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C. K. Shah Vijapurwala Institute of Management
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saksham

JANUARY-MARCH 2023

The Economics of Success: Understanding Sustainability, Corporate Finance and Governance

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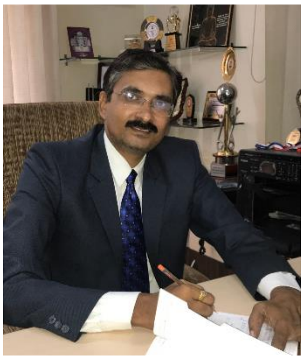
Foreword



Greetings to all readers,

As the Director of C.K. Shah Vijapurwala Institute of Management, it gives me immense pleasure to address our esteemed readers and share with you all the recent developments and achievements of our college.

At CKSVIM, we believe in providing quality education and developing competent professionals who can contribute to the growth of the nation. Our faculty members are highly experienced and qualified individuals who not only impart knowledge but also mentor and guide our students to achieve their goals.

We have state-of-the-art infrastructure and facilities that cater to the needs of our students. Our library is well-stocked with books, journals, and online resources that help our students stay updated with the latest trends and developments in their respective fields.

Our college has been consistently ranked among the top management colleges in Gujarat. This is a testimony to the hard work and dedication of our faculty, staff, and students. We have also been recognized for our research and innovation initiatives, which have led to the development of new products and services that benefit society.

We are proud of our alumni who are working in top companies and making a difference in their respective fields. We regularly invite them to share their experiences with our students and inspire them to achieve their career goals.

We also organize various co-curricular and extracurricular activities that provide our students with opportunities to showcase their talents and develop their skills. These activities help in the overall development of our students and prepare them for the challenges of the real world.

As we continue to strive for excellence, we welcome feedback from our stakeholders, including students, faculty, alumni, and industry experts. Your suggestions and inputs will help us improve our programs and services and achieve our vision of becoming a world-class management institute.

Thank you for your continued support and trust in CKSVIM. We look forward to your continued association with us.

Best regards,

Prof. (Dr.) Kerav Pandya

Director, C.K Shah Vijapurwala Institute of Management (CKSVIM)

