DISCIPLINE SPECIFIC ELECTIVE (DSE) COURSES

DSE 1: STRATEGIC 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		
Strategic Corporate Finance DSE-1	**4**	**3**	**1**	**0**	**Class XII**	**NA**

Course Objectives:

- To know the details of corporate finance and the strategies involved in the corporate decisions.
- To enable the students to steer the corporate issues and challenges in better manner.

Learning Outcomes:

After studying this course the student will be able:

- To enable the student to identify the key themes in corporate finance.
- To understand the principal role of finance in an organization and the implication of overarching strategic application of its efficient use on the bottom line of the organization.
- To facilitate the understanding on the impact of risk and cost of capital on investment appraisal besides their cumulative impact on the value of a capital project.

Course Contents:

Unit 1 **(12 hours)**

Introduction to strategic corporate finance: Strategy Vs Planning, significance of strategy in financial decisions, Different types of financial strategy for Shareholders Wealth Maximization, Economic Value Addition, Value added statement. Strategic Cost Management: Traditional costing Vs Strategic Costing, Relevant costs Vs Irrelevant costs, Different types of strategic costing and their relevance-

Target Costing, Activity based Costing, Life Cycle Costing, Quality Costing, Zero Based Budgeting, Strategic cost reduction techniques and value chain analysis.

Unit 2 **(12 hours)**

Management Buy-outs: Establishing feasibility of the buy-out, Negotiating the main terms of the transaction with the vendor including price and structure, Developing the business plan and financial forecasts in conjunction with the buy-out team for submission to potential funders.

Management Buy-ins: Management Buy-in/Buy-outs ("BIMBOs"), Vendor-initiated buyouts/buy-ins.

Real options: Financial and real options compared, various types of real options, the Black Scholes model, Decision tree analysis, application of Real options, Drawbacks of Real options.

Unit 3 **(12 hours)**

Financial Distress and restructuring: Meaning of Bankruptcy, Factors leading to bankruptcy, symptoms and predictions of bankruptcy, reorganization of distressed firms, liquidation of firms.
Company disposals: sale of a non-core subsidiary, Exit strategy, valuation, timing of sale and tax planning opportunities and calculation of the various tax implications.
Fundraising: identification of different sources of development capital, determination of capital structure and factors affecting the capital structure, cost of capital and cost saving strategy.

Unit 4 **(9 hours)**

Company Valuation: an overview of valuation, valuation principles and practices, the impact of "what if" scenarios. Other strategic issues: managing credit ratings, dividend and share repurchase policy. Strategic risk management, substitutability of capital structure, risk management choices, financial, physical and operational hedging.

Essential Readings:

1. Justin Pettit: Strategic Corporate Finance Applications in Valuation and Capital Structure; John willey & sons, Inc.

2. Aswath Damodaran: Corporate finance theory and practice; John willey & sons.

Additional Readings:

1. Jakhotia: Strategic Financial Management, Vikas Publication.
2. Aswath Damodaran: Applied Corporate Finance, John willey & sons.

Examination scheme and mode:

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

DSE 2: CORPORATE ANALYSIS & VALUATION

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		
Corporate Analysis & Valuation DSE-2	4	3	1	0	Class XII	NA

Objective:

- To enable the students to analyse the health of a company through their annual reports and will equip them to understand how to determines its value.

Learning Outcomes:

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

- Financial Health of a company through qualitative and quantitative analysis.
- The use of financial ratios for financial health determination.
- The various valuation techniques for company's valuation.

Course Contents

Unit 1: Analysis of Corporate Financial Statements (12 hours)

Analysis of Corporate Financial Statements: Income statements and Balance sheets through ratio analysis and analysing the Chairman's statement, Directors' report, management discussion & analysis, report on corporate governance, auditor's report to evaluate the financial soundness of the company. Understanding financial statements of manufacturing and service organisations. Common size analysis and relevant ratios (Study from the Annual Reports of the companies).

Unit 2: Introduction to Valuation Techniques & Cash Flows Forecasting (12 hours)

Introduction to Valuation: Value and price, Balance sheet-based methods, Income statement-based methods. Cash flow discounting-based methods. Deciding the appropriate cash flow for discounting, The free cash flow to the firm, free cash flow to equity. Forecasting Cash flows: simple model for forecasting income and cashflows. Earnings, Tax effect, Reinvestment needs, dividend.

