

<p><b>(ii) Financial Analysis through Ratios</b></p> <ul style="list-style-type: none"> <li>a) Users of the financial analysis</li> <li>b) Sources of financial data for analysis</li> <li>c) Calculation and Interpretation of ratios.</li> <li>d) Limitations of ratio analysis</li> </ul>		
<p><b>2. Financing Decisions and Cost of Capital</b></p>	<p><b>II</b></p>	<p><b>45%-50%</b></p>
<p><b>(i) Sources of Finance</b></p> <ul style="list-style-type: none"> <li>a) Different Sources of Finance, Characteristics of different types of long-term debt and equity finance, Method of raising long term finance</li> <li>b) Different Sources of short-term Finance</li> <li>c) Contemporary sources of funding- P2P lending, Equity funding, Crowd funding, Start-up funding, etc.</li> <li>d) Internal fund as a source of finance</li> <li>e) International sources of finance</li> <li>f) Other sources of finance- Lease Financing, Sale and lease back, Convertible debt, Venture capital, Grants etc.</li> </ul>		
<p><b>(ii) Cost of Capital</b></p> <ul style="list-style-type: none"> <li>a) Significance of cost of capital</li> <li>b) Factors of cost of capital</li> <li>c) Measurement of costs of</li> </ul>		

<p>individual components of capital</p> <p>d) Weighted average cost of capital (WACC)</p> <p>e) Marginal cost of capital</p>		
<p><b>(iii) Capital Structure Decisions</b></p> <p>a) Significance of capital structure</p> <p>b) Determinants of capital structure</p> <p>c) Capital structure planning and designing</p> <p>d) Designing of optimum capital structure</p> <p>e) Theories of Capital Structure and value of the firm-relevancy and Irrelevancy of capital structure.</p> <p>f) EBIT- EPS Analysis, Breakeven- EBIT Analysis.</p> <p>g) Under/ Over Capitalisation.</p>		
<p><b>(iv) Leverages</b></p> <p>a) Types of Leverages- Operating, Financial and Combined</p> <p>b) Analysis of leverages</p>		
<p><b>3. Capital Investment and Dividend Decisions</b></p>		
<p><b>(i) Capital Investment Decisions</b></p> <p>a) Objective of capital investment decisions</p> <p>b) Methods of Investment appraisal:</p> <ul style="list-style-type: none"> <li>- Payback period,</li> <li>Discounted payback period</li> </ul>	<p><b>III</b></p>	<p><b>20%-25%</b></p>

<ul style="list-style-type: none"> <li>- Accounting Rate of Return (ARR),</li> <li>- Net Present Value (NPV) - The meaning of NPV, Strengths and limitations of NPV method, The working capital adjustment in an NPV analysis, Capital rationing, Equivalent Annual Costs,</li> <li>- Internal Rate of return (IRR)- Limitations of the IRR method, Multiple IRRs,</li> <li>- Modified internal Rate of Return (MIRR)- Definition and explanation of MIRR, Process for calculating MIRR, Strengths of the MIRR approach.</li> <li>- Profitability Index</li> </ul>		
<p><b>(ii) Dividend Decisions</b></p> <ul style="list-style-type: none"> <li>a) Basics of Dividends</li> <li>b) Cash dividend, stock dividend/ bonus share, stock-splits, share buy back</li> <li>c) Determinants of dividend</li> <li>d) Relevancy and Irrelevancy of Dividend Policies- Traditional Approach, Walter's model, Gordon's model, Modigliani and Miller (MM) Hypothesis.</li> </ul>		

4. Management of Working Capital		
<ul style="list-style-type: none"> <li>a) The management of working capital- Liquidity and Profitability</li> <li>b) The Working capital financing decisions- Primary and Secondary Sources of Liquidity</li> <li>c) The working Capital Cycle (operating Cycle), Effectiveness of Working Capital based on its operating and cash conversion cycles</li> <li>d) Assessment of working capital requirement</li> <li>e) Management of Accounts Receivables (Debtors)</li> <li>f) Factoring and Forfaiting</li> <li>g) Credit Management <ul style="list-style-type: none"> <li>- Credit granting</li> <li>- Monitoring accounts receivables</li> <li>- Debt collection</li> </ul> </li> <li>h) Management of Accounts Payables (Creditors)</li> <li>i) Management of Cash, Treasury management</li> <li>j) Banking norms of working capital finance</li> </ul>	<b>IV</b>	<b>15%-20%</b>

## **PAPER 6B: STRATEGIC MANAGEMENT (50 MARKS)**

### **Objective**

To develop an understanding of strategic management concepts and techniques and acquire the ability to apply the same in business situations.

<b>Contents</b>	<b>Section</b>	<b>Weightage</b>
<b>1. Introduction to Strategic Management</b>  (i) Meaning and Nature of Strategic management  (ii) Importance and Limitations of Strategic Management  (iii) Strategic Intent - Vision, Mission and Goals and Values  (iv) Strategic Levels in Organizations (Network, Corporate, Business and Functional)	<b>I</b>	<b>15%-25%</b>
<b>2. Strategic Analysis: External Environment</b>  (i) International and Macro Environment: PESTLE Analysis  (ii) Defining the industry for analysis (Value Chain, PLC)  (iii) Porters Five Forces - Industry environment analysis  (iv) Understanding customers and markets  (v) Competition in the industry	<b>II</b>	<b>15%-25%</b>

<p><b>3. Strategic Analysis: Internal Environment</b></p> <ul style="list-style-type: none"> <li>(i) Understanding key stakeholders (Mendelow's Model)</li> <li>(ii) Strategic drivers (Industry &amp; markets, Customers, Channels, Product &amp; Services, Competitive Advantage)</li> <li>(iii) The role of resources and capabilities</li> <li>(iv) Combining external and internal analysis (SWOT Analysis)</li> <li>(v) Gaining competitive advantage (Michael Porter's Generic Strategies)</li> </ul>	<b>III</b>	<b>15%-25%</b>
<p><b>4. Strategic Choices</b></p> <ul style="list-style-type: none"> <li>(i) Strategic Choices: Concentric, Conglomerate, Market Development, Product Development, Innovation, Horizontal integration, vertical integration, Turnaround, Divesture, Liquidation</li> <li>(ii) How to Develop Strategic Options <ul style="list-style-type: none"> <li>○ Ansoff's Matrix</li> <li>○ ADL Matrix</li> <li>○ BCG Matrix</li> <li>○ GE Matrix</li> </ul> </li> </ul>	<b>IV</b>	<b>15%-25%</b>

<p><b>5. Strategy Implementation and Evaluation</b></p> <ul style="list-style-type: none"> <li>(i) Implementation: Formulation vs. Implementation Matrix, Linkages and Issues</li> <li>(ii) Strategic Change through Digital Transformation</li> <li>(iii) Organisation Structure (hard) and Culture (soft)</li> <li>(iv) Strategic Leadership</li> <li>(v) Strategic Control</li> <li>(vi) Strategic Performance Measures</li> </ul>	<b>V</b>	<b>15%-25%</b>
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**Note: A deviation of maximum  $\pm 5\%$  in the specified section-wise weightage is permitted.**