

**MBA (2014-16 BATCH)**

**FINANCIAL DECISION MAKING**

**PAPER CODE: MBA 103A**

**CREDITS: (3)**

**Objectives:**

This course develops concepts and techniques that are applied to financial modelling and financial decisions such as: working capital management, capital budgeting, capital structure, dividend policy, cost of capital and mergers and acquisitions. It stresses the application of theory and techniques and extensive use of case studies.

**Unit I:**

An Overview of the Financial System- Saving and Investment, Money, Inflation & Interest, Banking and Non Banking Financial Intermediaries. Financial institutions and economic development: nature and role of financial system: financial system and financial markets, efficiency, stability, technology, government intervention in the financial system.

**Unit II:**

Financial Markets and Instruments- Money market and Capital Markets, Financial Instruments: REPO, TBs, Equities, Bonds, Derivatives etc.

**Unit III:**

Characteristics of Financial Instruments: Liquidity, Maturity, Safety & Yield. Concept of strategic decisions-changing global economic environment. Valuation of strategic options- merger and acquisition. Pricing & Planning, Strategy, Diversification & Merger-The Indian Cases.

**Unit IV:**

Strategic decisions regarding financial services- Valuation of exchange rate mechanism, strategic decisions regarding securitization factoring and forfeiting, value creation and value based financial strategy.

**Unit V:**

Analysis of enterprise – concept of valuation EVA, MVA, enterprise value. Analysis of corporate financial models.

**Suggested Books:-**

1. Financial Decision Making: Concepts, Problems and Cases by John. J. Hampton, Prentice Hall.
2. Fundamentals of Corporate Finance by Robert Rarrino & David Kidwell, Wiley Publications.
3. Financial Decision Making for Entrepreneurs and Managers by Dr. Tom McKaskill.

**MBA (2014-16 BATCH)**

**FINANCIAL DERIVATIVES**

**PAPER CODE: MBA 104A**

**CREDITS: (3)**

**Objectives:**

This course sets up study in the field of investments related to options, futures and other derivative securities. The course will acquaint students with derivative securities, markets, pricing, hedging and trading strategies of derivative instruments.

**Unit I:** Definition of Derivative Securities- Brief history of derivatives, Evolution of Commodity, Currency, Stocks and Interest Rate Derivatives, Structure of derivative markets, forwards, futures, options, swaps etc. Examples of more sophisticated derivatives: barrier options, compound options, options on futures, swaptions, Underlying assets: equities, currencies, commodities and interest rates. Reasons for trading: risk management, speculation and arbitrage.

**Unit II:** Market Characteristics- Futures and Options contract specifications, underlying asset, contract size, and delivery specifications. Marking to market using margin accounts. Familiarizing with market quotes.

**Unit III:** Trading Strategies involving Options and Futures. Interest rate derivatives, Contractual specification: floating and fixed rate. Valuation of interest rate derivatives. Derivatives Pricing Theory- Option Pricing: Black-Scholes formula for option pricing: derivation and properties. Volatility: estimated vs. implied, options on dividend-paying assets, warrants and convertibles. Binomial models for option prices: definitions and terminology.

**Unit IV:** Continuous-Time Models. Futures Pricing: Pricing by arbitrage: relationship between futures and spot price (cost of carry and reverse cost of carry), difference between futures and forward price, futures on dividend-paying assets.

**Unit V:** Risk Analysis and Management- Risk Measurement and Management Framework, Option's delta, gamma, Vega, theta, rho. Hedging with futures. Derivatives Disclosure: Accounting Issues in Derivatives. Options and Futures Applications in India- Structure of Indian stock markets and the operational efficiency of options and futures, determination of the fair value of futures and options prices, Interactions between spot equity trading and trading in derivatives.

**Suggested Readings:-**

1. Financial Derivatives : Theory, Concepts and Problems by S.L. Gupta, PHI Publications.
2. Financial Derivatives : The Currency and Rates Factor by Aman Chugh and Divik Maheshwari, Pearson Publications.

**MBA (2014-16 BATCH)**

**INDIAN FINANCIAL SYSTEM**

**PAPER CODE: MBA 105A**

**CREDITS: (3)**

**Objectives:**

The objective of the course is to understand role of Financial Services in Business organizations and to give an insight into the strategic, regulatory, operating and managerial issues in Indian financial system.

**Unit I:**

Overview of Indian Financial System. Role of Financial Markets in capital formation and economic development; Indian Financial system- An overview. Commercial Banks and Industrial Finance- evolving role.

**Unit II:**

Reserve Bank of India as a Regulator of Banking System and its other functions. Basel –I and Basel-II norms.

**Unit III:**

Markets. Money Market Organization in India nature, constituents and instruments. Industries Securities Market in India: New Issue Market and Stock Exchange. Differences and similarities, functions, methods of New Issues, Regulatory Framework and SEBI.

**Unit IV:**

Mutual Funds, Insurance and others. Investment Policy and performance appraisal of Unit Trust of India,

**Unit V:**

Insurance Industry , IRDA Insurance Regulator . New Developments such as financial instruments, Private foreign investments, case studies and problems.

**Suggested Readings:-**

1. Indian Financial System by HR Machiraju, Vikas Publications.
2. Indian Financial System by Bharati V. Pathak, Pearson Education.
3. Indian Financial System by M Y Khan, Tata McGraw Hill Education Private Ltd.

**MBA (2014-16 BATCH)**

**INSURANCE AND RISK MANAGEMENT**

**PAPER CODE: MBA 106A**

**CREDITS: (3)**

**Objectives:**

This course is intended to develop an understanding among students about identifying analyzing and managing various types of risk. Besides the students will be in a position to understand principles of insurance and its usefulness in business.

**Unit I**

Concept of Risk, Types of Risk, Managing Risk, Sources and Measurement of Risk, Risk Evaluation and Prediction. Application of Statistical Techniques in Risk Avoidance. Disaster Risk Management.

**Unit II**

Risk Retention and Transfer, Pooling, Loss Exposure, Legal Aspects of Insurance Contract, Principle of Indemnity, Estoppels, Endowment, Insurance.

**Unit III**

Concept of Insurance, Need for Insurance, Insurance Industry in India, Globalization of Insurance Sector, Role of IRDA, Regulation of Risk Reduction by IRDA. Reinsurance, Co-insurance.

**Unit IV**

Nature of Insurance Contract, Utmost Good Faith, Insurable Interest, Types of Insurance, Fire and Motor Insurance, Health Insurance, Distinction between Life Insurance and Marine Insurance.

**Unit V**

Control of Malpractices, Negligence, Loss Assessment and Loss Control, Exclusion of Perils, Actuaries, Automobile Insurance, Computation of Insurance Premium.

**Suggested Readings:**

1. Insurance & Risk Management by P K Gupta, Himalaya Publishers
2. Risk Management and Insurance Planning by Jatinder Loomba, PHI Publishers
3. Essentials of Risk Management and Insurance by Emmett J. Vaughan, Wiley Publications.

**MBA (2014-16 BATCH)**

**INTERNATIONAL FINANCIAL MANAGEMENT**

**PAPER CODE: MBA 107A**

**CREDIT: (3)**

**Objectives:**

This course has been designed to acquaint the students with the conceptual framework of the key decision areas in international finance. The basic objective of the course is to provide an overview of the financial environment in which multinational firms operate.

**Unit I:**

Foreign Exchange Market and Risk Management: Environment of International Financial Management: Balance of Payments. Means of International Payments, Foreign Exchange Market, Currency Futures and Options Markets.

**Unit II:**

Foreign Exchange Risk Management, Exchange Risk, Political Risk, Interest Rate Risk, Measuring and Managing Foreign Exchange Exposure, Practical Problems.

**Unit III:**

Financing of International Operations: Determination of Exchange Rate, Exchange Market and Arbitrage, Exchange Rate Control, Financing of Exports and International Investments.