Unit 3. DCF Valuation, Discount Rates & Beta **(12 hours)**

Discounted Cash flow Valuation: Valuation of a company with no growth, constant growth, variable growth and infinite life. Estimating Discount Rates – cost of equity, cost of debt, tax shield, weighted average cost of capital. Calculation of beta, instability of beta, adjusted beta, levered and unlevered beta.

Unit 4: Relative Valuation & Other Applications **(9 hours)**

Relative Valuation: standard multiples, comparable companies, potential pitfalls; estimating multiples using regression. Valuation of brands and intellectual capital. Interest rates and company valuation. Impact of inflation on valuation. Reconciling relative and discounted cash flow valuation. Case studies in valuation.

Essential Readings:

1. Damodaran, A., Damodaran on Valuation, Security Analysis for investment and Corporate Finance (2nd ed.). Wiley India Pvt. Ltd.
2. Chandra, P., Corporate Valuation and Value Creation, (1st ed). Tata Mcgraw Hill.

Additional Readings:

1. Foster, George Financial Statement Analysis, Pearson Education Pvt Ltd

2. Pablo Fernandez, Valuation and Common Sense, Free download from SSRN (https://web.iese.edu/PabloFernandez/Book_VaCS/ContentsValuation.pdf).

Latest Editions of the Readings may be used.

Examination scheme and mode:

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

DSE 4: FINANCIAL ECONOMETRICS

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		
Financial Econometrics DSE-4	4	3	1	0	Class XII	Basic Econometrics

Course Objectives: We define financial econometrics as 'the application of statistical techniques to problems in finance'. Although econometrics is often associated with analysing economics problems such as economic growth, consumption and investment, the applications in the areas of finance have grown rapidly in the last few decades.

Prerequisites: Before starting this course, we recommend that you first complete the course Basic Econometrics.

Learning Outcomes:

By the end of this course, you will be able to:

- Understand the properties of financial returns.
- Formulate models and analyse the properties of models using matrix notation.
- Understand the principles of autoregressive time series models and evaluate their ability to forecast financial variables.
- Understand the principles of maximum likelihood, and use maximum likelihood estimation and hypothesis testing.
- Understand ARCH and GARCH models and be able to apply them to financial time series which display volatility clustering and asymmetry.
- Estimate Vector Autoregressive (VAR) models and interpret the results.
- Apply limited dependent variable methods.

Course Contents:

Unit 1: Statistical Properties of Financial Returns & Univariate Time Series and Applications to Finance (15 hours)

Introduction Asset Returns, Calculation of Asset Returns (Continuous and discreate both), Compare Continuous return with non-Continuous return and explain its benefits. Facts about Financial Returns, Distribution of Asset Returns, Time Dependency, Linear Dependency across Asset Returns.

Introduction to Univariate Time Series, The Lag Operator, Properties of AR Processes, Properties of Moving Average Processes, Autoregressive Moving Average (ARMA) Processes, The Box-Jenkins Approach.

Unit 2: Modelling Volatility – Conditional Heteroscedastic Models (9 hours)

Introduction to Modelling Volatility, ARCH Models, GARCH Models, Estimation of GARCH Models, Forecasting with GARCH Model.

Unit 3: Modelling Volatility and Correlations – Multivariate GARCH Models (9 hours)

Introduction to Modelling Volatility and Correlations, Multivariate GARCH Models, The VECH Model, The Diagonal VECH Model, The BEKK Model, Estimation of a Multivariate Model

Unit 4: Vector Autoregressive Models (VAR), Granger Causality Test (GCT) and Johansen Cointegration Test (JCT) (12 **hours)**

Introduction to VAR, Deep understanding of VAR, Issues in VAR, Hypothesis Testing in VAR.
Introduction to GCT, Deep understanding of GCT, Issues in GCT, Hypothesis Testing in GCT
Introduction to JCT, Deep understanding of JCT, Issues in JCT, Hypothesis Testing in JCT.

Essential Readings:

1. Christopher Dougherty. Introductory Econometrics. Oxford University Press.
2. Gujarati, N. Damodar. Basic Econometrics. New Delhi: McGraw Hill.
3. Gujarati, N. Damodar. Econometrics by Examples. New Delhi: McGraw Hill.