Industrial interactions & guests lectures

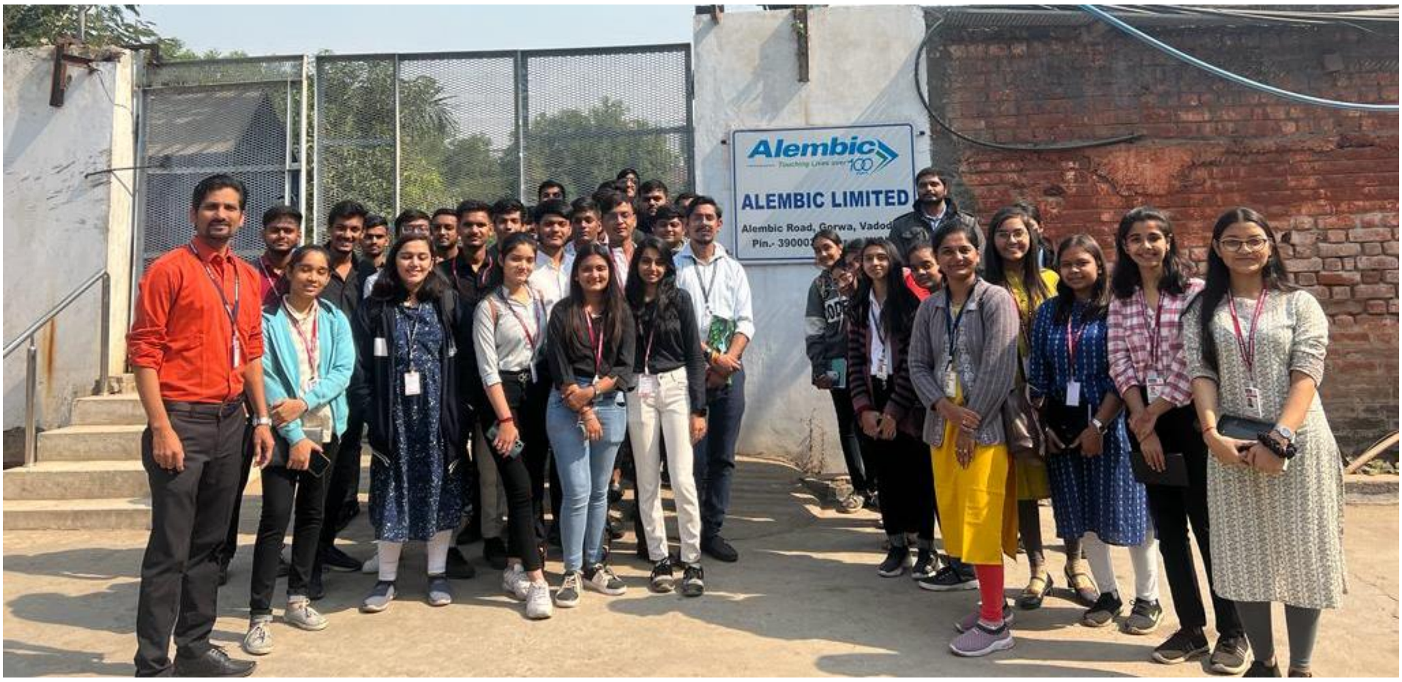


Figure 1: CKSVIM students visited Alembic Pharma as industrial visit

The BBA students of CKSVIM went on an industrial visit to Alembic Pharma Limited in Vadodara. The students were given an opportunity to interact with prominent personalities from the company and learn about various corporate practices such as production, quality control, HR and distribution. The plant visit gave students practical exposure to the functioning of an industry and how various management processes come together to produce a product.

