

UNIVERSITY OF DELHI

CNC-II/093/1(25)/2023-24/65

Dated: 29.05.2023

NOTIFICATION

Sub: Amendment to Ordinance V

[E.C Resolution No. 60/ (60-1-9) dated 03.02.2023]

Following addition be made to Appendix-II-A to the Ordinance V (2-A) of the Ordinances of the University;

Add the following:

Syllabi of Semester-III of the Department of Finance & Business Economics under Faculty of Applied Social Sciences & Humanities based on Under Graduate Curriculum Framework -2022 implemented from the Academic Year 2022-23.

Bachelor of Business Administration (Financial Investment Analysis) [BBA (FIA)]

(FASSH)

DSC 7: CORPORATE FINANCE

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
DSC 7: CORPORATE FINANCE	4	3	1	NIL	Class XII	NIL

Course Objectives:

- To provide an understanding of the essential elements of the financial environment in which the business firm operates.
- To acquaint students with the techniques of financial management and its applications for business decision making.
- It aims to give and develop in the students the viewpoint of the CFO of a firm, though it will also be useful in developing relevant skills for various strategic finance roles in the modern business entities.

Learning Outcome:

After studying this course, the student will be able to:

- Understand the basic concepts of financial management.
- Understand how to coordinate various decisions to maximize wealth of an organisation in today's financial environment.
- Equipped to arrive at strategic corporate finance decisions with the required accuracy which will be aided by using various excel functions.

Course Contents:

Unit 1 (8 Hours)

Nature of Financial Management: Finance and related disciplines; Scope of Financial Management; Profit Maximization, Wealth Maximization. Functions of Finance – Finance Decision, Investment Decision, Dividend Decision; Risk-Return Trade-off in Finance Functions. Organisation of finance function; Concept of Time Value of Money – present value, future value, annuity, growing annuity, perpetuity, growing perpetuity, excel functions of time value of money.

Unit 2 (16 Hours)

Strategic Investment Decisions: Capital Budgeting– Nature and meaning of capital budgeting; Principles and Process; Estimation of relevant cashflows and terminal value; Evaluation techniques– Payback period, Accounting Rate of Return, Payback Period, Net Present Value, Internal Rate of Return & MIRR, NPVvs.IRR, Net Terminal Value, Profitability Index Method, Risk analysis in Capital Budgeting-Sensitivity and Scenario analysis, Certainty Equivalent Approach, RADR, Real options, excel functions of capital budgeting techniques. **Cost of Capital:** Meaning and concept, Measurement of cost of capital-Cost of debt; Cost of Equity Share; Cost of Preference Share; Cost of Retained Earning; Computation of over-all cost of capital based on Historical and Market weights(WACC); Adjusting cost of capital for risk.

Unit 3 (12 Hours)

Strategic Financing Decisions – Capital Structure, Theories and Value of the firm – Net Income approach, Net Operating Income approach, Traditional approach, Modigliani Miller (MM) model, HAMADA model; Determining the optimal capital structure, Checklist for capital structure decisions, Costs of bankruptcy and Financial distress, Trade off models, Pecking Order Theory.

Leverage analysis and EBIT-EPS Analysis: Concept of leverage, Types of leverage: Operating leverage, Financial leverage, Combined leverage; EBIT-EPS Analysis, Guidelines for capital structure planning, Link between capital structure and capital budgeting

Dividend Decisions: Factors determining dividend policy, Theories of dividend – Gordon model, Walter model, MM Hypothesis, Signaling Theory, Forms of dividend–Cash dividend, Bonus shares, Stock split, Dividend policies in practice, Patterns observed in payout policies worldwide.

Unit 4 (9 Hours)

Working Capital Management

Working Capital Management: Determination of Working Capital. Determining financing mix of working capital. Receivables Management – Objectives; Credit Policy, Cash Discount, Debtors Outstanding and Ageing Analysis; Costs – Collection Cost, Capital Cost, Default Cost, Delinquency Cost. Management of Cash (Theory only) – Need for Cash, Cash Management Techniques (Lock box, Concentration Banking). Inventory Management (Theory only) – ABC Analysis; Minimum Level; Maximum Level; Reorder Level; Safety Stock; EOQ (Basic Model).