Additional Readings:

1. Chris, Brooks (2019). Introductory Econometrics for Finance. Cambridge University Press.
2. Pindyck, Robert S. and Daniel L. Rubinfeld Econometric Models and Economic Forecasts. Singapore: McGraw Hill.
3. Ramanathan, Ramu (2002). Introductory Econometrics with Applications (5th ed.). Thomson South Western

Examination scheme and mode:

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

DSE 8: MARKETING OF FINANCIAL SERVICES

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		
Marketing of Financial Services DSE-8	4	3	1	0	Class XII	NA

Course Objective:

- To introduce students to the marketing of financial services. All financial institutions, including consumer banks and corporate finance services, practice some form of marketing. Some firms market themselves better than others, as evidenced in the competitive value of their brands. This course also operationalizes several marketing concepts such as segmentation, targeting, and positioning.

Learning Outcomes:

After studying this course the student will be able to:

- Explain and illustrate some of the frameworks and approaches that are helpful in marketing financial services.
- Outline how to efficiently manage multiple product or brand portfolios across multiple customer segments, and how to develop an effective marketing strategy in modern financial service organizations.

Course Contents:

Unit 1: Introduction to Marketing of Services (12 hours)

Growth of the Service Sector – The Concept of Service – Characteristics of Services, Classification of Services, Service Marketing Mix (Additional Dimensions in Services Marketing – People, Physical Evidence and Process). Internal Marketing of a Service - External versus Internal Orientation of Service Strategy, Service Encounter, Service Failure and Service Recovery, learning from customer feedback.

Unit 2: Marketing Strategy (12 hours)

Planning, organizing and implementing marketing operations; marketing as a management function. Market Research – Establishing a marketing information system; the marketing research process. Market segmentation – Target marketing; Market segmentation, targeting and positioning the financial services organization in the market place.

Unit 3: Banking and Insurance Services (12 hours)

Retail Financial Services: Retail banking, meaning of banking business, introduction to various bank products, selling bank products. Concept of cross selling, Impact of technology on bank marketing (Internet banking, mobile banking and UPI). Insurance – Meaning, advantages various types of insurance, financial planning process. Risk Management – Strategy to cover risk, introduction to IRDAI, selling of insurance plans. Bancassurance – Bank as a distribution channel for insurance services.

Unit 4: Regulations Governing Financial Services Marketing (9 hours)

Ethical issue in the marketing of financial services, Ethics in relation to the individual and society as a whole. Mutual Fund Structure, sales and distribution channels. Distribution channels; the impact of technology; online marketing, The dimension of customer care; services quality and services recovery; global marketing.

Essential Readings:

1. Zeithaml, Bitner, Gremler & Pandit: SERVICES MARKETING, McGraw Hill.

2. V. A. Avdhani: Marketing of Financial services, HPH.

3. P. K. Gupta: Insurance and Risk Management, HPH.

4. Marketing Financial services – Hooman Estelami

Examination scheme and mode:

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

DSE 10: ENTREPRENEURIAL 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		
Entrepreneurial Finance DSE-10	4	3	1	0	Class XII	NA

Course Objectives:

- To build the knowledge and skills in entrepreneurial finance.
- To study the financing of small and medium sized businesses from the perspective of both the entrepreneur and investors and learn about valuation methods.

Learning Outcomes:

On successful completion of his course, the students will be able to:

- Understanding the financial aspects related to setting up of new Enterprises.
- Carrying out short and long term Financial Planning and Forecasting for the Enterprises.
- Comprehend different methods for valuing new Ventures.
- Be aware of various financing alternatives and design security structures.

Course Contents

Unit I: Introduction to Finance for Entrepreneurs (9 hours)
Principles of Entrepreneurial Finance, Role of Entrepreneurial Finance. The Successful Venture Life Cycle. Key Elements of a Business Plan. Forms of Business Organisations and Choosing the Appropriated Organization. Financing through the Venture Life Cycle, Financial Bootstrapping and Business Angel Funding. Life Cycle Approach for Entrepreneurial Finance.

Unit 2: Financial Planning for Enterprises (12 hours)

Short Term Financial Planning: Short Term Cash Planning Tools, Cash Planning from a Projected Monthly Balance Sheet. Long Term Financial Planning: Systematic Forecasting – Forecasting Sales for Seasoned Firms, Forecasting Sales for Early-Stage Ventures. Estimating Sustainable Sales Growth Rates. Estimating Additional Financing needed to support Growth.

Unit 3: Valuing Ventures (12 hours)

Valuing Early-Stage Ventures: Concept, Basic Mechanics of Valuation – Present Value Concept, Estimates and Discounted Cash Flow. Just in Time Equity Valuation. Venture Capital Valuation Methods: Review of Basic Cash Flow Based Equity Valuations, Basic Venture Capital Valuation – Using Present Values and Future Values. Earning Multipliers and Discounted Dividends.

