



Strategic Financial Planning

FN-720

School of Business and Economics

Program	MS Finance
Semester	
Credit Hours	3
Pre requisites (if any)	<i>Business Finance, Financial management, corporate Finance</i>
Resource Person	
Contact information	

BRIEF COURSE DESCRIPTION:

The contents of this subject have been designed for MS Finance program which aims to develop advanced interdisciplinary competences and skills needed to work in the complex world of company finance, markets and financial institutions. The program provides students with:

- The key competences in the areas of company finance, quantitative finance, financial management of corporation and investment decisions;
- An optimal balance between theory and practical application in companies operating in the financial sector; the program integrates a solid theory base and clear understanding of the discipline.

Completion of the program allows the development of operative, intellectual and managerial skills, in order to manage complex topics in institutions and International financial markets.

The outline has been geared to students with a background in finance, economics and business economics, whose aim is an in-depth study of financial subjects.

To study the financial planning process including data gathering, cash flow and debt

considerations, goal programming, integration of plan elements, plan formulation and implementation.

To obtain an understanding and ability to use basic business financial management concepts and tools of analysis such as valuation, risk-return relationships, financial statement analysis, capital budgeting, cost of capital, capital structure, and working capital management.

The objective of the course is to study theory and empirical evidence relevant for financial planning and management. This course is designed to primarily address the needs of advanced students in an MS/M Phil program, keeping emphasis of research in mind.

RECOMMENDED TEXT:-

1. Ross, Westerfield & Jordan, Corporate Finance, McGraw Hill, 8th Ed.

SUPPLEMENTARY TEXT:

1. Damodaran, Aswath, Corporate Finance: Theory and Practice, Wiley, 2nd Ed.

Classroom Behavior:

- Mobile phones should be turned off or in flight mode
- Class participation is necessary

Participant Responsibilities:

- No late assignments or quiz retakes will be entertained
- Keep yourself up to date to moodle page of the course

ASSESSMENT CRITERIA:

Mid-Term	35%
Final Term Paper/Research work	30%
Class Participation	5%
Case Study	10%
Final Presentation	10 %
Assignments	10 %
Total	<u>100%</u>

Calendar of Activities

Sr.#	Topics to be covered in the course	Learning objective of this topic	Teaching method
Session: 1 Introduction of Financial Strategy	<ul style="list-style-type: none"> • What is Strategy, Types of Strategies, Corporate strategy, business strategy, financial strategy • Potential strategic financial objectives of an organization (e.g. value of money, Maximizing shareholders wealth) • Relationship between decisions concerning investment, financing and dividends. • Impact of internal and external constraints on financial strategy.(e.g. funding, regulatory bodies, investor relations, economic factors). • Financial Markets and financial instruments <p>Agency theory and Finance</p>	An overview of the subject area Making the base line of the students	Lecture slide + Research paper discussion
Session :2 Concept of risk and return in financial strategy	<ul style="list-style-type: none"> • Identifying investment opportunities and objectives • Evaluating investments in terms of return: expected return, required return and realized return. • Ideas of diversifiable and non-diversifiable risks: in terms of portfolio. • Market equilibrium and market efficiency: CAPM and APT 	Understand and calculate the risk and return of individual asset.	Lecture slide + Research paper discussion
Session: 3-4 Valuation of Investment (in terms of Stocks and Bonds).	<ul style="list-style-type: none"> • Discussion of financial markets and financial instruments. • Various types of Stocks and bonds available in markets • Valuation techniques used to evaluate stocks and bonds • Calculation of cost of equity using dividend growth model. • Calculating the cost of redeemable and irredeemable debt, including the tax shield on debt. <p>WACC: Logic of cost of capital & sources of funds</p>	Understand and calculate the valuation technique of different instrument available on Stock Exchnages	Lecture slides and Case studies

<p>Session: 5-6 Capital Budgeting and its techniques</p>	<ul style="list-style-type: none"> • Identification of project's relevant cost (i.e. infrastructure, marketing), benefits(i.e. incremental effects, future cash flows) and risks(i.e. financial & nonfinancial) • Calculation of projects net present value and internal rate of return including techniques for dealing with cash flows. • Use of weighted average cost of capital to assess budgeting techniques • Effect of taxes and inflations on the techniques • Valuation basis of assets(i.e. historical costs, replacements cost), earnings(i.e. price earning and earning yield) and cash flows • Capital structuring and capital rationing. 	<p>Understanding different projects evaluating techniques. Their differences and application</p>	<p>Lecture slides and Case studies</p>
<p>Session: 7-8 Formulation of dividend policy and dividend decisions</p>	<ul style="list-style-type: none"> • Consideration in the formulation of dividend policy and dividend decisions, including meeting the cash needs of the business • Miller & Modigliani dividend Irrelevance theory. • Clientele effects and Ex-date effects • Dividend announcement date effects: the signaling hypothesis • Cash dividends, stocks dividends and stock splits. 	<p>Understanding the Dividend policies of the Corpoartion.</p>	<p>Lecture slides and Case studies</p>
<p>Session: 9-10 Working Capital Management</p>	<ul style="list-style-type: none"> • Working capital management strategies: Cash and stock management models. • Calculation of Operating and cash cycles • Analyzing various budgets including cash budget, sales budget, purchase budget etc. • Management techniques for account receivable and accounts payable. 	<p>Understanding importance of managing the Working capital. Analysing the different techniques of managing the cash, AInventory and account receivable.</p>	<p>Case study + lecture slides</p>
<p>Session: 11</p>	<p>Mid Term Exam</p>		

Session: 12	Case Studies/ Term paper Topic selection		
Session: 13	Research Discussion/Term paper Discussion		
Session: 14	Final Presentation		
Session: 15	Final Presentation		