

Syllabus

MBA 206-18: Corporate Finance and Indian Financial System

Unit-I

Introduction to Financial Management and Corporate Finance: Meaning, nature, evolution, objectives, functions and scope of corporate finance. Interface of financial management with other functional areas, environment of corporate finance, functions and role of financial manager.

Time Value of Money-Introduction, types of cash flows, future value of single cash flow, multiple flows and Annuity.

Valuation of Securities: Concept of Valuation, Methods for valuation of equity, debt and hybrid securities.

Unit-II

Capital Structure Decision-Capital Structure Theories: Meaning and features of capital structure decision, Net Income Approach, Net Operating Income Approach, Traditional Approach, Modigliani-Miller Hypotheses with special reference to the process of arbitrage and Agency Cost.

Capital Budgeting Decision: Nature of investment decisions; process of capital budgeting, investment evaluation criteria: Discounted and Non-Discounted Methods (Pay-Back Period, Average rate of return, Net Present Value, Benefit Cost Ratio and Internal Rate of Return), Risk analysis in capital budgeting and Capital rationing.

Unit-III

Dividend Decision-: Issues in dividend decisions, forms of dividend, theories of relevance and irrelevance of dividends.

Management of Working Capital: Meaning, nature, objectives and Approaches of Working Capital (Conservative, Matching and Aggressive approaches), Static vs. Dynamic View of Working Capital. Factors determining the amount and composition of Working Capital. Methods for financing of working capital.

Unit-IV

Introduction to Financial System: Overview, evolution of Indian financial system. Structure and functions of Indian financial system. Financial sector reforms-major reforms in the last decade.

Financial Institutions: Introduction to Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Introduction to commercial banks, co-operative banks, NBFCs, insurance companies, mutual funds, stock exchanges, commodity exchanges, and Depositories.

Financial Markets: Introduction, evolution, capital market and money market, functions and operations of primary market and secondary market.

Financial Instruments: Shares, Debentures, Bonds, Money Market Instruments, Derivatives, Global Depository Receipts, Foreign Currency Convertible Bonds.