

Date wise- Session Plan & Evaluative Scheme for
“Advance Financial Management & Risk Management”

Session	Date& Time	Topic	Sub-topics	Assignment/Mode
1	18/08/2019 Vinay Goyal Session Duration: 3.30 Hrs with 15 Mins Break	Financial analysis & planning – Introduction to financial statement analysis	<ul style="list-style-type: none"> • Analysis of financial statements • Characteristics of various types of financial statements across sectors • Sectoral analysis of financial statements • Case study on financial statement analysis – identification of companies 	<ul style="list-style-type: none"> • Article • Case study – identification of industry • Chapter 4 of the textbook
2	25/08/2019 Vinay Goyal Session Duration: 3.30 Hrs with 15 Mins Break	Scope & Objectives of financial management	<ul style="list-style-type: none"> • State the meaning, importance and scope of financial management in an entity • Discuss financing decisions / functions • Discuss the objectives of financial management: profit maximization vis-à-vis wealth maximization • Discuss shareholders value maximization approach • Discuss financial stress and insolvency • Discuss agency cost and its mitigation • Discuss agency problem and agency cost • Examine the role and functions of finance executive in the entity 	<ul style="list-style-type: none"> • Chapter 1 and Chapter 2 of the textbook.
3	01/09/2019 Vinay Goyal Session Duration: 3.30 Hrs with 15 Mins Break	Types of financing - Capital market, international capital market and money market	<ul style="list-style-type: none"> • Description of the financial markets – capital market, money market & International Finance market - overview • Describe different sources of finance available to business both internal and external • Discuss various long term, medium term and short-term sources of finance • Discussion on alternate sources of finance – venture capital, private equity, lease financing, export financing • Discuss the concept of securitization • Discussion on international financing – understanding financial instrument prevailing in the international market. 	<ul style="list-style-type: none"> • Article on various sources of finance • Chapter 16 of the textbook • Reading: <u>Entrepreneurship</u> <u>Reading: Financing</u> <u>Entrepreneurial Ventures</u> William R. Kerr; Ramana Nanda; James McQuade
4	07/09/2019 Yogesh Chauhan	Time value of money	<ul style="list-style-type: none"> • Calculation of future and present value, including annuity factors • Valuation of fixed claim (Bond) • Valuation of stock 	<ul style="list-style-type: none"> • Chapter 3 and 5 of the textbook CASE: <u>Smith Family Financial Plan (A)</u>
5	08/09/2019 Yogesh Chauhan	Risk & Return	<ul style="list-style-type: none"> • Risk & Return • Capital Asset pricing model • Overall beta • Portfolio theory 	Chapter 6 of the textbook

			<ul style="list-style-type: none"> • Modern portfolio theory • Arbitrage pricing theory 	
6	14/09/2019 Yogesh Chauhan	Cost of Capital	<ul style="list-style-type: none"> • Meaning of cost of capital – from raising funds from different sources of finance • Measure cost of capital of individual components of capital • Meaning and computation of weighted average cost of capital (WACC), marginal cost of capital, effective interest rate 	Chapter 7 and 8 of the textbook. Case on cost of capital
7	15/09/2019 Vinay Goyal	Investment decisions	<ul style="list-style-type: none"> • Objectives of capital investment decisions, understanding capital budgeting, cash flows in capital budgeting decisions, basic principles for measuring the same. • Understanding and computing various investment evaluation techniques – Net present value (NPV), Internal rate of return (IRR), Profitability Index (PI), Payback period (PBP), Modified internal rate of return (MIRR), accounting rate of return (ARR).. Contd. 	Chapter 9 & 10 of the textbook
8	21/09/2019 Vinay Goyal	Investment decisions Contd ..	<ul style="list-style-type: none"> • Applying the techniques of capital budgeting in real world – for capital investment decision making. • Advantages and limitations of investment decisions. 	Chapter 9 & 10 of the textbook
9	22/09/2019	Risk analysis in investment decisions/ capital budgeting	<p>Discuss the concept of risk and uncertainty in capital budgeting</p> <p>Sources of risk</p> <p>Reasons of adjusting risk in capital budgeting</p> <ul style="list-style-type: none"> • Techniques used in risk analysis in capital budgeting 	Chapter 9 & 10 of the textbook
10	28/09/2019 Yogesh Chauhan	Financing decision – capital structure	<ul style="list-style-type: none"> • Meaning and significance of capital structure • Understanding and relevance of capital structure theories – traditional approach, net income approach, net operating income approach, Modigliani and miller approach, trading-off theory, pecking order theory. • Concepts and factors for designing optimal capital structure theory. Essential features of capital structure of an entity • Optimal capital structure. Is there any optimal capital structure? • Relationship between the capital structure and performance of the company. Its impact on earnings of the shareholders, EBIT v/s EPS analysis • Discuss the meaning, causes and consequences of over and under capitalization to an entity. 	<ul style="list-style-type: none"> • Chapter 16, 17, 18,19 and 20 of the textbook. • Case on capital structure of the firm • Identification of firm through capital structure - case

