UNIVERSITY OF SAHIWAL

Course Specification File*

*Extend the space where required

A. Course Identification and General Information

Faculty: Economics and Management Sciences	Department: Business Administration
Degree Program: MS	Course Name: Strategic finance
Course Code:	Course Category:
Credit Value: 3	Course Level/Semester: Level 7 /Semester 1
Nature of Course (Theory/Lab):	Course Specific Requirement (If any):
Contact Hour: 3 Hour per week	Additional Information (If any):

B. Faculty Member Information

Name of Faculty Member: Dr. Muhammad Husnain	Designation: : Assistant Professor
Contact Details: 0333-4525954	Email: m.husnain@uosahiwal.edu.pk
Office No:	Office Visiting Hour: : 11:00 to 13:00 (Tuesday & Thursday)
Course Level/Semester:	Additional Information (If any):

C. Course Description and Objectives

The *Strategic Finance* course is designed for the MS in Business Administration program, focusing on equipping students with advanced financial management and strategic decision-making skills. The course explores key financial concepts and theories, including financial planning, risk management, capital budgeting, and financial strategy. Students will develop the ability to analyze, evaluate, and create financial strategies in complex business environments. The course covers a wide range of topics such as capital structure, mergers and acquisitions, international finance, digital finance, and Islamic finance, preparing students for leadership roles in corporate finance, investment, and global financial markets. Practical application of financial tools and techniques ensures that students can create effective financial strategies for modern organizations.

By the end of this course, students will:

- Analyze financial statements and apply valuation techniques for decision-making.
- Evaluate financial strategies for investment, financing, and dividend decisions.
- Create capital budgeting strategies to assess long-term investment opportunities.
- Analyze risk-return relationships and develop strategies to manage financial risks.

Course Learning Outcomes

Upon successful completion of this course, students will be able to:

- Analyze and apply the concepts of financial management, including time value of money and working capital management.
- Evaluate the implications of capital structure decisions on corporate performance and financial stability.
- Create investment strategies using capital budgeting techniques, such as NPV and IRR.
- Analyze and evaluate risk-return relationships in financial decision-making.
- Develop comprehensive financial strategies, including dividend policies, mergers and acquisitions, and corporate governance practices.
- Apply modern financial tools, such as digital finance and financial derivatives, to real-world scenarios.

D. Course Contents / Topics to be Covered.

1. Introduction to Financial Strategy
2. Time Value of Money
3. Working Capital Management
4. Financial Planning and Analysis
5. Capital Budgeting and Techniques
6. Capital Structure and Financing Decisions
7. Risk and Return in Financial Strategy
8. Dividend Policy and Corporate Finance
9. Cash Management
10. International Finance and Foreign Exchange Markets
11. Mergers, Acquisitions, and Corporate Restructuring
12. Financial Derivatives
13. Global Financial Markets and Economic Dynamics
14. Corporate Governance
15. Islamic Finance
16. Digital Finance

E. Course Schedule / Weekly Course Outline

Topic Description	Week
Week 1: Introduction to Financial Strategy • Analyze the role of financial strategy within a corporate setting, focusing on investment, financing, and dividend decisions. • Evaluate how strategic financial decisions align with overall business objectives like value maximization and shareholder wealth. • Create a comprehensive financial strategy model that integrates internal and external factors influencing decision-making	1
Week 2: Time Value of Money • Analyze the concept of time value of money (TVM) and its fundamental role in financial decision-making. • Evaluate the impact of TVM principles on investment decisions, asset valuation, and financial planning. • Create TVM-based models to assess the present and future value of cash flows.	2
Week 3: Working Capital Management • Analyze key working capital management techniques such as cash management, receivables, and inventory control. • Evaluate the effectiveness of different working capital strategies in improving a firm's liquidity. • Create a working capital management strategy tailored to optimize cash cycles and financial stability.	3
Week 4: Financial Planning and Analysis • Analyze financial statements and ratios to assess a company's financial health and performance. • Evaluate the reliability of financial forecasts and pro-forma statements in corporate financial planning. • Create a financial plan and budget that aligns with the company's long-term strategic goals.	4
Week 5: Capital Budgeting and Techniques • Analyze various capital budgeting techniques such as NPV, IRR, and payback period in evaluating investment opportunities. • Evaluate the role of risk and return in the capital budgeting process, considering both internal and external factors. • Create a capital budgeting proposal based on the evaluation of investment projects	5
Week 6: Capital Structure and Financing Decisions • **Analyze** different theories of capital structure and their application to financing decisions. • **Evaluate** how debt and equity influence a company's risk, cost of capital, and financial flexibility. • **Create** an optimal capital structure model that balances the costs and benefits of debt and equity financing.	6

