Name of the course	**Financial Management- II**
Course Code	FIN-402
Semester	VIII
Credit Hours	3
Prerequisite	**-**
Learning outcomes	On completion of this course, the students will be able to: 1. Understand the development of the theory of corporate finance. 2. Recognize the basics of finance theory as it applies to corporate financial decisions. 3. Realize issues of valuation and their application for Take-Over, acquisition and merger. 4. Understand and appreciate the difference between conventional and Islamic finance. 1. Determine the current economic crisis and to suggest the corrective measures.
Contents	**Unit-1 An Economic Overview of Corporate Institutions** 1.1 Corporate Governance

		1.2	Corporate Financing: Some Stylized Facts
		1.3	Historical development of corporate finance theories
		1.4	Economic theories as the basis
		1.5	Comparative overview of different economic systems and its impact on financial management practices
		1.6	Corporate Financing and Agency Costs
		1.7	Outside Financing Capacity
		1.8	The Role of Net Worth: A Simple Model of Credit
	Unit-2	**Rationing**	
		2.1	Debt Overhang
		2.2	Borrowing Capacity: The Equity Multiplier
		2.3	Related Models of Credit Rationing:
		2.4	Inside Equity and Outside Debt
		2.5	Determinants of Borrowing Capacity
		2.6	Pledge able Income
		2.7	Boosting the Ability to Borrow:
		2.8	Diversification and Its Limits
		2.9	The Costs and Benefits of Collateralization
		2.10	The Liquidity–Accountability Tradeoff
		2.11	Inalienability of Human Capital
		2.12	Group Lending and Microfinance
		2.13	Sequential Projects
	Unit-3	**Modigliani–Miller and the Financial Structure Puzzle**	
		3.1	Debt Instruments
		3.2	Equity Instruments
		3.3	Financing Patterns
	Unit-4	**Liquidity and Risk Management, Free Cash Flow, and Long-Term Finance**	
		4.1	The Maturity of Liabilities
		4.2	The Liquidity–Scale Tradeoff
		4.3	Corporate Risk Management
		4.4	Endogenous Liquidity Needs, the Sensitivity of Investment to Cash Flow, and the Soft Budget Constraint
		4.5	Free Cash Flow
	Unit-5	**Corporate Financing under Asymmetric Information**	
		5.1	Implications of the Lemons Problem and of Market Breakdown
		5.2	Dissipative Signals
		5.3	Contract Design by an Informed Party:
		5.4	Optimal Contracting in the Privately-Known-Prospects Model
		5.5	The Debt Bias with a Continuum of Possible Incomes
		5.6	Signaling through Costly Collateral
		5.7	Short Maturities as a Signaling Device
		5.8	Formal Analysis of the Underpricing Problem
	Unit-6	**Islamic Banking and Finance**	
		6.1	Theoretical basis of Islamic Economics

	6.2 History and development of Islamic Banking 6.3 Modes of Islamic Financing 6.4 Current Status of Islamic Banking 6.5 Future of Islamic Banking 6.6 Sakuks 6.7 Islamic Perspective of Capital Markets **Unit-7 Corporate restructuring** 7.1 Describe divestitures and the reasons for it 7.2 Describe various forms of divestiture and the reasons for each 7.3 Describe and evaluate leverage buyouts and leverage recapitalization 7.4 Corporate financial distress and its consequences 7.5 Aspects of financial distress 7.6 Causes of financial distress 7.7 Early detection of financial distress 7.8 Reorganization vs. liquidation 7.9 Reorganize-liquidate decisions **Unit-8 Takeovers** 8.1 The Pure Theory of Takeovers: A Framework 8.2 Extracting the Raider's Surplus: 8.3 Takeover Defenses as Monopoly Pricing 8.4 Takeovers and Managerial Incentives 8.5 Positive Theory of Takeovers: Single-Bidder Case 8.6 Multiple Bidders 8.7 Managerial Resistance **Unit-9 Mergers and Acquisitions, and the Equilibrium** 9.1 Determination of Asset Values 9.2 Valuing Specialized Assets 9.3 General Equilibrium Determination of Asset Values, Borrowing Capacities, and Economic Activity: 9.4 The Kiyotaki–Moore Model Types of long-term debt 9.5 Main features of long-term debt 9.6 Designing a long-term debt issue
Teaching & Learning Strategies	A combination of lecturing, presentations, and discussions will be used to conduct the course. Students will be expected to read extensively ahead of each class session and actively participate in discussions and practical work.
Assignment	Written assignment , presentation and Quiz
Suggested Readings	Brigham, E. F., & Houston, J. F. (2012). *Fundamentals of financial management*. Cengage Learning. Copeland, T. E., Weston, J. F., & Shastri, K. (2005). *Financial theory and corporate policy* (Vol. 4). Pearson Addison Wesley. Ehrhardt, M. C., & Brigham, E. F. (2011). *Financial management: theory and practice*. South-Western Cengage Learning. Hillier, D., Ross, S., Westerfield, R., Jaffe, J., & Jordan, B. (2013). *Corporate finance* (2nd ed). McGraw Hill

	Megginson, W. L. (2017). *Corporate finance theory*. Addison-Wesley. Ross, S., Westerfield, R., & Jaffe, J. (2018). *Corporate finance* (11th ed.). McGraw-Hill Higher Education. Tirole, J. (2010). *The theory of corporate finance*. Princeton University Press.