11	29/09/2019 Yogesh Chauhan	Financing decision – Leverage	Concept of business risk and financing risk Leverage – meaning, type Relationship between operating leverage and break-even analysis Positive and negative leverage Financial leverage as trading on equity Financial leverage as double-edged sword	Chapter 16,17, 18,19 and 20 of the textbook.
12	06/10/2019 Yogesh Chauhan	Dividend decisions	Meaning and importance of dividend decisions Forms and determinants of dividend; Theories of dividend decisions	Chapter 21,22 & 23 of the textbook
13	12/10/2019 Vinay Goyal	Lease Decisions	Introduction Methods of lease decisions Calculations of lease rent Lease v/s hire purchase	Article – Case –
14	13/10/2019 Vinay Goyal	Management of working capital	Introduction to working capital management Treasury and cash management Management of inventory Contd ..	Article – Case –
15	19/10/2019 Vinay Goyal	Management of working capital Cont ..	Management of receivables and payables Financing of working capital	Article – Case –
16	20/10/2019 Yogesh Chauhan	Basic Concepts of derivatives	Derivatives Options Futures OTC derivatives	Article – Case –
17	03/11/2019 Yogesh Chauhan	Real Options	Introduction & types of real options	
18	09/11/2019 Vinay Goyal	Foreign Exchange Risk Management	Foreign exchange arithmetic Risk in foreign exchange	Article – Case –
19	17/11/2019 Vinay Goyal	Mutual Funds	Mutual funds schemes, regulations, AMC's, NAV etc. Criteria for evaluation of mutual fund/ portfolio performance	Article – Case –
20	23/11/2019 Yogesh Chauhan	Business valuation and valuation drivers Economic value added	basic concepts of valuation using cash flow and comparable analysis method. Valuations of business in merger & acquisition Economic Value added; Modified value added	Chapter 24, 25 & 26 of the textbook

21	30/11/2019 – 01/12/2019 Prof S K Mitra Prof Vinay Goyal Prof Yogesh Chauhan	Using spreadsheet to aid the financial decision making	These session on spreadsheet along with the case will be held at IIM Raipur campus.	Cases and exercise will be distributed during the class at IIM Raipur
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Instruction to students

It is mandatory for the students to purchase the textbook. “Corporate Finance – Theory & Practice” by Aswath Damodaran – Wiley Student edition. (available online at all the e-commerce website.

Articles and cases will be distributed time to time. It is expected from the students to read the articles and pre-readings before the session. The chapter number and the related article are mentioned in the session plan.

Evaluation Scheme: Total Marks = XX, weightage Y%

Quiz 1= XX (YY%)

Quiz 2= XX (YY%)

Project= XX (YY%)

End Term Exam = XX (YY%)