Week 7: Risk and Return in Financial Strategy • Analyze the risk-return tradeoff in investment and financial strategies. • Evaluate various methods for measuring and managing risk, including diversification and portfolio theory. • Create risk-adjusted investment strategies that optimize the risk-return balance for different financial goals.	7
Week 8: Dividend Policy and Corporate Finance • Analyze the factors that influence dividend policy, including profitability, market conditions, and shareholder preferences. • Evaluate different dividend models, such as the residual dividend theory and dividend irrelevance theory. • Create a dividend policy that aligns with the company's financial strategy and long-term goals	8
Week 9: Cash Management • Analyze the role of cash management in maintaining operational liquidity and ensuring financial flexibility. • Evaluate strategies for optimizing cash flow, including cash forecasting and effective working capital management. • Create a cash management plan that integrates strategies for receivables, payables, and short-term financing.	9
Week 10: International Finance and Foreign Exchange Markets • Analyze the dynamics of international finance, focusing on exchange rates, currency risk, and cross-border investments. • Evaluate the role of foreign exchange markets in managing currency exposure and optimizing global investments. • Create financial strategies for mitigating currency risk and leveraging international financial opportunities.	10
Week 11: Mergers, Acquisitions, and Corporate Restructuring • Analyze the financial, operational, and strategic motivations behind mergers and acquisitions. • Evaluate the impact of M&A transactions on shareholder value, including synergies and financial risks. • Create a comprehensive M&A strategy, including valuation techniques, financing methods, and post-merger integration plans	11
Week 12: Financial Derivatives • Analyze various types of financial derivatives such as options, futures, and swaps. • Evaluate the use of derivatives in hedging, speculation, and portfolio management. • Create derivative-based strategies for managing financial risk and enhancing portfolio performance.	12

Week 13: Global Financial Markets and Economic Dynamics • Analyze the functioning of global financial markets and their role in shaping economic development. • Evaluate the influence of macroeconomic factors like inflation, interest rates, and global trade on financial markets. • Create strategies to navigate economic fluctuations and optimize investments in a global market context.	13
Week 14: Corporate Governance • Analyze the principles of corporate governance and their importance in maintaining investor confidence and organizational integrity. • Evaluate how corporate governance practices influence financial performance and risk management. • Create a corporate governance framework that aligns with best practices and enhances long-term business sustainability.	14
Week 15: Islamic Finance • Analyze the foundational principles of Islamic finance, including Sharia compliance and ethical finance practices. • Evaluate the differences between conventional and Islamic financial instruments such as Sukuk, Islamic bonds, and profit-sharing contracts. • Create an Islamic finance model for structuring Sharia-compliant investments and financial products.	15
Week 16: Digital Finance • Analyze the evolution of digital finance, including fintech innovations and their impact on traditional financial services. • Evaluate the role of digital currencies, blockchain, and digital banking in reshaping financial ecosystems. • Create digital finance strategies that incorporate new technologies for enhancing financial management and investment practices.	16

F. Schedule of Assignments/ Quiz / Academic/Reserach Activity

Sr. No	Description of Activity	Nature of Activity	Week
1	**Assignment Title: Understanding the Role of Financial Strategy in Corporate Decision-Making** **Guidelines:** • **Objective:** Analyze the financial strategy of a listed company in Pakistan and evaluate how it integrates investment, financing, and dividend decisions to achieve corporate objectives. • **Instructions:** ○ Choose a company listed on the **Pakistan Stock Exchange (PSX)** (e.g., **Oil & Gas Development**	Individual assignment	01

	Company Ltd (OGDC) or **Pakistan Telecommunication Company Limited (PTCL)**). ○ Review its **annual financial statements** and strategic reports (available on the company website or PSX). ○ Assess the company's key **strategic financial objectives** (e.g., maximizing shareholder wealth, managing risks). ○ Discuss the relationship between its **investment**, **financing**, and **dividend policies**. Provide evidence of **internal and external constraints** impacting its financial strategy (e.g., regulatory changes, economic factors).		
2	**Calculating and Interpreting Time Value of Money (TVM) for Corporate Investment Decisions** **Guidelines:** • **Objective:** Evaluate how a company uses TVM in making investment decisions and valuing projects. • **Instructions:** ○ Select a **capital budgeting project** from a listed company (e.g., **Engro Corporation Limited**). ○ Calculate **Net Present Value (NPV)** and **Internal Rate of Return (IRR)** for the project using the company's projected cash flows. ○ Discuss how TVM principles influence investment valuation and corporate decision-making in the company. Compare the project's **NPV** with its **cost of capital** to evaluate the financial viability		02
3	**Assignment Title: Analyzing the Working Capital Management Strategies of a Listed Company** **Guidelines:** • **Objective:** Evaluate the working capital management practices of a Pakistani company and their impact on liquidity. • **Instructions:** ○ Choose a listed company (e.g., **Lucky Cement Ltd** or **Pakistan Oilfields Ltd**). ○ Review its **annual report** and **financial statements** to analyze its **cash cycle** and **working capital efficiency**. ○ Calculate key **working capital metrics** such as **cash conversion cycle**, **operating cycle**, and **quick ratio**. ○ Discuss strategies the company employs to manage **inventory**, **accounts receivable**, and **accounts payable**.	Individual assignment	03

