

Finance 6301 (Mon)

Spring 2024

Professor Vikram Nanda

Overview

This is an introductory course in Finance. Basic valuation of cash flow streams, investment decision rules, risk and return trade-off and (some) corporate finance are the main elements. This is a hands-on course with plenty of problem solving and some cases.

Instructor

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Office hours: By Appointment

Textbook and Publisher's website

The textbook below is required:

- Berk, Jonathan, and Peter DeMarzo, *Corporate Finance*, 5th., Pearson; [Earlier versions will work as well. *The Core* version of the book is fine too]. When you sign up for MyFinanceLab (see below), you get access to the e-book version of the text for the semester. So you don't necessarily need to buy the physical book.

We will follow the book more closely on some topics than others. The class slides (through elearning or Blackboard) are fairly detailed – though it can be useful to have the book or e-book as a backup.

- You will need to purchase an account on the publisher's website called MyFinanceLab. You will use your account to access the homework assignments. There is a set of instructions on the course Blackboard. To be able to do assignments etc., you will need the course number at Pearson:

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- There is a case packet that each case team (3-4 students) will need to buy from HBS publishing as well. Use the link:

<https://hbsp.harvard.edu/coursepacks/1140449>

1. **Clarkson Lumber Co.** (HBS 297028-PDF-ENG) & Spreadsheet (XLS090-XLS-ENG)
2. **The Valuation and Financing of Lady M Confections** (HBS 215047-PDF-ENG) & Spreadsheet (216706-XLS-ENG)
3. **Eskimo Pie Corporation** (abridged) (293084-PDF-ENG) &

Spreadsheet (XLS079-XLS-ENG)

4. **Burton Sensors Inc.** (HBS 9-918-539) & Spreadsheet
5. **Merck & Co.: Evaluating a Drug Licensing Opportunity** (201023-PDF-ENG) & Spreadsheet supplement (201707-XLS-ENG)
6. **Debt Policy at UST** (HBS 200069) & Spreadsheet supplement (XLS037-XLS-ENG)

Financial Calculator/Spreadsheet

- You will need to become somewhat familiar with Excel, especially for case analysis. Any standard financial calculator is fine.
- Laptops are not permitted in exams.

Course website

The course website will be on Blackboard / e-learning. You can also access the publisher's MyFinanceLab site through Blackboard when you have a valid subscription. Course announcements and lecture slides will also be available on Blackboard.

Course Requirements

Problem Sets:

There are several assignments. Usually, they will be due before the class on the day they are due. They are to be submitted online (in the MyFinanceLab).

Many questions in the midterm and final exams will be similar to the questions in problem sets and those we work out in class. You must do the problem sets by yourself. In most cases you are allowed to resubmit your answers and improve your score.

Case Write-ups/Groups:

Case write-ups will be required for some of the cases and are due before class on the day the case is discussed. For obvious reasons I cannot accept a late write-up. A case write-up consists of a maximum of 2 pages of text (typed and double-spaced) plus a maximum of 3 pages of exhibits necessary to support any recommendation.

Suggestions and Questions will usually be provided to help guide and focus your analysis.

All cases should be done in groups of 3-4 students. The groups formed will stay the same for all the cases. You are expected to participate in the discussion of the case.

Midterms and Final:

As noted, many quantitative questions will be similar to those solved in class or assigned in problem sets.

Grading

Your grade for the course is based on the following:

Problems Sets & Cases	30%
Midterm	25%
Final	<u>45%</u>
Total	100%

Academic Integrity

Academic integrity is taken very seriously and the University rules will be followed strictly. Any problem set or exam submitted has to be your own work. University procedures will be followed for violators without exception.

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

Weekly Schedule

Spring 2024

Professor Vikram Nanda

University Closings:

Spring break:Monday, March 11– Sunday, March 17

Note: Chapter numbers refer to those in Berk-DeMarzo.

This schedule is potentially subject to minor changes, over the course of the semester

1. Introduction, Financial Statement Analysis (Week 1) [Jan 22]

- Chapter 1 (Skim)
- Chapter 2

2. Financial Decision Making and Law of One Price (Week 2) [Jan 29]

- Chapter 3

3. The Time Value of Money (Week 3) [Feb 5]

- *Problem Set 1 due (on MyFinanceLab)*
- Chapter 4

4. Interest Rates/Bonds (Week 4) [Feb 12]

- Will discuss questions for the first case
- *Problem Set 2 due*
- Chapter 5/6 [Only part of chapter 6]

5. Investment Decision Rules

Case-1: Clarkson Lumber (Week 5) [Feb 19]

- *Case Report Due*
- Chapter 6/7

6. Capital Budgeting (Week 6) [Feb 26]

- *Problem Set 3 due*
- Chapter 8

7. Midterm (Week 7) [March 4]

- The mid-term is for 1 hour only – and will be conducted in the second half of the class session.
- In the first half of the class session – I will cover some new material / review.

Spring Break

8. Case 2: The Valuation and Financing of Lady M Confections (Week 8) [March 18]

- *Case Report Due*
- Chapters 10

9. Capital Markets and the Pricing of Risk/CAPM (Week 9) [March 25]

- *Problem Set 4 due*
- Chapters 10/11

10. CAPM & Capital Structure;

Case-3 Eskimo Pie Corporation (Week 10) [April 1]

- *Problem Set 5*
- Chapters 11/12

11. CAPM & Capital Structure

Case-4 Burton Sensors (Week 11) [April 8]

- *Case Report Due*
- Chapters 13 and 14

12. Capital Structure

**Case-5 Merck & Co.: Evaluating a Drug Licensing Opportunity (Week 12)
[April 15]**

- *Case Report Due*
- Chapter 15

13. Financing & Payout policies:

Case-6 Debt Policy at UST Inc. (Week 13) [April 22]

- *Case Report Due*

FINAL:

- *In-class 2-hr Exam [April 29]*