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**Advanced Corporate Finance**  
**Fall Semester 2020 – Monday 10 AM to 12 PM, Thursday 2 PM to 4 PM**

**Instructor Information**

Prof Pulkit Taluja, Lecturer  
Jindal School of Banking & Finance  
Email: [ptaluja@jgu.edu.in](mailto:ptaluja@jgu.edu.in)

**Credits** - 6 credits

**Office Hours** - Please feel free to contact me after the end of class or as per appointments by email

**Course Description**

This course is designed to introduce students to the advanced concepts and techniques used in corporate finance. This course requires some familiarity with basic algebra, accounting concepts and basic corporate finance concepts. Topics covered in this course include: Financial Statement Analysis, Equity Valuation, Capital Markets, Risk and Return, Capital Structure Policy, Payout Policy, Working Capital Management.

**Pre-Requisites**

Familiarity with financial statements, basic corporate finance and basic algebra

- **Related Courses**  
Corporate Finance, Risk Management, Fixed Income Securities

**Learning Objectives**

Upon successful completion of this course, you should be able to:

- Describe and be able to communicate the idea of corporate finance in an academic or a business setting;
- Explain the fundamental underlying the valuation of assets and apply skills in stock valuation;
- Be able to understand capital markets, efficient market hypothesis and estimate beta for a firm;
- Be able to use estimate cost of capital using different methods to estimate cost of equity and cost of debt;
- Be able to understand and communicate the rationale behind the capital structure policy of a firm;
- Be able to estimate and suggest the optimal capital structure for a firm;
- Be able to understand and communicate the rationale behind the payout policy of a firm;
- Be able to understand and communicate the working capital management process for a firm;

### **Course Readings:**

The required textbook for the course is

- Ross, S. A., Westerfield, R., & Jordan, B. D. Fundamentals of corporate finance. 11th edition, McGraw-Hill Education. Students will also be provided with handouts wherever necessary.

### **Other readings**

- Damodaran, A. Applied corporate finance. John Wiley & Sons.
- Brealey, R. A., Myers, S. C., Allen, F., & Mohanty, P. Principles of corporate finance. Tata McGraw-Hill Education.
- Ross, S. A., Westerfield, R., & Jaffe, J. F. Corporate finance. McGraw-Hill/Irwin.
- Tirole, J. The theory of corporate finance. Princeton University Press.
- Vernimmen, P., Quiry, P., Dallocchio, M., Le Fur, Y., & Salvi, A. Corporate finance: theory and practice. John Wiley & Sons.
- Brigham, E. F., & Houston, J. F. Fundamentals of financial management. Cengage Learning.
- Pandey, I. M. Essentials of Financial Management. Vikas publishing house

### **Course Structure**

#### **Learning Activities and Teaching Strategies**

Lectures will be conducted in 2 hours block with approximately 1 hour on the lecture and 1-hour workshop working through small cases, real life scenarios and chapter problems. Students are required to attempt suggested problems and questions prior to the lecture. Additional material and exercises will be distributed before or in the class as required.

### **Classroom Participation**

You are expected to be prepared for class and constructively participate in class discussions. We may cold call in class, and your responses will affect your class participation grade. We expect you to join class on time, well prepared and to make contributions to class discussions. Contribution will be measured based on student's response to questions and solving questions discussed during the sessions. Students are expected to respond via chat or unmuting themselves when asked. Any disruptions during the class will lead to the loss of class participation grades.

### **Technical Information**

You will need a Financial Calculator and Microsoft Excel to be effective in the classroom.