	○ Evaluate the company's ability to manage liquidity and meet short-term financial obligations.		
4	**Assignment Title: Financial Planning and Ratio Analysis of a Listed Company** **Guidelines:** • **Objective:** Conduct a detailed financial analysis of a listed company in Pakistan, focusing on its planning and forecasting techniques. • **Instructions:** ○ Select a listed company (e.g., **Fauji Fertilizer Company Ltd (FFC)**). ○ Perform a **ratio analysis** (e.g., liquidity ratios, profitability ratios, and leverage ratios). ○ Assess the **accuracy of financial statements** and **forecasting techniques** used by the company for **financial planning**. ○ Evaluate its **sales forecast** and **projected financial statements** (pro-forma). ○ Discuss any significant deviations in actual vs. projected results and their impact on decision-making.		04
5	**Assignment Title: Capital Budgeting Techniques in the Evaluation of Investment Projects** **Guidelines:** • **Objective:** Evaluate the capital budgeting decisions of a listed company using financial analysis tools. • **Instructions:** ○ Choose a listed company (e.g., **Hub Power Company Ltd**). ○ Identify a major **investment project** the company has undertaken or is planning to undertake. ○ Calculate the **NPV**, **IRR**, and **payback period** of the project based on available financial data. ○ Discuss the potential **risks** and **returns** associated with the project. ○ Evaluate the effect of external factors such as **inflation** and **taxation** on the investment's viability.	Individual assignment	5
6	**Assignment Title: Analyzing the Capital Structure and Financing Decisions of a Listed Company** **Guidelines:** • **Objective:** Examine the capital structure of a listed company and assess its impact on financial strategy. • **Instructions:** ○ Select a listed company (e.g., **HBL (Habib Bank Limited)**).	Individual assignment	06

	○ Analyze its **debt-to-equity ratio**, **cost of debt**, and **cost of equity** based on the latest financial data. ○ Discuss the company’s approach to balancing **debt and equity financing**. ○ Evaluate the factors influencing its **capital structure decisions**, such as market conditions, taxes, and financial flexibility. ○ Analyze how the company’s capital structure aligns with its overall **financial strategy**.		
7	**Assignment Title: Assessing Risk and Return for a Company’s Investment Portfolio** **Guidelines:** • **Objective:** Evaluate the risk-return profile of a listed company’s investment portfolio. • **Instructions:** ○ Choose a listed company (e.g., **MCB Bank Limited**). ○ Analyze the company’s **investment portfolio** (stocks, bonds, or other securities). ○ Calculate the **expected return** and **standard deviation** (risk) of the portfolio. ○ Discuss the company’s approach to **diversification** and managing **market risk**. ○ Evaluate the company’s **capital asset pricing model (CAPM)** and how it applies to investment decisions.		07
8	**Assignment Title: Evaluating the Dividend Policy of a Listed Company** **Guidelines:** • **Objective:** Analyze a listed company’s dividend policy and its impact on shareholder value. • **Instructions:** ○ Select a listed company (e.g., **Engro Corporation Ltd**). ○ Review its **dividend payout ratio** and the **trend of dividend payments** over the past few years. ○ Assess the company’s **dividend policy** (e.g., stable, residual, or hybrid) and how it aligns with its **financial strategy**. ○ Discuss how the company’s dividend policy impacts **shareholder wealth** and **capital structure decisions**.	Individual assignment	08
9	**Assignment Title: Managing Corporate Cash Flow and Liquidity in a Listed Company** **Guidelines:** • **Objective:** Assess how a listed company manages cash flow and liquidity to ensure operational efficiency. • **Instructions:**	Individual assignment	09