Essential Readings: (Latest editions of the following to be used)

1. Berk, J., & DeMarzo, P. (5th ed.). *Corporate Finance*, Pearson - Prentice Hall.
2. Horne, J. C. V., & Wachowicz, J. M., Jr. (13th ed.). *Fundamentals of Financial Management*. Prentice Hall, Pearson Education.
3. Pandey, I. M. (n.d.). *Financial Management*. Pearson.

Additional Readings:

1. Khan, M.Y. & Jain, P.K.(n.d.) *Financial Management Text Problem and Cases*, Tata Mc Graw Hill Publishing Co. Ltd.
2. Brealey, R.R., Myers.S., Allen, F.,&Mohanty, P.(n.d.)*Principles of Corporate Finance*. New Delhi: Tata Mc-Graw Hill.

Teaching – Learning Process

The teaching-learning process for this paper would include classroom lectures and tutorials; Case study discussions; class presentations; Workshops.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

Key Words

Finance, Capital Budgeting, Wealth Maximization, Cost of Capital, Dividends, Leverage.

DSC 8: FINANCIAL MARKETS & INSTITUTIONS

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
DSC 8: FINANCIAL MARKETS & INSTITUTIONS	4	3	1	NIL	Class XII	NIL

Course Objectives:

- The objective of this paper is to introduce students to role and functioning of financial markets, financial products that are traded in such financial markets and institutions associated with financial markets.
- It explains the role of financial system on economic development. Various conceptual issues related to risk and return, the role of regulatory bodies, mechanism of commercial banking, operations of insurance companies and mutual funds are discussed elaborately. This will enable them to take the rational decision in financial environment.

Learning Outcomes:

After studying this course, the student will be able to:

- Financial architecture of an economy and its key players.
- The fabrication of Indian Financial markets.
- Working of Capital market, debt market, money market in India
- Functioning of different players in financial market including Regulators.

Course Contents:

Unit 1: Indian Financial System and major Institutions (12 Hours)

Structure of Indian Financial System: An overview of the Indian financial system, major reforms in the last decade: Payment banks, GST, innovative remittance services, Insolvency and Bankruptcy code. Regulatory Institutions in India: RBI, SEBI, IRDA, PFRDA. Commercial Banking: Role of Banks, NPA, Risk Management in Banks. Universal Banking: need and importance, Core banking solution (CBS), NBFCs and its types; comparison between Banks and NBFCs.

Unit 2: Financial Markets in India (9 Hours)

Introduction to Financial Markets in India: Role and Importance of Financial Markets, Types of Financial Markets: Money Market; Capital Market; Linkages Between Economy and Financial Markets, Integration of Indian Financial Markets with Global Financial Markets, Primary Market: Instruments, book building process (numerical). Merchant Bank: role and types, Mutual Fund: types of Mutual Funds and different types of schemes. Corporate

Listings: Listing and Delisting of Corporate Stocks, Foreign Exchange Market: Introductory, only Conceptual.

Unit 3: Capital Market in India

(12 Hours)

Introduction to Stock Markets, Regional and Modern Stock Exchanges, International Stock Exchanges, Demutualization of exchanges, Indian Stock Indices and their construction. Major Instruments traded in stock markets: Equity Shares, Debentures, Exchange Traded Funds. Trading of securities on a stock exchange; Selection of broker, capital and margin requirements of a broker, MTM and VAR Margins (with numerical), kinds of brokers, opening of a nacc count to trade in securities, DEMAT System, placing an order for purchase/sale of shares, contract note and settlement of contracts, Commodity Markets – Structure.

Unit 4: Money Markets & Debt Markets in India

(12 Hours)

Money Market: Meaning, role and participants in money markets, Segments of money markets, Call Money Markets, Repos and reverse Repo concepts, Treasury Bill Markets, Certificate of Deposit and Commercial Paper (with numerical). Debt Market: Introduction and meaning, Primary Market for Corporate Securities in India: Issue of Corporate Securities, Secondary market for government/debt securities (NDS-OM), Auction process (with Numerical), Corporate Bonds vs. Government Bonds. Retail Participation in Money and Debt Market-RBI Retail Direct platform.

Essential Readings

1. Bhole, L. M., & Mahakud, J. (2018). *Financial Institutions and Markets: Structure, Growth and Innovations* (6th Edition). McGraw Hill Education.
2. Saunders, A., & Cornett, M. M. (2007). *Financial Markets and Institutions* (3rd ed.). Tata McGraw Hill.
3. Pathak, B. V. (2008). *Indian Financial System: Markets, Institutions and Services* (2nd ed.). Pearson Education.
4. Khan, M. Y. (n.d.). *Financial Services*. McGraw Hill Education.

Additional Readings:

1. Madura, J. (2008). *Financial Institutions and Markets*. Cengage Learning EMEA.
2. Kohn, M. G. (2004). *Financial Institutions and Markets*. Oxford University Press.
3. Fabozzi, F. J., & Modigliani, F. (2005). *Capital Markets: Institutions and Markets* (3rd ed.). Prentice Hall of India.

Teaching Learning Process: Lecture, discussion, Power Point presentations, Course Contents: may be discussed in light of latest SEBI regulations and RBI guidelines.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

Key Words: Indian Financial System, Financial Markets, Financial Institutions, Capital Market, Money Market, Debt Markets.

DSC 9: CORPORATE LAW

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
DSC 9: CORPORATE LAW	4	3	1	NIL	Class XII	NIL

Course Objective(s):

In view of increasing emphasis on adherence to norms of good corporate governance, Company Law assumes an added importance in the corporate legislative it deals with structure, management, administration and conduct of affairs of Companies and to understand the applications of company laws to practical commercial situations.

Learning Outcomes:

After studying this course, the student will be able to:

- Identify the different types of contracts and their characteristics.
- Analyze special contracts such as contract of indemnity and guarantee, bailment and pledge, and agency.
- Acquire theoretical and practical perspective on many aspects of Indian companies Act.
- Understand the concept of formation, functioning, meetings, directors and winding off of company.
- Develop critical thinking through the use of company law cases.
- Understand consequences of applicability of contract and Insolvency and bankruptcy laws in business situations.

Course Contents:

Unit 1

(16 Hours)

The Indian Contract Act 1872: Meaning and Essentials of contract; Kinds of contract; law relating to offer and acceptance, consideration, competency to contract, free consent, void agreements, performance of contracts, discharge of contracts, breach of contracts and quasi contract; Special contracts: contract of indemnity and guarantee, bailment and pledge, and agency.

Unit 2

(12 Hours)

The Companies Act 2013: Meaning and Nature of Company with Emphasis on its Advantages and Disadvantages over other forms of Business organizations, Comparison between Company

and Partnership and Company and Limited Liability Partnership, Kinds of Companies—Public, Private, Holding, Subsidiary, Limited and Unlimited Companies, Share-holding and Guarantee Companies, Small company, One person company, Government company and foreign company.

Unit 3

(12 Hours)

Incorporation and Documents of Company; Incorporation of Company, Procedure of registration, Certificate of Incorporation, Promoters and their position, Powers, Duties and Liabilities; Memorandum of Association (MOA), Articles of Association (AOA), Alteration of MOA and AOA; Prospectus and its Kinds, Directors: Duties of Directors and their Criminal and Civil liabilities.

Company meetings: Kinds of Meetings, Essential Conditions of a Valid Meeting, Procedure for Calling Company Meeting; Adjudicatory Bodies: National Company Law Tribunal; National Company Law Appellate Tribunal – Constitution, Powers, Jurisdiction, Procedure; Winding up of Companies.

Unit 4

(5 Hours)

Insolvency and Bankruptcy Code 2016: Introduction of Insolvency and Bankruptcy Code 2016 (IBC), purpose behind enactment of IBC, regulatory mechanism, Insolvency Process, Adjudicating authority, Committee of creditors, Reorganization, Liquidation.

Essential Readings:

1. Singh, A. (n.d.). *Principles of Mercantile Law*. Eastern Book Company.
2. Kapoor, G. (n.d.). *Business Law*. New Age International Pvt. Ltd Publishers.
3. Maheshwari, M., & Maheshwari, S. (n.d.). *Principles of Mercantile Law*. National Publishing Trust.
4. Aggarwal, R. (n.d.). *Mercantile & Commercial Law*. Taxmann.

Teaching – Learning Process: Lecture, Discussion, Presentations, Course contents shall be discussed in the light of relevant case laws.

Examination scheme and mode:

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.

Key Words: Indian Contract Act, Companies Act, Insolvency and Bankruptcycode.