covered:

| Session-wise Plan | Suggested Reading |
|--|----------------------------------|
| 1. The Role of Financial Management | Chapter 1 in RWJK |
| 2. The Business, Tax, and Financial Environments | Chapter 2 in RWJK |
| 3. Financial Statement Analysis, Future Financial Health | Chapter 3 in RWJK |
| 4. Time Value of Money, Valuation of Bonds & Debentures | Chapter 4 in RWJK |
| 5. Valuation of Shares | Chapter 5 in RWJK |
| 6. Risk and Cost of Capital – Part I | Chapter 9, 10, 11 and 12 in RWJK |
| 7. Risk and Cost of Capital – Part II | Chapter 9, 10, 11 and 12 in RWJK |
| 8. Working Capital Management | Chapter 27 and 28 in RWJK |
| 9. Capital Budgeting – Part I | Chapter 6, 7 and 8 in RWJK |
| 10. Capital Budgeting – Part II | Chapter 6, 7 and 8 in RWJK |