	○ Choose a listed company (e.g., **Pakistan Petroleum Limited**). ○ Review its **cash flow statement** and liquidity management strategies. ○ Analyze its **cash conversion cycle** and working capital management techniques. ○ Discuss the company's **short-term financing** decisions (e.g., lines of credit, commercial paper).		
10	**Assignment Title: Evaluating Currency Risk and Hedging Strategies for International Investment** **Guidelines:** • **Objective:** Analyze how a listed company in Pakistan handles **currency risk** in its international operations. • **Instructions:** ○ Choose a listed company (e.g., **Mari Petroleum Company Ltd**). ○ Examine the company's **international business operations** and **currency exposure**. ○ Identify and analyze its **foreign exchange hedging strategies** (e.g., forward contracts, options). Evaluate the impact of currency fluctuations on the company's **financial performance**	Individual assignment	10
11	**Mergers, Acquisitions, and Corporate Restructuring** **Assignment Title: Analyzing Mergers and Acquisitions (M&A) in a Listed Company** **Guidelines:** • **Objective:** Evaluate a recent **merger or acquisition** transaction involving a listed company. • **Instructions:** ○ Choose a listed company (e.g., **Pakistan Telecommunication Company Limited (PTCL)**). ○ Research a recent **merger or acquisition** involving the company. ○ Evaluate the **financial implications** of the transaction, including **valuation techniques** used. ○ Assess the **strategic motivations** behind the M&A and the impact on **shareholder value**.	Individual assignment	11
12	**Assignment Title: Using Financial Derivatives for Risk Management in a Listed Company** **Guidelines:** • **Objective:** Analyze the use of **financial derivatives** for hedging purposes in a listed company. • **Instructions:** ○ Choose a listed company (e.g., **National Refinery Limited**).	Individual assignment	12

	○ Review the company's use of **derivatives** (e.g., options, futures, swaps). ○ Evaluate how these financial instruments help in **managing risk** related to commodity prices, interest rates, or foreign exchange rates.		
13	**Analyzing the Impact of Global Economic Trends on a Pakistani Listed Company** **Guidelines:** • **Objective:** Examine how global financial markets and economic factors affect the operations of a listed company. • **Instructions:** ○ Choose a listed company (e.g., **Lucky Cement Ltd**). ○ Assess the impact of **global economic factors** (e.g., interest rates, inflation, oil prices) on the company's financial performance. Evaluate the company	Individual assignment	13

G. Course Components (Total contact hours and credits per semester)

	Lecture	Tutorial	Laboratory/ Studio	Practical	Other	Total
Contact Hours	3					3
Credit	3					3

H. Teaching-Learning Strategies

This course will utilize a variety of teaching methods to cater to different learning styles and promote active engagement:

- **Lectures:** Interactive lectures will introduce key concepts and theories.
- **In-class Activities:** Exercises, discussions, and case studies will enhance understanding and practical application.
- **Computer Labs:** Hands-on sessions using econometric software (EViews/Stata) to analyze real financial data.
- **Group Projects:** Students will work in groups to apply econometric techniques to a specific financial problem and present their findings

UNIVERSITY OF SAHIWAL

J. Learning Resources / Recommended Books / Research Papers /Web-Links / Software

1. Berk, J., & DeMarzo, P. (2020). *Corporate finance* (5th ed.). Pearson.
2. Brealey, R. A., Myers, S. C., & Allen, F. (2019). *Principles of corporate finance* (13th ed.). McGraw-Hill Education.
3. Brigham, E. F., & Ehrhardt, M. C. (2016). *Financial management: Theory and practice* (15th ed.). Cengage Learning.
4. Madura, J. (2020). *International financial management* (14th ed.). Cengage Learning.
5. Visser, H. (2014). *Islamic finance: Principles and practice* (2nd ed.). Edward Elgar Publishing.
6. Claessens, S., & Diamond, D. W. (Eds.). (2013). *The handbook of corporate financial risk management*. Wiley.

K. Facilities Required (If any)

Computer Lab for Practical Learning

L. Additional Information (If any)

Name of Course Instructor		**Dr. Muhammad Husnain**	
Signature:		Date:	**08-01-2024**
Cluster Head (Name):		**Dr. Muhammad Husnain**	
Signature:		Date:	**19-01-2024**

Departmental Committee Review:

Dr. Shaheera Amin	Dr. Muhammad Husnain	Dr. Waris Ali
Dr. Saira Aziz	Dr. Atif Ali Gill	Dr. Ammara Saleem

Program Coordinator (Signature and Stamp):		**Dr. Muhammad Husnain**	
Signature:		Date:	**23-01-2024**
Chairperson/ Teacher In charge (Signature and Stamp):		**Dr. Waris Ali**	
Signature:		Date:	**24-01-2024**