



CORPORATE FINANCE

PROF. ABHIJEET CHANDRA

Department of Vinod Gupta School of Management
IIT KGP

PRE-REQUISITES : UG-level courses in Economics (Microeconomics and Macroeconomics) and Basic Statistics Financial Accounting and Financial Institutions and Markets

INTENDED AUDIENCE : Undergraduate and postgraduate-level students with interest in business management and/or finance in terms of academic specialization (e.g., minor/major in finance/financial engineering/management) or career choices (e.g., BFSI industry, stock market investments, FinTech, etc.)

INDUSTRIES APPLICABLE TO : Banking and Financial Services Industry (banks, financial analysis and advisory firms, equity and investment research companies)

COURSE OUTLINE :

The aim of this course is to equip the learners to understand, appreciate, and employ the corporate finance concepts and applications in the context of managerial decision making. The course participants should be, at the end of the course, able to understand the decisions related to capital budgeting, capital structure, management of working capital, and dividend policy, by way of learning tools and techniques to solve advanced numerical problems of real business situations efficiently. The course shall have four distinct modules, namely investment decisions, financing decisions, working capital management decisions, and payout decisions. Investment decisions aim to help understand the valuation of financial securities, and the role of risk-return relationship in making the capital budgeting decisions. Financing decisions help in determining the right source of capital while keeping shareholders' interests a priority. Working capital management decisions focus on optimal management of inventory, debtors and receivables, and payables. Finally, payout decisions are related to the issues pertaining to paying dividends or keeping the profits within the business. We shall also consider some other relevant issues as part of our discussion with respect to financial decision making process

ABOUT INSTRUCTOR :

Prof. Abhijeet Chandra, As assistant professor at VGSOM, IIT KGP., I offer courses in Corporate Finance, Investment Management, and Management Accounting to UG, PG, and Doctoral level student. I have done BCom. (H), MCom, and PhD in Accounting and Finance area. I also have completed post-doctoral research in behavioral finance and asset pricing. My major research interests are in financial economics (behavioral finance, asset pricing, and economics of derivatives) and individual decision making under risk and uncertainty (prospect theory, risk preferences, irrationality). I do both theoretical and empirical work and am currently also involved in experimental work. The core issues that I have been working on are the study of behavioral dimension of investment decision-making, from both individual and institutional perspectives, and how it affects the asset prices and market mechanism. My research interests are based on the behaviouralized inquiries related to the emerging research area of behavioral finance which draws its ideas from various disciplines including economics, finance, psychology, sociology and so on.

COURSE PLAN :

Week 1: Introduction to Corporate Finance and Related Concepts (Sources of finance and risk and return)

Week 2: Time value of money and long-term investment decisions

Week 3: Investing Decisions: Project appraisal and capital budgeting decisions

Week 4: Financing Decisions: Cost of capital and its impact on firm valuation

Week 5: Financing Decisions: Capital structure theories and applications, concepts of leverage

Week 6: Working Capital Management: Profitability and liquidity, operating and cash conversion cycles

Week 7: Working Capital Management: Debtors, inventory, and payables

Week 8: Payout Decisions: Dividend theories, models, and applications