PAPER- CCFNF 2

CORPORATE FINANCE

MAX. MARKS: 100

EXTERNAL: 70

INTERNAL: 30

PASS: 40%

Credit-6

OBJECTIVE

The objective of this course is to acquaint students with the concepts and techniques of corporate financial management and their role in business decision-making. It develops the ability to apply time value of money, cost of capital, and capital budgeting techniques for evaluating financing and investment decisions. The course also enhances students' competence in selecting appropriate financial alternatives to maximize organizational value**.**

COURSE OUTCOME

CO1 Explain the scope and objectives of financial management.

CO2 Apply time value of money techniques in financial decisions.

CO3 Compute the cost of capital for firms.

CO4 Evaluate investment proposals using capital budgeting techniques.

CO5 Recommend financing decisions using financial principles.

SECTION-A

Introduction to financial management: Evolution, objective and interface of financial management with other functional areas. Source of finance- Long term and Short-term finance

Concept of Time Value of money: role of time value of money in finance, computation of present values and future values, single cash flow, multiple cash flow streams, annuities, growing annuities, perpetuities, growing perpetuities, the frequency of compounding and discounting etc.

SECTION-B

Long term financial decisions: Concept of cost of capital, factors affecting cost of capital, overall cost of capital, weighted average cost of capital.

Long term investment decisions: Capital Budgeting- introduction and importance of capital budgeting decisions, techniques of capital budgeting- NPV, IRR, NPV vs IRR, sources of positive NPV and selection of appropriate technique.

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- Koller, T., Goedhart, M., & Wessels, D. *Valuation: Measuring and managing the value of companies* (7th ed.). John Wiley & Sons.
- Palepu, K. G., & Healy, P. M. *Business analysis and valuation using financial statements* (5th ed.). Cengage Learning.
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- Van Horne, J. C., & Wachowicz, J. M. *Fundamentals of financial management* (14th ed.). Pearson Education.
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