



MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

COURSE CONTENT

FINANCIAL ANALYTICS & (LAB)								
IV Semester: MBA								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
		L	T	P	C	CIE	SEE	Total
25MB028F6 (A&B)	CORE	4	0	0	4	40	60	100
Contact Classes:60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 60			
Prerequisite:-Basic financial statement understanding								

COURSE OVERVIEW:

Enable understanding of core tools and techniques used in financial evaluation and analytics.
 Provide grounding in time value of money, risk & return, and capital budgeting techniques.
 Develop knowledge of equity and bond valuation. Help analyse financial statements, investment decisions, and evaluate financial performance.

COURSE OBJECTIVES:

- To enable understanding of various aspects in Financial Analytics.
- To help understand time value money, risk and return aspects.
- To impart knowledge of various capital budgeting techniques.
- To elucidate various aspects of Equity Valuation.
- To enlighten on the aspects of Bond Valuation

COURSE OUTCOMES: After completion of the course, students should be able to

1. Understand techniques of financial statements.
2. Learn the relevance of time value money.
3. Learn various aspects of capital budgeting.
4. Understand industry, technical and economic analysis.
5. Learn duration of bond and immunization strategies

Unit - I : Techniques of Financial Statement: Horizontal, Vertical Analysis, Trend Analysis, Ratio Analysis, Liquidity, Profitability, Solvency and Turnover Ratio, Valuation of Ratios, Statement of Cash Flow, Classification of Cash Flow, Computing Net Cash Flow: Operating, Investing and Financing Activities. Reporting and Interpretation using Spreadsheet.

Unit–II: (a) Time Value of Money: Future Value: Simple, Compound Interest and Annuity, Present Value: Discounted, Annuity, Equated Loan Amortization, Perpetuity using Spreadsheets.

(b) Risk and Return: Holding Period Returns, Arithmetic Mean vs Geometric Mean, Risk: Standard Deviation, Coefficient of Variation, Beta, Covariance of Stock.

Unit–III: Capital Budgeting Techniques: Payback Period, Accounting Rate of Return, Net Present Value, Internal Rate of Return, Profitability Index, Decision Tree, Cash Flow in Capital Budgeting, Cost of Capital, Advance Capital Budgeting Techniques, Adjusted Present Value Approach, Competing Project Risk using Spreadsheets

Unit–IV: Equity Valuation: Calculation of Portfolio Mean and Variance, Capital Asset Pricing Model (CAPM), Variance: Covariance Matrix, Estimating Beta and Security Market Line. Industry Analysis, Economic Analysis and Technical Analysis in Stock, Real Option in Capital Budgeting.

Unit–V: Bond Valuation: Duration, Duration of Bond with Uneven Payments, Immunization Strategies, Modeling the Term Structure, Calculating Expecting Bond Return in a Single and Multi- period Framework, Semi-annual Transition Matrix, Computation of Bond Beta.

TEXT BOOKS:

- Sheeba Kapil, Financial Valuation and Modeling, Wiley, 1e, 2022.
- R. Narayanaswamy, Financial Accounting-Managerial Perspective, PHI, 7e, 2022.
- Timothy Mayes, Financial Analysis with MS Excel, Cengage, 7e, 2013.

REFERENCE BOOKS:

- N R Parasuraman, Financial Management-step by step approach, Cengage, 1e, 2014.
- Simon Bennings, Financial Modeling-Using Excel, MIT Press, Cambridge,3e
- Vijay Gupta, Financial Analysis using Excel, VJ Books Inc, Canada.

ELECTRONIC RESOURCES:

1. <https://www.youtube.com/watch?v=7IJZDUIRDng>
2. <https://www.youtube.com/watch?v=Yelqc4wZ1fM>
3. <https://www.youtube.com/watch?v=i0az1n2JXWE>
4. https://www.youtube.com/watch?v=kQN_y15fmlA

MATERIALS ONLINE:

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos

