

Chanakya National Law University, Patna
LL.M- 2022-23; SEMESTER- II

Course Title: Corporate Finance

Course Overview: The course is designed to provide a legal understanding of the essential elements of 'Corporate Finance' and the 'Corporate Environment' in which the corporate business operates. The paper will examine the objective of shareholder wealth maximization which encompasses much of modern corporate finance and its implication for legal and ethical decision making and finding the manipulation strategy in the present context.

Learning Outcomes:

The course is designed to provide a legal understanding of the essential elements of 'corporate finance' and the corporate financial environment in which the corporate business firm operates. The paper will examine the objective of shareholder wealth maximization which encompasses much of modern corporate finance and its implication for legal and ethical decision making and finding the manipulation strategy in the present context.

Corporate Funding is the area of finance dealing with the sources of funding and the capital structure of corporations, the actions that decision makers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources. Following objectives of corporate finance are as follows:

1. Understanding the evolution and growth of the finance function. The objective of the firm – Shareholder wealth maximization.
 2. Make Strategic Investment decisions and arrangement of fund from different sources.
 3. Financing options available to corporate, Tradeoff between debt and equity, Criteria for deciding the optimal financing mix.
 3. To develop a reservoir of knowledge on valuation which can assist the Company decision maker.
- undertaking valuation assignments as a Registered Valuer under Companies Act, 2013 including for
4. Mergers and Acquisitions, Issue of Shares, Winding up of Business and during Distressed Sale.
 4. To knowledge of corporate tax and its planning and tax management.

List of Topics/ Modules

Topic/ Module	Contents/ Concepts	Sessions / Lectures
Module I: Theoretical Framework of Corporate Finance	<ul style="list-style-type: none"> • Law of Corporate Finance -Meaning, Importance and scope of Corporate Finance. • Capital needs – Capitalization, Working capital, Mezzanine Finance • Securities borrowings - deposit debentures • Sources of corporate finance under company law- Equity, Preference and Debentures. • Working capital and Working capital finance • Case study 	1-15
Module II: Sources of External Corporate Funding	<ul style="list-style-type: none"> • Corporate Fund Raising • IDR, ADR, GDR, • Euro-issues-Public financing Institution • Foreign Funding – Instruments • External -Commercial Borrowing (ECB) • Foreign Currency Convertible Bonds (FCCB) • Foreign Currency Exchangeable Bonds (FCEB) 	16-24
Module III: Foreign Financial Institutions	<ul style="list-style-type: none"> • International Finance Corporation (IFC), • Asian Development Bank (ADB), • International Monetary Fund (IMF). • FDI and NRI investment • Foreign Institutional Investment • IMF and • World Bank. • IFRS, Exchange Rate- Guidelines of FEMA. 	25-32
Module IV: Corporate Restructuring and Business Valuation.	<ul style="list-style-type: none"> • Law relating of Corporate Restructuring, • Overview of Business Valuation: Genesis of Valuation; Need for Valuation; Hindrances/ Bottlenecks in Valuations. • Business Valuation Approaches. • Principles of Valuation (Cost, Price and Value). • International Valuation Standards Overview • Case Study 	33-45
Module V: Merger and Acquisitions	<ul style="list-style-type: none"> • Mergers & Acquisitions, • Joint Venture, 	46-55

under Corporate Finance Alternatives	<ul style="list-style-type: none"> • Valuation during Mergers & Acquisitions. • Buy back of shares and • leverage Buy-Out, • Case Study. 	
Module VI: Corporate Tax Planning and Management.	<ul style="list-style-type: none"> • Corporate Tax Planning & Tax Management- Scope and Objectives. • Tax Avoidance v/s Tax Evasion. • Areas of Corporate Tax Planning. • Income Tax Implication on specified transactions. • Implications of Tax benefits • Incentives for corporate decisions in respect of setting up a new business, 	56-65
Module VII: Corporate Tax Planning and Management.	<ul style="list-style-type: none"> • Tax Planning for location of business and nature of business. • Tax planning with reference to financial management decisions. • Capital structure decisions. • Dividend Policy; Bonus Share. • Investments and Capital Gains. • Case Study 	65-75

Evaluation Criteria

Components	Description	Weightage in %
Attendance		05
Project Report		20
Presentation		05
End-Semester Examination		70
	TOTAL	100

Recommended/Reference Textbooks and Resources:

Text Book:

1. Eil's Ferran : Company Law and Corporate Finance, Oxford
2. Jonathan Charkham : Fair Shares : The Future of Shareholder Power and Responsibility Oxford
3. Ramaiya A : Guide to the Companies Act (Current Edition). Vol. I, II and I11 H.A.J. Ford and A.i'.

4. **Austen : Ford's principle of Corporations Law (1999). Butterworths ten R.P.: The Law Of Public Company Finance (1986), LBC R.M. Goode : Legal Problems of Credit and Security (1988), Sweet and Maxewll**
5. **Maryin M. Kristein : Corporate Finance (1975) R.C. Osborn : Corporation Finance (1959)**
6. **S.C. Kuchhal : Corporation Finance: Principles and Problems.**
7. **V.G. Kulkarni : Corporate Finance (current edition)**

References:

- **ASWATH DAMODARAN: Applied Corporate Finance**
- **Y.D. Kulshreshta : Government Regulation of Financial Management of Private Corporate**
- **Corporate Restructuring: Bryan de Caires**
- **Case Studies for Corporate Finance: By Harold Bierman.**
- **Bare Act.**
- **IFRS Bulletin.**
- **FEMA 1999**

Instructor Details

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