Unit 4: Structuring Financing for Growing Venture (12 hours)

Professional Venture Capital – History and Overview, Professional Venture Investing Cycle. Other Financing Alternatives – Business Incubators and Seed Accelerators; Intermediaries, Facilitators and Consultants; Business Crowdsourcing and Crowdfunding; Commercial and Venture Bank Lending, Foreign Investor Funding Sources. Designing Security Structures – Common Stock, Preferred Stock, Convertible Debt, Warrants and Options, Other Concerns.

Essential Readings

1. Leach, C. J. and Melicher, R.W: Entrepreneurial Finance, Cengage Learning.
2. Stancill, J.M., Entrepreneurial Finance – For New and Emerging Businesses, Thomson.

Additional Readings:

1. Rogers, S., Entrepreneurial Finance, McGraw Hill.
2. Chandra, P., Financial Management, McGraw Hill.

Examination scheme and mode:

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

DSE 12: WEALTH MANAGEMENT

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		
Wealth Management DSE-12	**4**	**3**	**1**	**0**	**Class XII**	**NA**

Course Objectives:

- To equip students with the knowledge and practical understanding of important dimensions of wealth management.
- To understand and do planning for their tax liabilities, investments, insurance coverage, retirement and estate needs.

Learning Outcomes:

After the completion of this course the student will be able:

- To provide an overview of various aspects related to wealth management.
- To acquaint the learners with issues related to taxation in wealth management.
- To study the relevance and importance of insurance in wealth management.
- To understand the importance and process of choosing right investments.
- To understand various components of retirement and estate planning.

Course Contents

Unit I: Basics of Wealth Management and Tax Planning (12 hours)
Introduction to Wealth Management, Need for Wealth Management, Components of Wealth Management, Process of Wealth Management, Code of Ethics for Wealth Managers, Wealth Management in India. Tax Planning – Tax Avoidance versus Tax Evasion, Fundamental Objectives of Tax Planning, Tax Structure in India for Individuals, Common Tax Planning Strategies – Maximizing Deductions, Income Shifting, Tax-Free and Tax-Deferred Income.

Unit 2: Managing Insurance Needs (12 hours)

Basics Concepts – Risks, Risk Management and Underwriting. Insuring Life – Benefits of Life Insurance, evaluating need for Life Insurance, Determining the Right Amount of Life Insurance. Choosing the Right Life Insurance Policy – Term Life Insurance, Whole Life Insurance, Universal Life Insurance, Variable Life Insurance, Group Life Insurance, Other Special Purpose Life Policies. Buying Life Insurance – Compare Costs and Features, Select an Insurance Company, and Choose an Agent. Life Insurance Contract Features. Insuring Health – Importance of Health Insurance Coverage. Making

Health Insurance Decision – Evaluate Your Health Care Cost Risk, Determine Available Coverage and Resources, Choose a Health Insurance Plan. Types of Medical Expense Coverage. Policy Provisions of Medical Expense Plans. Property Insurance – Basic Principles, Types of Exposure, Principle of Indemnity, and Coinsurance.

Unit 3: Managing Investments (12 hours)

Role of Investing in Personal Financial Planning, Identifying the Investment Objectives, Different Investment Choices. The Risks of Investing, The Returns from Investing, The Risk-Return Trade-off. Managing Your Investment Holdings – Building a Portfolio of Securities, Asset Allocation and Portfolio Management, Keeping Track of Investments. Investing in Equity – Common Considerations, Key Measures of Performance, Types of Equity Stocks, Market Globalization and Foreign Stock, Making the Investment Decision. Investing in Bonds – Benefits of Investing in Bonds, Bonds Versus Stocks, Basic Issue Characteristics, The Bond Market, Bond Ratings. Investing in Mutual Funds and Exchange Traded Funds (ETFs) – Concept of Mutual Funds and ETFs, Benefits of Investing in Mutual Funds or ETFs, Some Important Cost Considerations, Services Offered by Mutual Funds, Selecting appropriate Mutual Fund and ETF investments, Evaluating the performance of Mutual Funds and ETF.

