

STRATEGIC INVESTMENT AND FINANCING DECISIONS

IV Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMB419	Skill	L	T	P	C	CIA	SEE	Total
		3	0	-	3	30	70	100
Contact Classes: 45	Tutorial Classes: 00	Practical Classes: Nil			Total Classes: 45			
<p>OBJECTIVES: The course should enable the students to: I. Understand the role of financial strategies II. Evaluate the financial resources and different financial decisions. III. Apply Strategies to avoid risk in the business and to face uncertainties.</p> <p>COURSE OUTCOMES(CO'S):</p> <ol style="list-style-type: none"> Understand the risk, uncertainty, risk analysis in investment decisions, risk adjusted rate of return and certainty equivalents. Examine the probability distribution of cash flows decision trees, sensitivity analysis and Monte Carlo approach to simulation. Enumerate the investment decisions under capital constraints like capital rationing, portfolio risk and diversified projects. Familiarize different types of investment, disinvestments, project abandonment decisions and evidence of internal rate of return. Explain the concept of multiple internal rate of return, Modified internal rate of return, pure, simple and mixed investments. Determine the Lorie savage paradox, adjusted net present value and know the impact of inflation on capital budgeting decisions. Demonstrate the discounted pay back, post pay back, surplus life, surplus payback and bail out pay back. Express the concepts of return on investment, equivalent annual cost, terminal value, single period constraints, multi period capital constraints and unresolved problem Apply the techniques of net present value, mean variance analysis hertz simulation, hillier approaches and the significance of information and data bank in project selections. Discuss the concepts of lease financing, leasing Vs. Operating risk, borrowing vs. procuring, hire purchase and installment purchase decisions. Examine the lease risk management, lease as a financing decision and advantages of leasing and leasing decision in practice. Describe the concept, theories, types of mergers, basic issues of mergers and acquisitions, cost of mergers, government guidelines for takeover and problems on mergers and acquisitions. 								
UNIT-I	INVESTMENT DECISIONS UNDER CONDITIONS OF RISK						Classes: 05	
Concepts of risk and uncertainty. Risk analysis in investment decisions. Risk adjusted rate of return, certainty equivalents, and probability distribution of cash flows, decision trees, sensitivity analysis and Monte Carlo approach to simulation. Investment decisions under capital constraints: capital rationing vs. portfolio. Portfolio risk and diversified projects.								
UNIT-II	INVESTMENTS AND DISINVESTMENTS						Classes: 10	
Types of investments and disinvestments, project abandonment decisions, evidence of internal rate of return. Multiple internal rate of return modified internal rate of return, pure, simple and mixed investments. Lorie savage paradox. Adjusted net present value and Impact of inflation on capital budgeting decisions.								
UNIT-III	CRITICAL ANALYSIS OF APPRAISAL TECHNIQUES						Classes: 12	

Discounted pay back, post pay back, surplus life and surplus payback, bail out pay back, return on investment, equivalent annual cost, terminal value, single period constraints, multi period capital constraint and an unresolved problem.

Net present value mean variance analysis, hertz simulation and hillier approaches. Significance of information and data bank in project selections.

UNIT-IV

STRATEGIC ANALYSIS OF SELECTED INVESTMENT DECISIONS

Classes: 10

Lease financing, leasing vs. operating risk, borrowing vs. procuring. Hire purchase and installment decisions. Lease risk management, leasing as a Financing decision, advantages of leasing, and leasing decision in practice.

UNIT-V

FINANCING DECISIONS

Classes: 12

Mergers and acquisitions basic issues, strategy , diversification and mergers and acquisitions , theories of mergers, types of mergers, cost of mergers, government guidelines for takeover, problems on mergers and acquisitions.

Text books

1. Harony, J. and I. Swary, Quarterly Dividends and Earnings Announcements, Second edition, 1981
2. Altman, E.I. and Kishore, “the Default Experience of U.S. Bonds”, Working Paper, Salomon Center. 1999..
3. Jayaprakash Sugavanam, Bharathy Jayaprakash, Palanisamy Saravanan, “Strategic Financial Management” Oxford, 1st, 2014.

Reference books

1. Prasanna Chandra, Projects : planning, Analysis, Financing implementation and review, TMH, New Delhi, 2008
2. M Y Khan, “Financial Services”, Tata McGraw-Hill, 12th Edition, 2012.

Web References

1. <https://www.open.edu/openlearn/money-business/sifd/content-section---references>.
2. <https://lsc.libguides.com/c.php?g=436550&p=2976238>.
3. <https://www.researchgate.net/publication/327767641sifdTextbooks>.

E-Text Books

1. <http://www.freebookcentre.net/Business/sfid/Books.html>
2. <https://bookboon.com/en/sifd-eBooks>
3. <https://www.amazon.in/Dictionary-sfid-Oxford-Quick-Reference/dp/0199563055>