

**Special Paper II
Long Term Finance**

Semester V	✓ Subject Code: BB51706A	Lectures: 60
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Objectives:

The syllabus aims in equipping students with,

- To create awareness among students regarding sources of Long Term Financing
- To equipped the students with the detail understanding of Methods and Theories of Capital Structure and Capital Budgeting Decisions

Unit 1: Sources of Long Term Finance	10
<ul style="list-style-type: none"> • Introduction • Security Financial Issue of Shares and Debentures • Loan Financing from Financial Institutions: <ul style="list-style-type: none"> ➤ IFCI ➤ IDBI ➤ ICICI ➤ SFCs ➤ UTI 	

Unit 2: Financial Plan	06
<ul style="list-style-type: none"> • Meaning and Definition • Steps in Financial Planning • Characteristics of a sound Financial Plan • Importance, Objectives and Advantages of a Financial Plan • Principles for formulation of a Financial Plan 	

Unit 3: Capital Structure	12
<ul style="list-style-type: none"> • Meaning of Capital Structure • Factors affecting Capital Structure • Theories of Capital Structure • Leverages <ul style="list-style-type: none"> ➤ Operating Leverage ➤ Financial Leverage ➤ Combined Leverage • Trading on Equity and Capital Gearing 	



Unit 4: Capital	12
<ul style="list-style-type: none"> • Meaning and Definition • Capital Debt • Capital Equity • Capital Reference • Capital Retained Earnings • Capital Cost of Capital 	

Unit 5 : Capital Budgeting Decisions	08
<ul style="list-style-type: none"> • Meaning • Methods of Capital Budgeting <ul style="list-style-type: none"> ➤ Traditional Methods: Payback Period, Average Rate of Return ➤ Modern Methods: Net Present Value, Internal Rate of Return, Profitability Index 	

Topics for Practical Problem:

- Capital Structure (Leverages)
- Cost of Capital

*Contact hours – 12 hours

Recommended Text Book:

1. Pandey I.M ,*Financial Management*, New Delhi: Vikas Publications.
2. Kishor M. Ravi, *Financial*, New Delhi: Tata McGraw-Hill Publishing Company Ltd.,
3. Khan and Jain *Financial Management* , New Delhi: Tata McGraw Hill Publishing Company Ltd.,
4. Chandra Prasanna, *Financial Management*, Vijay Nicole Imprints Pvt. Ltd.

Reference Books:

- ✈ 1. Gordon E. Natarajan K ,*Financial Markets and Institutions*, Himalaya Publishing House.
2. Batra G.S. *Financial Services and Markets*, New Delhi: Deep and Deep Publications Pvt. Ltd.,
3. Kothari Rajesh. *Financial Services in India Concept and Application*, New Delhi, ^{Sage.}



Sage Publications.

4. Saunders Anthony and Cornett MaricaMillon *Financial Markets and Institutions - An Introduction to the Risk Management Approach* Tata Mcgru
5. VOICE New Century, edited by Prof. Sri Ram Khanna. *Financial Markets in India and Protection of Investors*
6. Frederic Mishkin and Stanley Eakins. *Financial Markets and Institutions*, Pearson.
7. R.P.Rustagi, *Fundamentals of Financial Management*, Taxmann's
8. P.Periasamy, *Financial Management*, Tata McGraw Hill Education ,(India) Pvt.Ltd.