



# FINANCIAL MANAGEMENT FOR MANAGERS

## PROF. ANIL K. SHARMA

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**INTENDED AUDIENCE :** Learners who have completed B.Com, BBA, M. Com, MBA, MFC, CA, ICWA, CS; Working professionals in the area of finance.

**INDUSTRIES APPLICABLE TO :** All companies would value this course

### COURSE OUTLINE :

Financial Management is an interesting area of learning for the management graduates, working professionals, chartered accountants and similar other professionals working in the related areas. Investment and financing decisions in the business are quite complex and risky and require detailed analysis and investigations before finalizing any investment proposal by any existing or a new business organization/firm. Further, it involves complex capital structure related decisions, working out cost of capital and ways and means about maximizing the value of the firm. In this course, I will discuss about the investment, financing and dividend decisions processes in business firms and the process of value maximization of any business firm.

### ABOUT INSTRUCTOR :

Prof. Anil K. Sharma a Professor in the area of Finance & Accounting in the Department of Management Studies, IIT Roorkee is M. Com and M. Phil, First Class First and Gold Medalist and Ph.D. in Financial Management from Panjab University Chandigarh. He is working at IIT Roorkee for the past more than 17 years and has more than 24 years teaching experience in total. His area of interest is finance and accounting and he has equally good interest in research in the same area. He has published more than 125 research papers in International and National refereed journals and refereed conferences.

### COURSE PLAN :

**Week 1 :** Financial management-an overview, Financial decisions in the firms, the fundamental principles of finance, goals of financial management, building blocks of modern finance.

**Week 2 :** Risk-return trade off, Organization of finance functions, Emerging role of financial managers' in India, Over view of financial statements – Income statement, Balance Sheet, Cash flow statement, Analysis of financial statements

**Week 3 :** Financial Planning & forecasting, Tools & techniques of Financial Planning & Forecasting, Sources of finance.

**Week 4 :** Time Value of Money, Future value of a single amount, Present value of a single amount, Future value of Annuity, Present value of Annuity & Perpetuity

**Week 5 :** Capital Budgeting –Concept and overview, Capital budgeting process, Project classification, Techniques of capital budgeting, Investment criteria

**Week 6 :** Net present value, internal rate of return, Modified Internal rate of return, Benefit cost ratio, Pay-back period method

**Week 7 :** Accounting rate of return, Investment appraisal in practice, Estimation of project cash flows – overview, Estimation of project cash flows-tools & techniques, Estimation of project cash flows-tools & techniques

**Week 8 :** Accounting rate of return, Investment appraisal in practice, Estimation of project cash flows – overview, Estimation of project cash flows-tools & techniques, Estimation of project cash flows-tools & techniques

**Week 9 :** Break-even analysis, some other models and tools of risk analysis, Project selection under risk, cost of Capital-Overview, Cost of debt & preference capital.

**Week 10 :** Cost of equity, Determining the proportions, WACC, WA Marginal cost of capital, Determining the optimum capital budget

**Week 11 :** Capital structure of firms-An overview, Net income approach, Net operating income approach, Traditional proposition, MM Proposition

**Week 12 :** Dividend decisions-An overview, Relevance of dividend, Dividend policy formulation, Dimensions of dividend policy, Legal & procedural aspects of dividend decisions