### **Grading, Progress and Assessment**

The course grade will be determined based on:

<b>Evaluation Item</b>	<b>Weightage</b>	<b>Nature</b>	<b>Explanation</b>
Fundamental Analysis and Valuation Project	30	Group Project with Individual component	
Trading Simulation Project	20	Group Activity	
End Term	50 (20+30)	Individual	Viva plus written examination

## **JGU Policies and Expectations**

### **Academic Integrity and Plagiarism:**

Learning and knowledge production of any kind is a collaborative process. Collaboration demands an ethical responsibility to acknowledge who we have learnt from, what we have learned, and how reading and learning from others have helped us shape our own ideas. Even our own ideas demand an acknowledgement of the sources and processes through which those ideas have emerged. Thus, all ideas must be supported by citations. All ideas borrowed from articles, books, journals, magazines, case laws, statutes, photographs, films, paintings, etc., in print or online, must be credited with the original source. If the source or inspiration of your idea is a friend, a casual chat, something that you overheard, or heard being discussed at a conference or in class, even they must be duly credited. If you paraphrase or directly quote from a web source in the examination, presentation or essays, the source must be acknowledged. The university has a framework to deal with cases of plagiarism. All form of plagiarism will be taken seriously by the University and prescribed sanctions will be imposed on those who commit plagiarism.

### **Disability Support and Accommodation Requirements:**

JGU endeavors to make all its courses accessible to students. All students with any known disability needing academic accommodation are required to register with the Disability Support Committee [dsc@jgu.edu.in](mailto:dsc@jgu.edu.in). The Committee has so far identified the following conditions that could possibly hinder student's overall well-being. These include physical and mobility related difficulties; visual impairment; hearing impairment; medical conditions; specific learning difficulties e.g. dyslexia; mental health. The Disability Support Committee maintains strict confidentiality of its discussions. Students should preferably register with the Committee during the month of June/January as disability accommodation requires early planning. DSC will approve of and coordinate all disability related services such as appointment of academic mentors, arranging infrastructural facilities, and course related requirements such as special lectures, tutorials and examinations.

### **Safe Space Pledge:**

This course may discuss a range of issues and events that might result in distress for some students. Discussions in the course might also provoke strong emotional responses. To make sure that all students collectively benefit from the course, and do not feel disturbed due to either the content of the course or the conduct of the discussions. Therefore, it is incumbent upon all within the classroom to pledge to maintain respect towards our peers. This does not mean that you need to feel restrained about what you feel and what you want to say. Conversely, this is about creating a safe space where everyone can speak and learn without inhibitions and fear. This responsibility lies not only with students, but also with the instructor.

## Course Schedule & Assessment of Student Learning

<b>Session</b>	<b>Lecture Title</b>	<b>Reading</b>
Week 1	Revision of Concepts from Corporate Finance Course – Present Value Concepts, Capital Budgeting	Chapter 1, Chapter 5, Chapter 6, Chapter 8, Chapter 10
Week 2	Understanding Financial Statements – Theory and Practice Financial Ratios, Cash Flows, Growth Rates	Chapter 2, Chapter 3, Chapter 4
	<b>Groups of 3-4 (10 groups) for Fundamental Analysis and Valuation Project, Choice of Sectors and Companies</b>	
Week 3	Stock Valuation Concepts	Chapter 8
Week 4	Capital Markets, Equity Risk Premium, Efficient Market Hypothesis	Chapter 12
Week 5	Risk and Return, Diversification, Optimal Portfolio, Beta	Chapter 13
Week 6	Cost of Capital, Concepts and Estimation	Chapter 14
	<b>Trading Simulation First Report</b>	
Week 7, 8	Financial Leverage and Capital Structure Policy, Finding the Optimal Capital Structure, Bankruptcy	Chapter 16
	<b>Sector Analysis (Group Presentation Due 5-9 Oct)</b>	
Week 9	Dividends and Payout Policy, Stock repurchases	Chapter 17
Week 10	Working Capital Management, Operating Cycles, Cash Management, Inventory Management	Chapter 18, 19, 20



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**COURSE OUTLINE**  
2020-2021 Academic Year

	<b>Trading Simulation Second Report</b>	
Week 11	Raising Capital, IPO Valuation	Chapter 15
Week 12, 13	Stock Valuation Revisited and in-class Exercises	
Week 14	<b>Fundamental Analysis and Valuation Project Presentations (16-20 Nov)</b>	
Week 15	Revision	
	<b>Trading Simulation Final Submission and End Semester Viva (23-27 Nov)</b>	