



Pimpri Chinchwad Education Trust's
S.B. PATIL COLLEGE OF SCIENCE & COMMERCE, RAVET

Sr. no. 110, Gate No 1, Ravet, Pune- 412101

www.sbpatilcollege.com, email-sbpc.science@gmail.com

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A Trustee Group & Constituent Since 1951.

UDISE NO: 27252001412

College Index No: J.11.16.066



1.1 CORPORATE FINANCE : MEANING

Corporate finance deals with the raising and using of finance by a corporation. It deals with financing the activities of the corporation, capital structuring and making investment decisions.

“Corporate finance deals primarily with the acquisition and use of capital by business corporation.”



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1.2 IMPORTANCE OF CORPORATE FINANCE :

1. Helps in decision making
2. Helps in Raising Capital for a project
3. Helps in Research and Development
4. Helps in smooth running of business firm
5. Brings co-ordination between various activities
6. Promotes expansion and diversification
7. Managing Risk
8. Replace old assets
9. Payment of dividend and interest
10. Payment of taxes/fees





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1.3 CAPITAL REQUIREMENTS :

A capital requirements is the amount of capital financial institution has to have as required by its financial regulator.

Financial plan refers to assessment of financial requirement and arranging sources of capital.

There are two types of capital requirement



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Capital requirements

FIXED CAPITAL

WORKING CAPITAL





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(A) Fixed Capital :

Fixed capital is the capital which is used for buying fixed assets which are used for a longer period of time in the business.



Fixed Capital



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Pinnacle of Success

(B) Working Capital :

The capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

Working Capital

$$\text{Working Capital} = \text{Current Assets (Net of Depreciation)} - \text{Current Liabilities}$$





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1.4 CAPITAL STRUCTURE :

“ The long term sources of funds employed in a business enterprise”.

“A firm’s capital structure is the relation between the debt and equity securities that makes up the firm’s financing of it’s assets”.





Thank
you