



INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE
Executive Post Graduate Programme in Management
Course Outline

Course Code and Course Title	FM 09-11 Strategic Financial Management
Course type	Elective
Pre-requisites (if any)	Nil
Course Credit	2
Total no. of sessions	6
Session Duration	180 minutes
Term /Quarter	IV
Year and Batch	II Year 2019-20 and EPGP10/EPGCFM-11
Sections (if any)	A

Instructor(s)	Ram Kumar Kakani
Contact Details	495-2809-421; 421 (intercom)
Office Room	304 i.e., Block 3, Room 04
Consultation Hours	You're welcome, to raise your queries (via email)

Introduction

The financial strategies of corporations are very complex in nature. The industry characteristics within which they operate play a key role in determining its assets and cost structure. The financial strategy of a company that raises funds from market is influenced by investor demand and market conditions. Companies continuously transform themselves to meet the emerging challenges and financial policies which are important vehicles to communicate and execute some of these initiatives. The complexity and economies of large projects pose challenge in developing risk mitigation strategies. The corporate financial policies are continuously shaped by interactions of many of these forces. Strategic Financial Management course deals with these complex situations. This course also aims at integrating corporate financial decisions, corporate strategy and financial markets

Learning Outcomes/Course Objectives

At the end of this course, the students would be able to

- To understand and appreciate in comprehensive manner how finance managers contribute to the effective decision making
- To understand and analyze what strategies lead to the enhancement of firm's value and reduction of risk

Textbooks and Learning Materials

Text Book(s)

- Strategic Financial Management: Managing for value creation by Dr Prasanna Chandra, McGraw Hill

Reference Book(s)

- Principles of Corporate Finance (9th Edition) by Richard A Brealey, Stewart C Myers and Franklin Allen (**BMA**), McGraw Hill
- Financial Markets and Corporate Strategy (2nd Edition) by Mark Grinblatt and Sheridan Titman, Tata McGraw Hill
- Principles of Managerial Finance (11th Edition) by Lawrence J Gitman, Pearson
- Corporate Finance by Stephen A Ross, Randolph W Westerfield and Jeffrey Jaffe, Tata McGraw-Hill
- Case Problems in Finance (12th Edition) by W Carl Kester, Richard S Ruback and Peter Tufano Tata McGraw Hill

Additional Reading(s)

A course material containing the list of Reading Materials (RM) and Cases (C) would be provided by the EPGP office.

RM1: Sustainable Growth and the Interdependent of Financial Goals

C1: Lex Service PLC-Cost of Capital

C2: Signet Industrial Packing Ltd - Strategic Plan For Zenith's Working Capital

C3: Williams 2002

In addition, electronic copies of relevant reading materials will be distributed as and when required.

Technology and Software (if any):

Nil

Other Resources (Journals, Internet Websites) (if any)

- McKinsey Quarterly, journal of McKinsey & Company
- Journal of Applied Corporate Finance, journal of Morgan Stanley published by Wiley
- CEO Quarterly, The CEO Magazine - <http://www.ceomagazine.com/index.htm>
- Barbarians At the Gate by Bryan Burrough – the real case of RJR Nabisco

Pedagogy Used/Learning Process

This course uses a variety of pedagogical tools such as lectures, case discussions, real-time business examples and in-class presentations to support the learning process. Further, each case assignment questions are provided to guide them in preparing for the class and lead discussion. For each session a randomly selected group will be required to lead the discussion or make a presentation. The learning process attaches significant importance to team effort in the process of evaluating options and arriving at decisions.

Evaluation Components/Assessment of Student Learning

Assessment Tool	Percentage	Description
Quizzes + Class participation	25	These components are required to check and evaluate the students' understanding of concepts, tools and techniques and their appropriate application for decision making.
End term Exam	50	
Assignment	25	This facilitates students to demonstrate the ability to integrate the information and the skills accumulated in their course with the applied research in the respective areas. This also gives them a

		chance to show their skills in oral and writing communication.
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Session Plan

Session	Module	Topic	Chapter No. / Reading material / Cases
1	Introduction	Relationship between corporate strategy and financial policy	RM1
2	Financial Strategies – Cost of Capital, EVA and Tracking Performance	Financial Strategies and importance of cost of capital – Divisional cost of capital	C1
		Value based management system – EVA, MVA – tracking performance	
3	Corporate Strategy and Capital Structure choices	Relationship between financial strategies and capital structure choices	C2
		Capital structure puzzle – lessons to be learned	
4	Corporate Strategies and Dividend decisions	Share buyback – dividend puzzle – revisited	
5	Cost of Financial Distress, Information Asymmetry and Conflict of interest	Cost of financial distress- direct and indirect cost of bankruptcy – Equity and debt holders conflict and covenants	C3
6	Corporate Strategy and Financial Innovations	Need and importance of financial innovation – convertible instruments	
		End Term examination	

Additional Instructions (if any):

Group Size: Each group is expected to consist of minimum 3 and maximum 5 participants with group coordinator. *The timelines for intimation of topic and final submission will be communicated during the session.* Group coordinator should indicate % contribution of each member of the group on the submission (this should not be based on time spent but quality of time devoted). Submission without this information will not be evaluated.