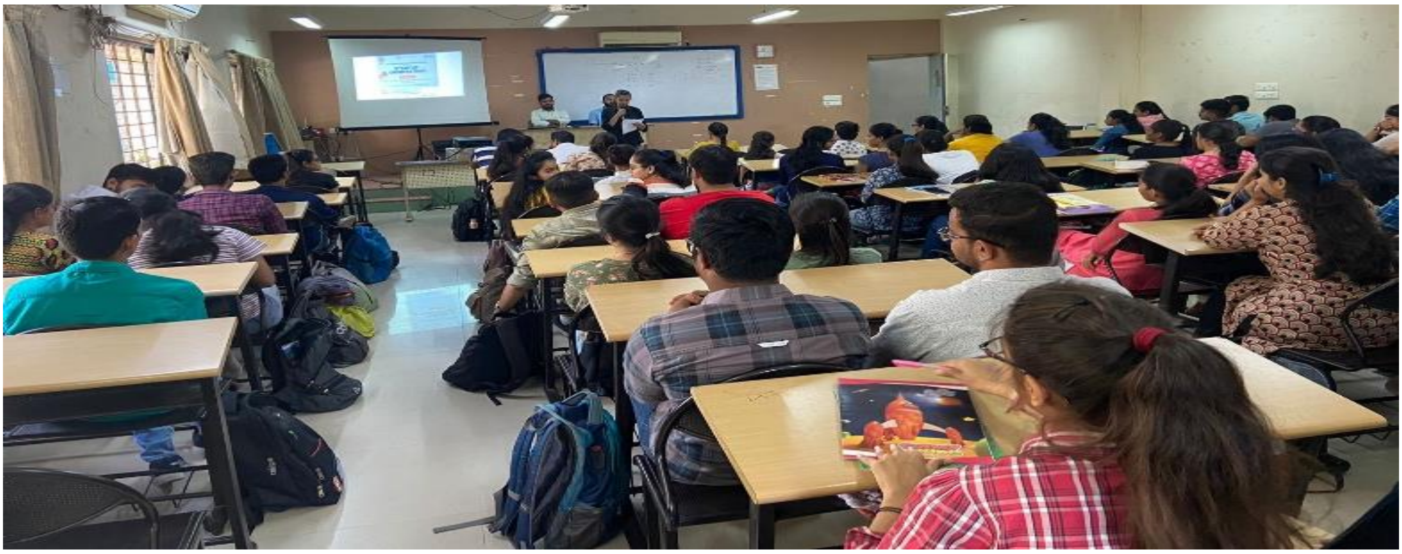


Figure 2: GTU-GISC startup orientation session for management students

Gujarat Technological University (GTU) organised a startup orientation session for management students of CKSVIM through their Gujarat Innovation and Startup Centre (GISC). This session was aimed to familiarise students with the concept of startups and the steps involved in starting one, from ideation to commercialization and growth. The session commenced with a welcome speech by Ms. Niyati Pandya. The speakers- Mr. Darshan Sonani and Mr. Mayur Kalasuriya (GISC) explained various government and GTU schemes that provide funding, mentoring, networking, incubation, marketing, and coworking space, among other assistance, to aspiring startup founders.

Industrial interactions & guest lectures

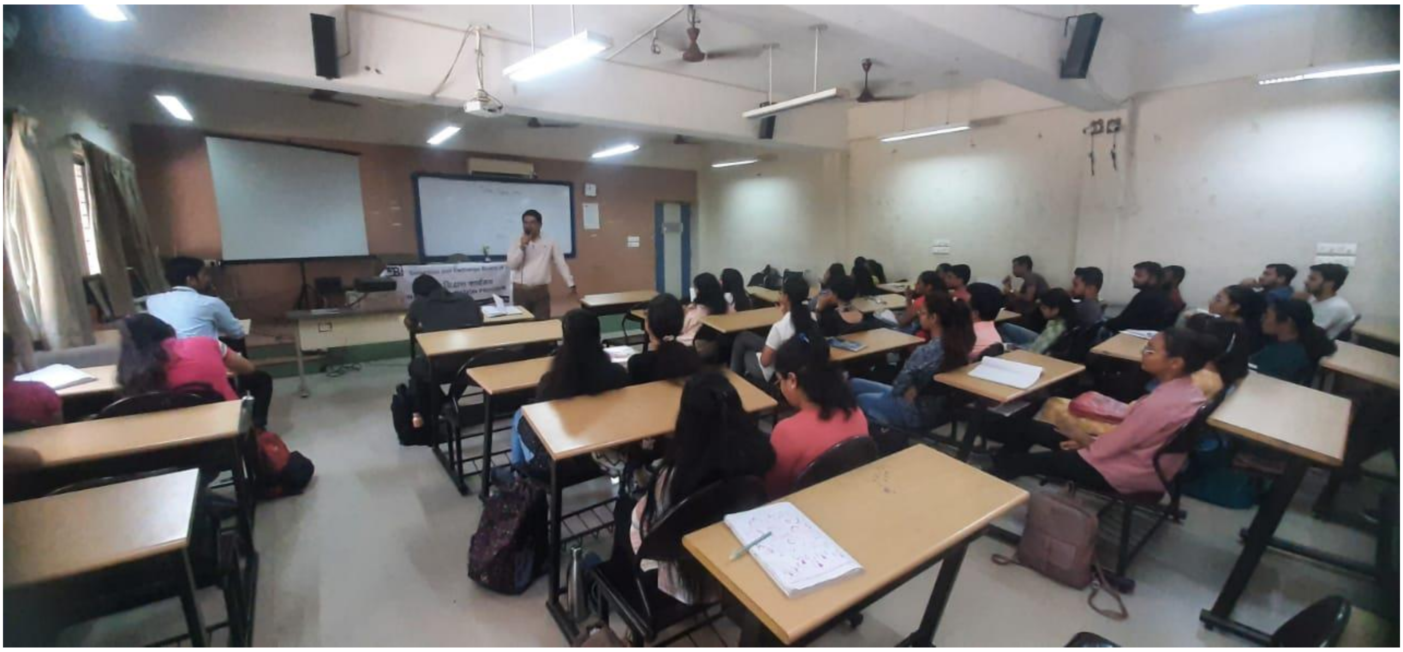


Figure 3: SEBI guest lecture on financial planning and education for management students

