

DSE 16: Strategic Corporate Finance

Credit distribution, Eligibility and Pre-requisites of the Course
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Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/ Practice		
Strategic Corporate Finance (DSE 16)	4	3	1	0	Class XII	Basics of Finance

Learning Objectives:

- Understand the details of corporate finance and the strategies involved in corporate decisions.
- Develop understanding of corporate issues and challenges.

Learning Outcomes:

- Explain the principal role of finance in an organization and the implication of overarching strategic application of its efficient use on the bottom line of the organization
- Conduct risk and sensitivity analysis on real time basis on varied projects.
- To enable the student to identify the key themes in corporate finance.

Syllabus DSE 16:

Unit 1: Introduction to Strategic Corporate Finance (9 Hours)

Significance of strategy in financial decisions, Different types of financial strategy for Shareholders Wealth Maximization, overall corporate value addition and Economic Value Addition. Strategic Cost Management: Traditional costing Vs Strategic Costing, Relevant costs, Irrelevant costs, Different types of strategic costing and their relevance and Strategic cost reduction techniques.

Unit 2: Real Options and Management Buy-outs (12 Hours)

Real options: Financial and real options compared, various types of real options, the Black Scholes model, Decision tree analysis, application of Real options, Drawbacks of Real options.

Management Buy-outs: Establishing feasibility of the buy-out, Negotiation, Developing the business plan and financial forecasts in conjunction with the buy-out team for submission to potential funders.

Management Buy-ins: Management Buy-in/Buy-outs (“BIMBOs”), Vendor-initiated buyouts/buy-ins.

Unit 3: Fundraising, Financial Distress & Restructuring, Company Disposal (15 Hours)

Fundraising: identification of different sources of development capital, determination of capital structure and factors affecting the capital structure, cost of capital and cost saving strategy. Financial Distress and restructuring: Meaning of Bankruptcy, Factors leading to bankruptcy, symptoms and predictions of bankruptcy, reorganization of distressed firms, liquidation of firms. Company disposals: retirement sale or the sale of a non-core subsidiary, Exit strategy- most appropriate exit route, valuation, timing of sale and tax planning opportunities, identification of potential purchasers, approaching and negotiation, calculation of the various tax implications.

Unit 4: Company Valuation

(9 Hours)

Company Valuation: an overview of valuation, valuation principles and practices, the impact of “what if” scenarios, Value enhancement tools & techniques. Strategic risk management: the substitutability of capital structure and risk management choices, financial, physical, and operational hedging.

Essential/recommended Readings (latest editions of readings to be used)

1. Justin Pettit: Strategic Corporate Finance Applications in Valuation and Capital Structure; John Wiley & Sons, Inc. (Latest Edition)
2. Aswath Damodaran: Corporate finance theory and practice; John Wiley & Sons. (Latest Edition)
3. Jakhota: Strategic Financial Management, Vikas Publication. (Latest Edition)

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time