Unit 4: Retirement Planning and Estate Planning (9 hours)

Retirement Planning – Role of Retirement Planning in Personal Financial Planning, Pitfalls to Sound Retirement Planning, Estimating Income Needs, Sources of Retirement Income.
Estate Planning – Fundamentals of Estate Planning, Impact of Property Ownership and Beneficiary Designations, Estate Planning Documents, and Executing Basic Estate Planning.

Essential Readings:

1. Randall S. Billingsley, Lawrence J. Gitman, and Michael D. Joehnk (2017): Personal Financial Planning. Cengage Learning.

2. Susan M. Tillery, and Thomas N. Tillery: Essentials of Personal Financial Planning. Association of International Certified Professional Accountants.

Additional Readings:

1. Introduction to Financial Planning (4th Edition 2017) – Indian Institute of Banking & Finance.

2. Sinha, Madhu. Financial Planning: A Ready Reckoner. July 2017. Mc Graw Hill.

Examination scheme and mode:

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

DSE 14: EENVIRONMENTAL 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		
Environmental Finance DSE-14	**4**	**3**	**1**	**0**	**Class XII**	**NA**

Course Objectives:

- To provide technical knowledge on the contribution that environmental finance can make to sustainable development, and on how sustainable finance may be deployed in the real-world policy or business context.

Learning Outcomes:

On successful completion of his course, the students will be able to:

- Explain the potential contribution of environmental finance to achieving the Sustainable Development Goals and the goals of the Paris Agreement on Climate Change.
- Explain the core concepts of environmental finance and the relevance of sustainability considerations for the key actors in the financial system.
- Describe the role that regulation and industry initiatives (self-regulation) play in shaping sustainable finance.
- Describe different sustainable finance products, such as bonds and loans, that may be available to provide the capital needed to support the delivery of the Sustainable Development Goals and the goals of the Paris Agreement on Climate Change.

Course Contents:

Unit I **(9 hours)**

Sustainable Finance in Context: What is Sustainable Finance - broad concept of sustainable finance, Financing International Agreements on Climate Change and Sustainable Development - potential contribution that sustainable finance can make to achieving the Sustainable Development Goals and the goals of the Paris Agreement on Climate Change.

Unit II **(12 hours)**

Fundamentals of Sustainable Finance: Sustainable Finance: The Case for Action, Key Actors and organisations in the finance system, why finance sector actors are interested in sustainability-related issues, Introduction to Environmental, Social and Governance (ESG) Risk Management, Key approaches that investors, banks and insurers can use to take account of sustainability-related issues in their decisions, Financial and Sustainability (Impact) Reporting and Communication, Task Force on Climate-related Financial Disclosures (TCFD), Recommendations of the TCFD.

Unit 3 **(12 hourts)**

Regulation and Self-regulation: Policy and Regulation - how regulation shapes and influences sustainable finance, Responsible Banking and Sustainable Insurance, how industry initiatives contribute to the goals of a sustainable finance system, Responsible Investment.

Unit 4 **(12 hours)**

Sustainable Finance Strategies and Products: An Overview, The Five Pillars of Sustainable Finance, proceeds and performance-based instruments Green Bonds, Green Loans, key elements of a sustainability-linked bond or loan instrument, Performance-based Instruments, In Focus: Sustainable Finance in India- key features of sustainable finance policy and practice

Essential Readings: (latest editions should be referred to)

1. Rodney R. White and Sonia Labatt: Environmental Finance: A Guide to Environmental Risk Assessment and Financial Products
2. Simon Thompson: Principles and Practice of Green Finance
3. Dirk Schoenmaker and Willem Schramade: Principles of Sustainable Finance

Additional Readings: (latest editions should be referred to)

1. Anonim: Sustainable Finance in the Green Economy
2. Jonathan Gheyssens and Marc Chesney: Environmental Finance and Investments

Examination scheme and mode:

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

DSE 17: HEDGE FUNDS

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		
Hedge Funds DSE-17	4	3	1	0	Class XII	NA

Course Objectives:

- To provide an in-depth understanding of Hedge Fund Industry and the various strategies employed with emphasis on understanding their fundamental investment process.

Learning Outcomes:

After studying the course, students will be able to:

- Understand the hedge fund industry and current developments.
- Learn useful tools currently employed within the industry.
- Gain in-depth knowledge of mechanics of popular hedge fund trading strategies.
- Experience the hedge funds industry from an "active" participant vantage.

