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								
IV SEMESTER								
Course Code	**Category**	**Hours/Week**			**Credits**	**Maximum Marks**		
		L	**T**	**P**	**C**	**CIE**	**SEE**	**Total**
22MBA027F	**Professional Elective**	4	0	0	4	40	60	100
Contact Classes:60	**Tutorial Classes:** Nil	**Practical Classes:** Nil				**Total Classes:** 60		
Prerequisite: -Basic Understanding of financial statements								

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. Identify fundamental financial analysis tools, trend analysis, key financial ratios, cash flow components and spreadsheet-based reporting formats.
2. Explain Time Value of Money, relationship between risk & return, calculation of standard deviation and holding period using spreadsheet functional formulas.
3. Use capital budgeting techniques for assessing long-term investment decisions, and develop spreadsheet models, simulate capital budgeting scenarios, incorporating risk adjustments and cost of capital
4. Calculate equity valuations harnessing CAPM, SML and Beta, supported by industry - technical analysis, statistical tools for measuring portfolio risk in different market conditions
5. Design advanced bond valuation models—immunization, multi-period returns and bond beta estimation—proving spreadsheets for supporting financial decision-making

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, Costof 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, Camberidge,3e
- Vijay Gupta, Financial Analysis using Excel, VJ Books Inc, Canada.

ELECTRONIC RESOURCES:

1. https://www.youtube.com/watch?v=7IJZDUlRDng
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