

Ph.D in Commerce & Management

(Syllabus 2021 onwards)

FINANCIAL REENGINEERING

CO810

Credit: 3 1 0 4

1. **Course Description:** Financial Reengineering is an integral part of business organization. It involves the radical redesign of core financial changes to achieve improvements in capital structure, financial strength .In this course, the focus will be on improving change financial management skills, i.e. financial reengineering, identifying and eliminating non-value added activities in finance. Scholars will learn how to implement financial reengineering solutions effectively through prescribed syllabus as well as through accounting standards.

2. Learning Objectives:

1. To understand concepts and philosophy of Business Process Reengineering.
2. To improve the efficiency and accuracy of financial data capture.
3. To expose practically financial re-engineering implementation and best practices through scientific approach
4. To learn various capital restructuring models and alternate methodologies –Financial models, accounting standards practiced in the industry.
5. To understand and analyze the role of financial models and change management in the implementation of capital restructuring.

3. Pedagogy:

Classroom activities will be designed to encourage students to play an active role in the construction of their own knowledge and in the design of their own learning strategies. We will combine traditional lectures with other active teaching methodologies, such as group discussions, group solving problems, analysis of cases and debates. Class participation is a fundamental aspect of this course. Scholars will be encouraged to actively take part in all group activities and project works for better understanding of concepts in real financial environment of an organization. Students will be expected to interact with industry and academia experts.

4. Syllabus

UNIT:1 Concept of value: An understanding of value-The nature and scope of valuation-objectives of valuation-Importance of business valuation-Misconceptions about valuation-Elements of business valuation- -Valuation approaches-Choice of approach-Fair market value-Adjustment for valuation purposes-Definition and description of DCF analysis-Assumptions in DCF approach-Importance of DCF approach-Advantages and limitations of DCF approach-Applications of DCF valuation-Value drivers-Steps in DCF valuation-Definition and descriptive of relative valuation-Steps in relative valuation-Market value-Market multiples-Wide application of relative valuation-Advantages and limitations of relative valuation.

UNIT: 2 Definition and description of real option-Enterprise value in real options-Enterprise value in real options valuation-Examples of real options-Disadvantages of real option model-Determining book value-Adjusting book value-Factors in asset valuation-Efficient market hypothesis-The impact of changing capital structure on the market value of the company-Priorities of different stakeholders in terms of business valuation.

UNIT- 3:Corporate Restructuring -Strategic Vision & Strategy foundation-Cost of entry test-Forces driving M&A activities-Industry characteristics-Types of mergers-Theories of mergers & acquisitions-Sensible reason for mergers-Dubious reasons for mergers-Advantages and limitations of growth through mergers-Importance of valuation-Estimating merger gains and costs- -Comparable companies or transaction approach-Valuation of shares in acquisition-Major challenges to merger success-Due diligence-Cultural factors-Implementation difficulties-Major reasons for failure in merger

UNIT-4 Restructuring-Financial engineering perspectives-Trading perspectives, modelling perspective, management perspective-Takeover defences: proxy context, Acquisition, leveraged buy-out, Management buy-out, and Tender offer-Defensive techniques: liquidate marketable securities, issue debt, structure debt, repurchase stock, increase dividend, and pay a onetime extraordinary dividend

Restructuring and financial engineering: Ownership reorganization- sell off assets to unlock true value, divest businesses to realize true value, spin offs and split ups, equity carve -outs, tracking stock. Employee stock ownership plans-Financial restructuring-leverage by outs, leverage recapitalizations, dual class stock recapitalizations, super voting stock, , Exchange offers, reorganization, liquidation.

Unit- 5: Financial Distress – Prediction of Financial distress –Scientific approaches of Predictions – springate model, chilson o score modle, altmon z score, zmijeswski probit model, moderate model, fulmer model, grey model, zeta model, simple hazard model, and grover -score model

References:

1. Cash Flow Engineering –James Sagner, AMACOM Publisher.
2. Financial Engineering: A Complete Guide to Financial Innovation - John F. Marshall ,
Publisher : New York Inst of Finance
3. Financial Engineering: Tools & Techniques to Master Financial Risk (Financial Times Series)- Lawrence Galitz, Publisher : Financial Times/ Prentice Hall; Revised edition (21 December 1994)
4. Project Financing: Asset-Based Financial Engineering, John D. Finnerty, Publisher: Wiley;
Third edition
5. Engineering Economics and Financial Accounting, R. Kesavan ,C. Elanchezhian ,Sunder T. Selwyn , Publisher : Laxmi Publications

6. Corporate Chanakya, Radhakrishnan Pillai, Kindley Publishers
7. Financial Reporting and Analysis, Dhamija Sanjay, Sultan chand & Sons
8. Financial Management Principles and Applications 13th Edition by Sheridan Titman,
PEARSON, INDIA
9. Mathematics for Finance: An Introduction to Financial Engineering. Marek Capinski Tomasz Zastawniak.SPRINGER.
10. Principles of Financial Engineering,3rd Edition, Robert Kosowski Salih Neftci,,Academic press.

Course outcomes:

CO1: evaluate the financial models and Re-engineering policies

CO2: Understand the capital t structures and integration concepts

CO3: Apply the concepts of financial management for project appraisal

CO4: Understand accounting standards and analyze financial statements using financial analytical models.

CO5: To model current financial reengineering processes and diagnose problems

Evaluation Pattern

Internal (50)	Marks	Weightage
I Periodicals	15	50
II Periodicals	15	50
Continuous Assessment (Seminar & Assignment)	20	20
External(50)	Marks	
End Semester	50	100

Activities/Content with direct bearing on Employability/Entrepreneurship/Skill development

- Project work and additional symposium with the students can horn their skills to give explanation and defend the significance of a chosen topic by constructing meaningful opinion on it.
- The students can cultivate new outlook into their advance of a chosen topic/area of research. They can unlock themselves to constructive criticisms by participating in meaningful debates and discussions. This activity will help them to become good presenters, communicators and teachers.

- The student can expand the aptitude to significantly move towards and analyse texts within proper theoretical frameworks. This will help them to become better students and skillful researchers.
- The applicability of the subject the students have learnt will help them to be better employees or start their own enterprise.