Course Contents:

Unit 1: Introduction and Performance Measures **(15 hours)**

General background on origins of hedge funds and fund of funds, An Overview of strategies employed – Convertible Arbitrage, Dedicated Short Bias, Emerging Markets, Equity Market Neutral, Statistical Arbitrage, Event Driven, Fixed Income Arb, Global Macro, Long/Short Equity, Managed Futures, Multi Strategy Risk exposure decomposition for hedge funds, Performance Measures Data Biases, Strategy Development Components, Back-Testing Common Mistakes in the Search for Alpha, Investment Process – Case Study

Unit 2: Global Futures Strategies **(9 hours)**

About the Landscape and Players Involved, Global liquid futures markets, Trend-following vs Momentum, "The trend is your friend," how to a build simple model? (MACD, RSI), Micro-structure issues, t-costs, the forward curve, open interest and volume, Indices: GSCI, CRB, Roger, Historical Performance

Unit 3: Currency and Global Macroeconomic Perspective **(12 hours)**

An overview of the stakeholders involved and the various products,

Theoretical background (PPP, covered/uncovered parity), Portfolio Construction, "Carry-Me-Out", which short-term interest rates to employ? , Majors and minors (Intra-day mean reversion, How to create a FX-Carry Index?), Historical Performance and Risk Profile

Unit 4: Other Alternatives – Distressed/ SPAC **(9 hours)**

What is a Merger Arbitrage Index, How is it created, Converted Bond Arbitrage Basics, Historical Performance and Risk Profile, Basic Arbitrage Strategies using Quants, Execution Challenges and Realities

Essential Readings:

- Liew and Vassalou (2000), "Can Book-to-Market, Size, and Momentum be Risk Factors that Predict Economic Growth?," The Journal of Financial Economics 57, pp. 221-245..
- Fama and French (2007), "Dissecting Anomalies," working paper.
- Pojarliev and Levich (2010),"Detecting Crowded Trades in Currency Funds," Financial Analysts Journal, Jan/Feb, 2011, 26-39.
- Asness, Moskowitz, and Pedersen (2008), "Value and Momentum Everywhere," working paper.
- Ribeiro and Loeys (2006), "Exploiting Cross-Market Momentum,"
- Edwards and Liew (1999), "Hedge Funds versus Managed Futures as Asset Classes," The Journal of Derivatives, Summer 1999.

.

Additional Readings: (latest editions should be referred to)

- Liew (2003), "Hedge Fund Index Investing Examined," Journal of Portfolio Management, Winter 2003.
- Fung and Hsieh (1999), "A primer on hedge funds," Journal of Empirical Finance, vol. 6, pp. 309-331

Examination scheme and mode:

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

DSE 18: PRIVATE EQUITY

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		
Private Equity DSE-18	4	3	1	0	Class XII	NA

Course Objectives:

- To provide students with the necessary theoretical and conceptual tools used in private equity deals

Learning Outcomes:

After studying this course, students will be able to:

- Understand key variables in play in the development of a successful PE eco-system.
- Develop a sophisticated understanding of the PE industry.
- Analyze and simulate the decisions that private equity investors make in the fundraising, investing and exit stages of the PE cycle.

Unit 1: Introduction to Private Equity **(12 hours)**

Meaning and history of private equity, key players in PE market, types of PE, drivers of value creation and how do they vary, relations with debt and public capital, opportunities and the risks for investors, J-curve

Unit 2: The Private Equity Process **(12 hours)**

Determining the size of the fund, through fund raising, sourcing portfolio investments, acquiring the portfolio companies and converting equity value back to cash by liquidating portfolio holdings. The means by which private equity firms create value and enhance the valuation of their portfolio.

Unit 3: Valuation and Exit Strategies **(12 hours)**

Valuation techniques in a highly leveraged setting, including a discussion of how private equity firms create value and how deals are structured to realize such value

When to exit an investment and why, variety of exit options and pros and cons of each, valuation in different scenarios, impact of terms negotiated at the time of making an investment

Unit 4: Due Diligence **(9 hours)**

Intellectual framework necessary to perform due diligence in PE settings, challenges to due diligence in the PE environment, framework and guidance to conduct private equity investment due diligence.

Essential Readings: (latest editions should be referred to)

- Cendrowski, Harry, Martin, James P., Petro, Louis W., and Wadecki, Adam A, Private Equity Second Edition: History, Governance, and Operations (Wiley Finance © 2012)

Additional Readings: (latest editions should be referred to)

- Rogers, Holland & Haas, "Value Acceleration: Lessons from Private Equity Masters”

Examination scheme and mode:

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