

FINANCE FOR MANAGERS – I

Unit	Content
1	Introduction to Annual Report of a company, its contents, why and how to read an Annual Report. Economy-Industry-Company Analysis: Top-down and bottom-up approach. Different macro-economic variable inflation rates, Interest rates, Commodities exchange rates and their impact on equity markets.
2	Introduction to Accounting: Concept, rules and conventions, necessity of understanding them, an overview of Income Statement and Balance Sheet. Introduction and Meaning of GAAP, Ind AS, Overview of IFRS. Understanding importance of Accounting Standards in the preparation of Financial Statements, Format of Financial Statements under schedule VI of Companies Act, 2013.
3	Assessing Business Performance: Operational efficiency ratios (Gross Profit, Net Profit margins and various turnover ratios), Liquidity ratios - Current Ratio/Acid Test ratio, Profitability ratios, Valuation Ratios, • EPS/ ROE/ ROCE/ Total Shareholder returns, Linkages between ROE & ROCE & optimal capital structure and determinants of PE multiple, Price to book value, EV/EBDITA multiple, EVA, MVA. Capitalization ratios - Debt Equity, Debt to Assets, Du-Pont Analysis, Coverage ratios and credit analysis and ratings
4	Cash Flow Analysis: Measuring operating/financing and investing Cash Flows, Cash Flows and life cycle state of a company, Cash Flows and financial flexibility (linkages to dividend policy and over retention of profits).
5	Indian financial system, financial markets and instruments. Instruments of Capital Markets - primary, secondary, Instruments of Money Market, Functions and their Economic Significance. Stock Market: History, Membership, Organization, Governing body, Functions of stock Exchange, on line trading, role of SEBI, Recognized Stock Exchanges in India (brief discussion of NSE BSE and Nifty). Derivatives on stocks: meaning, types (in brief). Insurance sector and mutual funds in the economy and insurance and mutual fund products.