

# SYLLABUS

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|---------------------|--------------------------------|
| Course Code         | CM010301                       |
| Title of the Course | STRATEGIC FINANCIAL MANAGEMENT |
| Semester            | Three                          |
| Type                | Core                           |
| Credits             | 5                              |
| Hours               | 6 per week and Total 108       |

## Unit wise arrangement of the course

| Module  | Sl. No. of Units | Contents of the Unit   | Remarks            |
|---|------------------|--|--------------------|
| <b>Module 1: Financial Management Decisions – 28 hors</b> |                  |  |                    |
| 1   | 1.1              | Decisions in Financial Management – Financing Decisions, Investing Decisions and Dividend Decisions.   | Theory             |
|   | 1.2              | Capital Structure - <u>Factors</u> determining Capital Structure Theories- Relevant School and Irrelevant School- Optimum Capital Structure.   | Theory and Problem |
|   | 1.3              | EBIT-EPS Analysis – Points of indifference.  | Theory and Problem |
|   | 1.4              | Leverage – Financial leverage – Operating Leverage – Combined Leverage - Practical problems involving leverage.  | Theory and Problem |
|   | 1.5              | Dividend decisions- Walter's Model, Gordon Model and MM approach to dividend- Dividend policies of companies.  | Theory and Problem |
| <b>Module 2: Management of Working Capital – 25 hours</b> |                  |  |                    |
|   | 2.1              | Management of working capital – Liquidity and Profitability – Working Capital financing decisions – The working capital cycle – Effectiveness of working capital based on its operating and cash conversion cycles – (including practical problems in all possible areas).           | Theory and Problem |
|   | 2.2              | Cash Management - Objectives of holding Cash – Strategies for Cash Management – Cash management Models – Management of Marketable Securities.  | Theory             |
|   | 2.3              | Debtors Management - Credit Policy Decisions - Determination of Credit Period and Rate of Discount under different circumstances – Ageing Schedule – Collection Policy – Impact of different Collection Policies on cash position and profitability- Management of Accounts Payable. | Theory             |

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|-----|---|--------------------|
| 2.4 | Inventory management – Inventory management techniques – Impact of change in purchase quantity on cost and profitability. | Theory             |
| 2.5 | Practical problems related to cash, debtors, creditors and inventory.   | Theory and Problem |

### **Module 3: Long Term Capital Investment Decisions – 25 hours**

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|-----|---|--------------------|
| 3.1 | Capital budgeting – Objectives – Significance.  | Theory             |
| 3.2 | Methods of investment appraisal – Pay-back period – discounted payback period – Accounting Rate of Discount.  | Theory and Problem |
| 3.3 | Net Present Value – Impact of Taxation and inflation on NPV analysis – Capital Rationing – Equivalent annual cost – Adjusted Present Value - IRR – Modified IRR – Profitability Index.  | Theory and Problem |
| 3.4 | Risk and Uncertainty in capital budgeting – Methods of assessing risk – Probability Analysis – Certainty equivalent Method – Risk Adjusted Discount Method – Monte Carlo Simulation Method – Decision Tree Analysis – Scenario Analysis – Sensitivity Analysis. | Theory             |
| 3.5 | Problems involving assessment of risk.  | Theory and Problem |

### **Module 4: Lease Financing – 12 hours** ✓

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|-----|--|--------------------|
| 4.1 | Leasing – Meaning – Classification of Leasing – Significance.  | Theory             |
| 4.2 | Advantages and limitations of lease financing – Legal frame work regarding lease financing in India. | Theory             |
| 4.3 | Financial Evaluation of Leasing decisions.   | Theory and Problem |

### **Module 5: Advanced Ratio Analysis for Performance Evaluation – 18 hours** ✓

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|-----|---|--------------------|
| 5.1 | Ratios for Assessing Liquidity, Profitability, Productivity, Leverage and the theoretical base explaining the inter linkage between the ratios in explaining the performance effectiveness of businesses. | Theory and Problem |
| 5.2 | Ratios for investment decision making.  | Theory and Problem |
| 5.3 | Ratios for assessing asset quality of financial institutions.   | Theory and Problem |
| 5.4 | Comparison of performance of financial institutions using CAMEL/CARAMEL models.   | Theory and Problem |