

MBPC4003 STRATEGIC FINANCIAL MANAGEMENT (3-0-0)

Course Objectives:

1. Master the strategic decision-making framework for aligning financial policies with sustainable goals.
2. Develop proficiency in various valuation techniques for stocks, bonds, and enterprises.
3. Understand the intricacies of corporate restructuring, mergers, and takeovers, including their processes, motivations, and potential outcomes.
4. Gain expertise in corporate risk analysis methods and strategic cost management techniques, as well as financing strategies for restructuring and reconstruction.

Module-I:

Financial Policy and Corporate Strategy: Strategic decision-making framework; Interface of financial policy and strategic management; Balancing financial goals vis-à-vis sustainable goals

Concepts of Valuation: Valuation of stock, dividend and earning model Bond valuation, YTM, YTC, Duration and immunization. Valuation of enterprise using market comparable, price to earnings, price to earning to growth, Market to book value, Enterprise value to EBITDA Enterprise value to cash flow, Enterprise value to sales.

Module-II:

Corporate Restructure: Mergers and Takeover: Meaning of mergers and acquisition, categories, purposes. Process of M & A – identification and valuation of the target, acquisition through negotiation, due diligence, post mergers integration, legal and regulatory requirement, M&A agreement, reverse merger, potential advise, effects of mergers. Major causes of M&A failures. Corporate take overs: Motivation, co-insurance effect, cross border take overs, forms of take overs, takeover defenses. Going private and other controlled transactions: CBO, MBO, spin offs and asset divestures.

Module-III:

Corporate Risk Analysis: Investment decision under risk and uncertainty; RADR; Statistical Method; Scenario Analysis; Sensitivity Analysis; Simulation Method, Strategic cost management: Components, Value chain analysis, Competitive life cycle analysis, Life cycle costing, Strategic control

Financing Strategy: Refinancing and rescue financing, reorganization of debtors and creditors, sale of assets, targeted stock offerings, downsizing and lay off program, negotiated wage give backs, employee buy outs financial reconstruction.

Course Outcomes:

- CO-1: Evaluate the role of financial management in achieving the strategic objectives of a firm
- CO-2: Critically appraise the various methods of corporate valuation and compare them from the strategic perspective.
- CO-3: Analyze and debate the reasons for/against M&As and Buy back of shares Critically assess various financial risk management approaches with reference to takeover tactics.
- CO-4: Debate on the existence of the organizational architecture Contribute more effectively to corporate strategy by taking a more proactive and forward-looking approach.

Books:

1. Strategic Financial Management, Podder, Ravi V., Rashmi B.H., Himalaya Publishing House
2. Strategic Financial Management, Jakhotia, Vikas
3. Strategic Financial Management, Ravi M Kishore, Taxman