

## MBAS 504: STRATEGIC FINANCIAL MANAGEMENT

Workload : 4 hours per week. - Total credits: 4

Examination : 3 hours 70 marks

- Objectives
1. To provide with the basic knowledge of financial management and its functions.
  2. To provide an understanding about the sources of finance and its best mix.
  3. To provide the skill to evaluate alternative investment proposals.
  4. To provide the knowledge of factors influencing dividend, capital structure, working capital of a firm.
  5. To study the sources of working capital.
  6. To study the leverage in decision making process.
  7. To study venture capital and project planning.

- Course Outcome:
1. Be familiar with functions of financial management and decision-making.
  2. Able value the financial assets for evaluation.
  3. Able to evaluate leverages in decision making process.
  4. Know various theories on capital structure and dividend policy.
  5. Able to determine the value of securities and the value of the firm.
  6. Comprehend the concept of Venture capital
  7. Able to prepare and manage Project Planning.

Pedagogy : Lectures, assignments, practical exercises, discussions, seminars.

**Module 1, Financial policy and strategic planning**—Strategic Planning Process – Objectives and Goals – Major Kinds of Strategies and Policies – Corporate Planning – Process of Financial Planning – Types of Financial Plan- Financial Models – Tools or Techniques of Financial Modeling – Uses and Limitations of Financial Modeling – Applications of Financial Models – Types of Financial Models - Process of Financial Model Development.

**Module 2, Strategic financing decision:** Capital Structure and value in the perfect world, imperfections and capital structure, Signaling theory, Tools for developing an effective capital structure, Guidelines for capital structure planning, Dividend policy and firm value, implications of real world imperfections, Dividend policy formulation, Rationale and objections to share buyback and valuation

**Module 3, Corporate valuation:** Context of valuation approaches to valuation, features of valuation process, a philosophical basis for valuation, generalities about valuation. Enterprise DCF model- Analysing historical performance- Estimating cost of capital-Forecasting performance- Continuing value- Calculating and Interpreting the results- Other DCF models: Equity DCF model, Dividend Discount model, Free Cash Flow to Equity (FCFE) model, Adjusted Present Value, Economic Profit model, Application and Limitations of DCF analysis.

**Module 4, Relative valuation and Non DCF Approaches to Valuation:** Steps Involved in Relative Valuation, Equity Valuation Multiples, Enterprise Valuation Multiples, Choice of Multiples, Best Practices Using Multiples, Assessment of Relative Valuation, Book-Value Approach, Stock and Debt Approach, Strategic Approach to Valuation, Market Efficiency and Valuation, Call Option based Valuation, Guidelines for Valuation.

**Module 5, Probabilistic Approach in Valuation:** Scenario Analysis, Decision tree, Simulation, An Overall Assessment of probabilistic Risk Assessment approach.

**Module 6, Advanced issues in valuation:** Companies of different kinds, Valuation of different context, Loose ends of Valuation, Valuation of Intangible Assets- Patents, Trademarks, Copy writes, and licenses: Franchises, Brands-Economic approach to valuation, WACCV Flow to Equity method.

**Module 7, Corporate risk management:** types of Risk – Measurement of risk Approaches to Risk Management – The Process of Risk Management – Techniques of Risk Management – Risk Management Guidelines. Concept of ERM, Principal terms in Enterprise Risk Management (ERM), Framework for risk management and control, Role of credit agencies in the evaluation of risk management functions

**Module 8, Value based management-**Methods and Key premises of VBM-Marakon approach-ALCAR approach-Mckinsey approach-Stern Stewart approach-BCG approach-Lessons from the experiences of VBM adopters.

#### Reference Books::

1. Rajiv Srivastava and Anil Misra- Financial Management-OXFORD University Press.
2. Prasannachandra -Financial Management- Tata Mc Graw Hill
3. I M Pandey -Financial Management-Vikas Publishing House Pvt. Lt. New Delhi
4. Lawrence D. Schall and Charles W. Haley -Introduction to Financial Management-McGraw Hill.
5. Van Horne- Financial Management and policy- PHI .
6. John J Hampton -Financial Decision Making-PHI .
7. Prasanna Chandra -Finance Sense –Tata McGraw Hill.
8. Prasanna Chandra - Project management-Tata McGraw Hill.
9. Girish Ahiya & Ravi Gupta - Systems approach to income tax
10. Harvey Maylor-Project Management- Pearson Education
11. R C Mishra and Tarun Soota-Modern Project management- New Age International Pvt. Ltd.
12. Dr Vinod K Singhania , Monica Singhania - Students Guide to Income Tax
13. Vishwanath.S.R-Corporate Finance(Theory and Practice)-Response Books
14. K Nagarajan-Project Management-New Age International Pvt. Ltd.
15. Jakhotiya GP- Strategic Financial Mangement- Vikas Publishing House, New Delhi, 2<sup>nd</sup>Edn.
16. M Y Khan and P K Jain, Financial Management: Text, Problems and Cases, McGraw Hill Education

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