

B.J.R GOVERNMENT DEGREE COLLEGE, NARAYANGUDA

CERTIFICATE COURSE ON CORPORATE FINANCE,

DEPARTMENT OF ECONOMICS, SOCIAL SCIENCES, 2020-21 Year

NAME OF THE DEPARTMENT	Department of Economics, Social sciences
Name of the certificate course	Certificate course on Corporate finance
Number of hours and duration	30 hours and 2 months duration
Number of students	30 (students from B.A and B.Com are eligible)
Marks	50 marks
About the grade system	(A=above 80%, B=70%-80%, C=60-70%, D=50-60%, E=40-50%, F=below 40%)
Objectives of the certificate course	Establish a foundation of knowledge in central corporate finance theories. The objective of the firm is to maximise the value of the firm. A narrower objective is to maximise stock holder wealth. When the stock is traded and markets are viewed to be efficient, the objective is to maximise the stock price. Corporate finance is an area of finance that deals with sources of funding, the capital structure of corporations, the actions that managers take to increase the value of the firm of the shareholders, and the tools and analysis used to allocate financial resources. The primary goal of corporate finance is to maximise or increase shareholder value.
Career from the certificate course	Learn to apply in real world situations, the techniques that have been developed in corporate finance. Become familiar with the big picture of corporate finance and understand how the pieces of the financial puzzle fit together. Companies need funds to thrive in business, looking in to every aspect of funds needed by a company is referred to as corporate finance. It can be defined

	<p>primarily as the optimum utilisation of the finance resource of the company; it is that area of finance which deals with the arrangement of funds for various projects at minimum possible costs, so as to maintain the capital structure of the company. A corporate finance career is generally stable, the work culture is of a lot of responsibility and accountability since it involves raising capital crucial for the growth and expansion of the business in the form of acquisitions, managing cash resources or charting out the company's future roadmap by managing cash efficiently. Professionals in corporate finance deal with lawyers, researchers , finance providers and other key professionals which are the driving force behind any organisation; hence there is a lot of learning opportunity available for a corporate finance professionals. Good analytical and problem solving skills along with commercial awareness are the key ingredients; companies look for in a candidate planning to make a corporate finance career. The following job opportunities are there for who are learning corporate finance course like</p> <ol style="list-style-type: none"> <li>1. Financial analyst</li> <li>2. Cost analyst</li> <li>3. Credit manager</li> <li>4. Cash manager</li> <li>5. Real estate officer</li> <li>6. Investor relations officer</li> <li>7. Treasurer</li> <li>8. Controller</li> </ol> <p>Corporate finance professionals dont have any targets to pursue like their marketing counterparts but their job is a lot more exciting and challenging because the employees have to take decisions regarding the long term benefit of organisation rather than achieving short term goals. Undoubtedly, corporate finance careers jobs are the most sought after and desired in the entire financial industries world wide.</p>
Resource persons	<ol style="list-style-type: none"> <li>1. Dr. D Muniswami, Ass professor in Economics.</li> </ol>

	<ol style="list-style-type: none"> <li>2. Sri Vijayendra Acharya, Associate Professor Economics</li> <li>3. Dr. K Suryanarayana Assistant Professor Commerce</li> <li>4. Dr. H Srinivas goud Associate Professor in commerce</li> <li>5. Dr. Giridhar, Associate Professor in Economics</li> <li>6. Dr CH Krishna Reddy, Assistant Professor, School of Economics, University of Hyderabad.</li> <li>7. Dr. C. Rajeswar rao, Assistant professor in Commerce.</li> </ol>
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## **SYLLABUS**

### **CORPORATE FINANCE**

#### **Course description**

The course develops theoretical framework for understanding and analysing major financial problems of modern company in market environment. The course covers basic models of valuation of corporate capital, including pricing models for primary financial assets, real assets valuation and investment project analyses, capital structure and various types of corporate capital employed, derivative assets and contingent claims on assets. It provides necessary knowledges in evaluating different management decisions and its influences on corporate performance and value. The course requires the knowledge in micro and macro economics, accounting and banking. The course is based on lectures, seminars, case studies and self study

#### **Course objectives**

The main objective of the course is to provide the conceptual background for corporate financial analysis for the corporate financial analysis from the point of corporate value creation. The course develops theoretical framework for understanding and analysing major financial problems of modern firm in the market environment. The course covers basic models of corporate capital valuation, including pricing models for primary financial assets, real assets valuation and investment project analysis, capital structure, derivative assets and contingent claims on assets, the course is focussed on developing skills in analysing corporate behaviour in capital markets and relationship of agent and principal in raising funds, allocating capital , distributing returns. It provides necessary knowledge in evaluation different management decisions and their influence on corporate performance and value. The course requires the knowledge in micro and macro economics, accounting and banking.

#### **Course outline**

**UNIT I : Understanding principles of Financial Valuation :** Introduction to the Course role finance corporate - the foundations for proper financial analysis of the Firm. Role of Efficient Market Hypothesis in the corporate analysis. Fundamental of corporate capital valuation; corporate debt capital. Fundamentals of equities valuation-preferred and common stock. Risk and expected return - principles of portfolio analysis. Capital asset pricing theories CAPM and its use in corporate finance. Capital asset pricing theory - arbitrage pricing theory. Option pricing models and corporate contingent claims.

**UNIT II : Corporate Financial strategy and corporate value :** Corporate investing policies and value creation - the analytical tool kit for riskless projects. corporate investing policies and value creation - traditional analytical toolkit for risky projects. Valuing corporate strategic opportunities and flexibility - corporate real options. Capital structure choice and corporate value. Capital market benchmarking - corporate cost of capital. Financial modelling for optimal capital structure. Dividend policy and corporate value theory and evidence. corporate risk management and value creation.

**UNIT III : Corporate value creation and corporate control :** the market for corporate control- mergers and Takeovers - Strategic and Financial Restructuring, corporate governance and corporate value.