International Monetary Systems, European Monetary System, International monetary and Financial Institutions, Practical Problems.

**Unit IV:**

Financial Management of MNCs: Multinational Financial Management: Capital Budgeting Decisions for Multinational Corporation, Financing Decisions- Cost of Capital and Financial Structure.

**Unit V:**

Working Capital Management and Control International Banking, International Transfer Pricing, Cases and Problems.

**Suggested Readings:-**

1. International Financial Management by S.P. Srinivasan & Dr. B. Janakiram, Bijtantra Publications.
2. International Financial Management by Thummuluri Siddaiah, Pearson Education.

**MBA (2014-16 BATCH)**

**MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING**

**PAPER CODE: MBA 108A**

**CREDITS: (3)**

**Objectives:**

Liberalized economy has generated many opportunities of combining businesses to create wealth. The fundamental aim of the course is to prepare students to take advantage of the current scenario and understand how mergers, acquisition and corporate restructuring is implemented.

**Unit I**

Introduction in Mergers, Types of Mergers, Merger Strategy-Growth, Synergy, Operating Synergy, Financial Synergy, Diversification.

**Unit II**

Other Economic Motives, Hubris Hypothesis of Takeovers, Other Motives, Tax Motives Financial Evaluation, Joint Venture and Strategic Alliances.

**Unit III**

Legal Aspects of Mergers/ Amalgamation and Acquisition / Labour, Provisions of Companies Act, Regulation by SEBI, Takeover Code: Scheme of Amalgamation, Approval from Court. Valuation of a Business.

**Unit IV**

Methods of Valuation – Cashflow Basis, Earning Potential Basis, Growth Rate, Market Price etc. Computation of Impact on EPS and Market Price.

**Unit V**

Determination of Exchange Ratio, Impact of Variation in Growth of the Firms, MBO, LBO, Boot Strapping; Criteria for Negotiating Friendly Takeover, Financing of Merger. Defence Against Hostile Takeover, Poison Pill, Bear Hug, Greenmail, Pacman. Post Merger H.R. and Cultural Issues.

**Suggested Readings:**

1. Mergers, Acquisitions and Corporate Restructuring by Patrick A. Gaughan, Wiley Publications.
2. Mergers, Acquisitions & Corporate Restructuring in India By Rachna Jawa, New Century Publications.

**MBA (2014-16 BATCH)**

**SECURITY ANALYSIS & PORTFOLIO MANAGEMENT**

**PAPER CODE: MBA 109A**

**CREDITS: (3)**

**Objective:** To familiarize students with different investment alternatives, introduce them to the framework of their analysis and valuation and also acquaint them with portfolio management and evaluation techniques.

**Unit I:**

**The Investment Environment** - The investment decision process, Types of Investments, the Indian securities market, the market participants, trading of securities, security market indices, Insider Trading.

**Unit II:**

**Security Analysis** – Concept of Return & Risk: Types & Sources.

**Unit III:**

**Fixed Income Securities:** Bond Fundamentals, Valuation of bonds, Estimating bond yields, Credit rating.

**Unit IV:**

**Equity Analysis:** Fundamental Analysis, Technical Analysis. Valuation of equity shares. Efficient Market Hypothesis

**UNIT V:**

**Portfolio Management:** Portfolio & Diversification, Markowitz model (2 Security portfolios) & Capital Asset Pricing Model. Performance Evaluation Techniques: Sharpe, Treynor & Jensen Indices

**READINGS:**

**Essential Reading:**

1. Chandra, Prasanna, *Investment Analysis and Portfolio Management*, Tata McGraw Hill.
2. Bodie, Kane; Marcus & Mohanty, *Investments*, Tata McGraw Hill.

**Suggested Readings:**

1. Fischer, Donald E. and Ronald J. Jordan, *Security Analysis and Portfolio Management*, 6th Edition, Prentice Hall of India, 2007.
2. Reilly, Frank K., and Keith C. Brown, *Investment Analysis and Portfolio Management*, 8th Edition, Thomson, 2007.