

Amrita School of Business
Amrita Vishwa Vidyapeetham
Coimbatore

Term V (03 Oct 2018 – 23 Dec 2018)

Course Title:	Strategic Financial Management
Course Code:	
Credits:	3
Total Sessions:	24
Course Instructor:	N.V.Subrahmanyam, CFA
Contact Information:	nanduri.subbu@gmail.com
Course Link:	
Office:	
Office hours:	Monday & Thursday 2:00 – 3:15 pm, 3:30 – 4:45 pm
Course contributes mostly to:	Employability/ Entrepreneurship/ Skill Development/ Value-add

Course Description

Strategic financial management refers to specific planning of the usage and management of a company's financial resources to attain its objectives as a business concern and return maximum value to shareholders over the long run. Strategic financial management involves precisely defining a company's business objectives or goals, identifying and quantifying its available or potential resources, and devising a plan for utilizing finances and other capital resources to achieve its goals. This course is designed to acquaint the students with concepts of financial management from strategic perspective and help them to familiarize with various Techniques and Models of Strategic Financial Management

Course Objectives

This course introduces major concepts and tools used in the corporate finance especially strategic finance. Successful completion of the course will empower the students to play the role of a corporate finance personnel effectively. At the end of the course, the students will be able to:

- 1) Understand and appreciate the modern theory of finance and the treatment of uncertainty surrounding financial matters.
- 2) Understand and employ the essential tools, techniques, and concepts one needs in order to understand financial management from a strategic and operational perspective.
- 3) Prepare reports for management explaining and evaluating the financial consequences of strategic decisions.
- 4) Use the models, tools and techniques of cost measurement and cost control at strategic level.

Alignment of course objectives (CO) with learning goals (LG) of Assurance of Learning

Derived from its mission, ASB has adopted five learning goals, (apart from the discipline competency) - the management-specific attributes, knowledge and skills that its graduates are expected to possess when they complete the programme. The six outcomes of this course are mapped to the 'Critical and integrative Thinking' learning goal. The assessments, written report for the field visit and the writing exercise would reinforce the second learning goal, 'Effective written and oral communication'.

LG \ CO	Critical and integrative Thinking	Effective written and oral communication	Societal and Environmental Awareness	Ethical Reasoning	Leadership
CO1	3	0	0	2	0
CO2	3	1	0	0	0
CO3	3	2	0	0	0
CO4	3	2	0	0	0

Key: 3 – Highly relevant; 2 – Moderately relevant; 1 – Low relevance; 0- No relevance

Unit-wise scope for outcomes and Bloom's taxonomy

The course on Strategic Financial Management is designed focusing primarily on the Bloom's learning levels of applying, analyzing and evaluating levels of learning.

Bloom's Levels of Learning \ CO	CO 1	CO 2	CO 3	CO 4
Creating			X	
Evaluating		X	X	X
Analyzing		X	X	X
Applying		X		X
Understanding	X			X
Remembering				

Assessment (Grading Policy: Relative)

Mid-term Test	25%
End-term Test	40%
Group Assignments	25%
Class participation	10%

Course Requirements

Throughout this course, the students are expected to demonstrate highest levels of involvement and commitment, in terms of efforts, quality of work, and conduct both at individual level and as groups. The potential of making learning interesting and effective lies primarily in the hands of the students and are expected to use the same for this course throughout the term. The course demands **study efforts of 6 hours/week outside classroom (3 hours for every one session of class). Preparation is mandatory for attending the classes.**

Course Text

***Strategic Financial Management – Managing Value Creation*, by Dr Prasanna Chandra, McGraw Hill Edition, 2018**

A good reference book will be **“Corporate Finance – Theory and Practice” by Aswath Damodaran (2nd edition, Wiley, 2014)**

Session Plan

Sr No	TOPIC	CLASS PREPARATION	Remarks
<i>Module 1: Corporate Governance and Business Ethics</i>		3 sessions	
1	Identifying Stakeholders – Internal as well as external	<i>Chapter 2 & 11, “SFM” by Prasanna Chandra</i>	
	Corporate governance & its objectives		
2	Agency relationships and conflict of interest		
3	Board of Directors -Role, Responsibilities and Constitution		
	ESG Factors and it's impact on a company's future & valuation		

Module 2: Capital Budgeting		4 sessions	
4	Capital Projects – Types, evaluation and section methodology	Chapter 5 & Chapter 12 “SFM” by Prasanna Chandra	
5	Tools to evaluate Capital projects		
6	Real options and evaluating projects with real options		
7	Models for valuation viz Economic Profit, Residua Income and Claims valuation		
Module 3: Capital Structure and Cost of Capital		6 sessions	
8	Calculating and interpreting WACC and impact of taxes on WACC	Chapter 5 & Chapter 6 “SFM” by Prasanna Chandra	Chapter 16 & 20 “Corporate Finance” by Aswath Damodaran
9-10	Capital Structure and various theories related to it		
11	Understanding Country risk premiums and its impact on cost of capital		
12	Interpreting Beta and valuing equity		
13	Understanding and evaluating various forms leverage and it’s impact on profitability		
Module 4: Dividends and Share Repurchases		4 sessions	
14	Calculate and interpret various forms of dividends and its impact on financial ratios	Chapter 6 “SFM” by Prasanna Chandra	Chapter 21 & 22 “Corporate Finance” by Aswath Damodaran
15	Understanding various methods of share repurchase and it’s impact on financials of a company		
16	Different dividend actions and its signalling effect and impact of these on clientele		
17	Understanding different dividend policies and interpreting their impact		
Module 5: Working Capital Management		3 sessions	
18	Understanding liquidity, its sources and comparisons with peer companies		Chapter 13 & 14 “Corporate Finance” by Aswath Damodaran
19	How business strategies impact working capital		
20	Different short-term funding options and recommendations		
Module 6: Mergers and Acquisitions		4 sessions	
21	Classification and motivation for M&A vis-à-vis Industry life cycles and various types of mergers	Chapter 10 “SFM” by Prasanna Chandra	
22	Understanding pre- and post-offer takeover defence mechanisms and anti-trust challenges		
23	Understanding and applying various Models for target company valuation		
24	Understanding Restructuring and it’s need		

Contribution to Placements

The knowledge, readings, exercises and assignments for the course make explicit contributions to success during the placement process.

- Glossary of technical terms: Interview, Group Discussion (*for Domain knowledge ready reference*)
- Critical thinking Q & A : Group Discussion, Interview (*as critical thinking practice*)
- Modules mind maps: Group Discussion, Interview (*as a structured thinking tool*)
- Entry level operations positions and JD for these positions mapped with course objectives and discussed