



FINANCIAL MANAGEMENT FOR MANAGERS

PROF. ANIL K. SHARMA

Department of Management
IIT Roorkee

INTENDED AUDIENCE : B. Com, BBA, M. Com, MBA, MFC, CA, ICWA, CS, Working professionals in the area of finance

INDUSTRIES APPLICABLE TO : All companies working in any area 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 a 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. Finalizing any investment proposal, arranging for the required amount of funds from different sources of finance and deciding the optimum capital structure are some very complex and peculiar decisions that need a strong background of finance and financial management for the decision makers in the industry. Value maximization being the ultimate objective of any business, requires learning about rigorous and thorough investment decision making and evaluation process which may be facilitated after learning about the tools and techniques of financial management. In this subject I will discuss all about the investment, financing and dividend decisions process in the business firms and the process of value maximization of any business firm.

ABOUT INSTRUCTOR :

Dr. 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. He has been awarded best paper award for his paper presented in an international conference in Thailand. He is the editorial board member for three International Journals and reviewer to more than twenty International and national Journals.

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