

Strategic Investment and Financing Decisions (Elective-IV)

1. **Investment decisions:** Project Investment Management vs. project management-introduction to selection of profitable projects. Evaluation of investment opportunities, basic issues, replacement decisions, traditional methods of appraisal and discounted cash flow techniques, equivalence of NPV and IRR, The case of intangible benefits and costs. Profitability Index and Excess present value Index.
2. **Investment decisions under conditions of uncertainty:** Discussion on risk and uncertainty. Risk Analysis in Investment Decisions. Risk adjusted rate of return, certainty equivalents, probability distribution of cash flows, decision trees, sensitivity analysis and Monte Carlo Approach to Simulation.
3. **Types of Investments and disinvestments:** Project abandonment decisions, Evidence of IRR. Multiple IRR, Modified IRR, Techroin, Robichek and Mordalbasso (TRM) solution in dealing with pure, simple and mixed investments.
4. **Critical analysis of appraisal techniques:** Discounted pay back, post pay back, surplus life and surplus pay back, Bail-out pay back, Return on Investment, Equivalent Annual Cost, Terminal Value, single period constraints, multi-period capital constraint and an unresolved problem, NPV mean variance analysis,
5. **Investment Decisions under capital constraints:** Capital Rationing Vs. Portfolio. Portfolio Risk and diversified projects. Strategic Analysis of selected investment decisions: Lease Financing, Leasing Vs. Operating Risk, borrowing vs. procuring. Hire purchase and Instalment decisions.
6. **Financing Decisions:** International Capital Structure: Modigliani Miller Model: Hamada Model of Market Risk: The Miller Model: The Trade-Off Models and Agency Costs:

7. **Capital Structure Theory** –the Signaling Model. Financial Distress: Consequences, Issues, bankruptcy, settlements, reorganization and Liquidation in Bankruptcy.

8. Case Study

References

1. M.Ranganadham: Investment Analysis and Portfolio Management , Pearson Education, New Delhi, 2009
2. Preeti Singh: Investment Management, Himalaya Publishing House, New Delhi, 2009
3. Prasanna Chandra , Projects: Planning, Analysis, Financing Implementation and Review, 5/e TMH, New Delhi, 2003
4. V.K. Bhalla, Financial Management and policy., Anmol Publications Pvt. Ltd.,
5. I.M. Pandey, Financial Management, Vikas Publishing House,2003.
6. V. K. Kapoor, Operations Research, Sultan Chand & Sons, New Delhi, 2003
7. Richard Pike & Bill Neale: Corporate Finance & Investment—Decisions and Strategies, 2/e, PHI, New Delhi, 2002.
8. Alexander : Fundamentals of Investment 3/e Pearson Education, New Delhi,
9. Zvi Bodie & Mohanthy: Investments, TMH, New Delhi, 2010
10. HIRT: Fundamentals of Investment Management, TMH, New Delhi, 2009