

ST JOSEPH'S COLLEGE OF COMMERCE  
#163, BRIGADE ROAD, BANGALORE -560025  
LESSON PLAN – 6<sup>th</sup> SEMESTER

FACULTY NAME: NIKITHA JHAWAR

SUBJECT NAME: ADVANCED FINANCIAL MANAGEMENT II

SUBJECT CODE: EL15AF605

LECTURE HOURS- 60

OBJECTIVE- To apply the knowledge and understanding of advanced financial management theory and practice by exercising professional judgement to develop and implement the financial strategy of an organisation in the areas of investment, financing, dividend, valuations and financial risk management.

TEACHING METHODOLOGY AND TECHNIQUES- Lectures, Mind maps, Case studies and Illustrations.

SL.NO	UNIT & CONTENT	NO.OF LECTURE HOURS	LEARNING OUTCOME	EVALUATION/LEARNING CONFIRMATION
1	<p>ADVANCED INVESTMENT APPRAISAL</p> <ul style="list-style-type: none"> <li>-Discounted cash flow techniques</li> <li>-Application of option pricing theory in investment decisions</li> <li>-Valuation of free cash flows</li> </ul>	<p>10 hours</p> <p>4</p> <p>3</p> <p>3</p>	<p>To understand &amp; evaluate the potential value added to an organisation arising from a specific capital investment project or portfolio.</p> <p>Techniques- NPV, IRR, VaR, LPP, capital rationing, sensitivity analysis etc.</p> <p>How option valuation techniques can be applied to capital budgeting &amp; real options ( technique-BSOP model)</p> <p>To look at different methods of valuing debt &amp; equity FCF, FCFE, P/E ratio, NAV method, dividend growth model.</p>	<p>Questions &amp; Answers</p> <p>MCQs</p> <p>Problem solving</p> <p>Student presentation</p> <p>Case studies</p>
2	<p>FINANCING INVESTMENT DECISIONS</p> <ul style="list-style-type: none"> <li>-Sources of finance</li> <li>-Cost of capital, CAPM &amp; portfolios</li> <li>-Adjusted Present Value</li> <li>-Theories of capital structure(M&amp;M)</li> <li>-Islamic Finance</li> <li>-Duration</li> <li>-Credit risk</li> </ul>	<p>10 hours</p> <p>1</p> <p>3</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	<p>To understand capital structure and role of it in investment appraisal.</p> <p>Appropriateness of source of finance, exposure to credit risk, effect on financial reporting and various theories of capital structure.</p>	<p>Questions &amp; Answers</p> <p>MCQs</p> <p>Problem solving</p> <p>Student presentation</p> <p>Case studies</p>

3	<b>INTERNATIONAL INVESTMENT &amp; FINANCING DECISIONS</b> -Effects of exchange rate assumption on project values -Forecasting C/F from projects -The impact of exchange controls -Transaction, translation & economic risk -Issues in choosing finance for overseas investment -Costs & benefits of alternative sources of finance for MNCs	10 hours  2  2  1  2  1  2	To understand international dimension of project appraisal, complexities in decision making process to mitigate the risk exposure (PPP, IRP, international fisher effect, expectation theory, international NPV).	Questions & Answers MCQs Problem solving Student presentation Case studies
4	<b>TREASURY TECHNIQUES</b> -Role of financial & money markets -Banks and other financial institutions in money markets -Money market instruments -Treasury management function	10 hours  2  2  2  3	To understand the role of treasury function within a MNC, short term finance from money markets.	Questions & Answers MCQs Problem solving Student presentation Case studies
5	<b>ADVANCED RISK MANAGEMENT TECHNIQUES</b> -Use of financial derivatives to hedge against foreign exchange risk -Use of financial derivatives to hedge against interest rate risk	10 hours  5  5	To understand how currency derivatives can be used to manage transaction risk (currency futures, options, swaps, forward contract) To understand hedging against adverse interest movements by using forward rate agreement, interest rate futures, options, swaps.	Questions & Answers MCQs Problem solving Student presentation Case studies
6	<b>MERGERS &amp; ACQUISITION II</b> -Principals of business valuation -Asset based models -Market based models -Cash based models -Valuation of high growth start ups -Firms with product options -Methods of financing mergers	10 hours  1  2  2  1  1  1	To understand three main ways of estimating the value of target company.	Questions & Answers MCQs Problem solving Student presentation Case studies