

2.4. FINANCIAL PLANNING

MFM 24

Unit I

- Financial Planning - Meaning of Financial Plan - Estimating Capital requirements - Fixed Capital - Working Capital - Capitalisation - Pattern of Financing - Time of Floatation. Over and under capitalisation - Consequences - Correction - Fair Capitalisation.

Unit II

Meaning of Capital Structure - Capital Structure and Financial Structure - Patterns of Capital Structure - Point of Indifference - Optimum Capital Structure - Capital Structure theories - Factors determining Capital Structures.

Unit III

Sources of Finance - Classification of Sources - Security Financing - Government Policy on Security Financing - Internal Financing - Loan Financing - Bridge Finance - Loan Syndication - Book Building - Promoters Contribution - Government Policy regarding Term Loans - New Financial instruments and institutions.

Unit IV

Concept of Cost of Capital - Importance of cost of Capital - Classification of cost of capital - Controversy regarding Cost of capital - Determination of cost of capital - problems in cost of capital.

Unit V

Leverages - Meaning of Leverage - Types of Leverages - Significance of operating and Financial Leverages - Problems in Leverages. Dividend Policy - Theories of Dividend - Dividend Policy and Share Valuation.

Problems in each part 40%

References:

Financial Management - Principles and practice by Dr. S.N. Maheswari - Sultan Chand & Sons, New Delhi.

Financial Management - I.M. Pandey Vikas - Publishing House Pvt. Ltd.