

INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
COURSE NAME: FINANCIAL MANAGEMENT-II
CREDIT: 3 CREDITS
SESSION DURATION: 90Minutes

Term: III
Year: 2015-17

Faculty: Dr. Santanu Das

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Course Introduction: To communicate and develop an understanding of the corporate financial management concepts and their application in real business situations. The focus will be on clear understanding of the criticality of corporate finance for long term sustainability. A clear understanding of implications of financial management decisions on company valuation is essential. This course familiarises the students to the various complexities of corporate finance, agency conflicts and financial planning.

Course objectives: The students should understand and familiarise with:

- Ability to take working capital decisions.
- Various aspects of rewarding the shareholders.
- Process involved in managing Public Issue of Securities.
- Rationale behind lease financing and securitisation.
- Valuation process for fixed income securities and equity shares.

- **Course Pedagogy:** The framework of learning will be through classroom lectures, powerpoint presentations and exercises in the class.

Course Readings:

Text book: Financial Management: Theory & Practice – E. Brigham (EB)

Reference Book: Corporate Finance- Brealey, Myers, *TMH*. (BM)

Course Evaluation Criteria:

Quizzes	10%
Project	20%
Mid Term Exam	30%
End Term Exam	40%

The students will write two quizzes of 10 Marks each and the best one shall be considered for final ranking.

Session-Plan

Session No.	Topic	Reading
1-4	Dividend Policy & Capital Structure <ul style="list-style-type: none"> • Overview of dividends and capital structure • Determinants of Dividend Policy • Bonus/ Split / Buy back of shares • Measuring Business Risk – Financial Leverage & Operating Leverage • Estimating optimum capital structure • Estimating firm's value 	Text Book Ch.14 & 15 Ref Book. Ch. 17
5-7	Working Capital Management: <ul style="list-style-type: none"> • Overview • Concept and Significance of working capital management. • Components of Working Capital – Cash, receivables 	Text Book Ch.16
8-10	Lease Financing <ul style="list-style-type: none"> • Features • Capital and Operating Lease • Tax Treatment of Lease • IAS 17 • Hire-Purchase 	Text Book Ch.19
QUIZ I		
11-13	Mergers and Corporate restructuring <ul style="list-style-type: none"> • Types – Horizontal, Vertical and Conglomerate • Estimating Benefits and Costs • Goodwill Estimation • Corporate Restructuring – LBOs, Spin-offs, Carve Outs 	Text Book Ch.22 Ref Book. Ch. 31
14-16	Raising Capital <p>Equity Financing</p> <ul style="list-style-type: none"> • Issuing Shares • IPOs, Underwriting, Private Placement • Rights Issue and its Valuation <p>Debt Financing</p> <ul style="list-style-type: none"> • Features and Types of Debts • Call Features <p>Hybrid Financing</p> <ul style="list-style-type: none"> • Warrants, its Valuation • Convertibles 	Text Book Ch. No. 18, 20
17-18	Options and their applications in corporate finance <ul style="list-style-type: none"> • Meaning and type – Call and Put • BOPM, BS Model • Project Evaluation, risk management 	Text Book Ch. No. Ref. Book Ch. 20-22

19-20	QUIZ – II Assignment Presentation	
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