On April 8, 2023, the SEBI organised a guest lecture on financial education and planning at the C.K. Shah Vijapurwala Institute of Management. The lecture was conducted for the management students under the guidance of the director, Dr. Kerav Pandya sir, Prof. Gaurang Badheka sir, Prof. Manish Pathak sir, and Prof. Krishna Bhatt ma'am. The guest speaker, Mr. Ritesh Darji, stressed the importance of financial planning at an early stage, especially for young graduates who are about to start earning money after completing their MBA. He highlighted the concept of income minus savings equaling expenses, where students should prioritise savings and investments over unnecessary expenses. He explained the two types of investments—equity and debt—and shared a formula that suggested investing a percentage of savings into equity and debt instruments based on the individual's age. He also emphasised the importance of money management, investment, and retirement planning for young individuals.

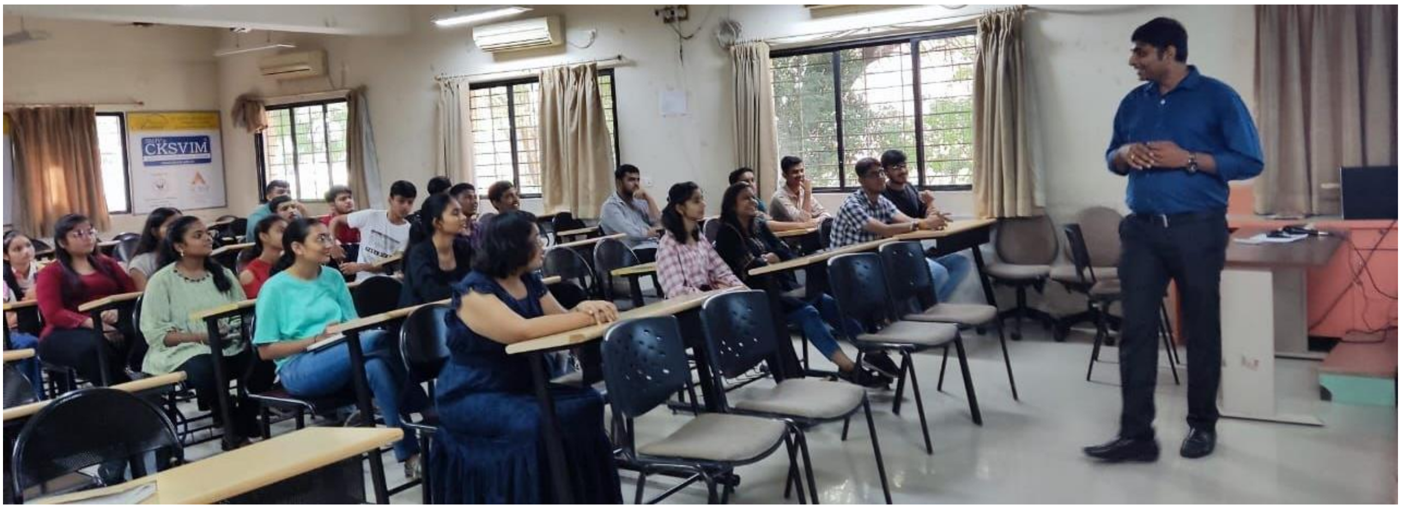


Figure 4: SkillBuild - Skill development sessions

CKSVIM is conducting skill development sessions by Mr. Rinkesh Parekh. Notably, only 40% of graduates aged 18-21 are considered highly employable, indicating that at least one out of two graduates is not job-ready. SkillBuild, India's passionate skill-building school, takes a holistic approach to bridge the skill gap between academics and industry.

Student activities

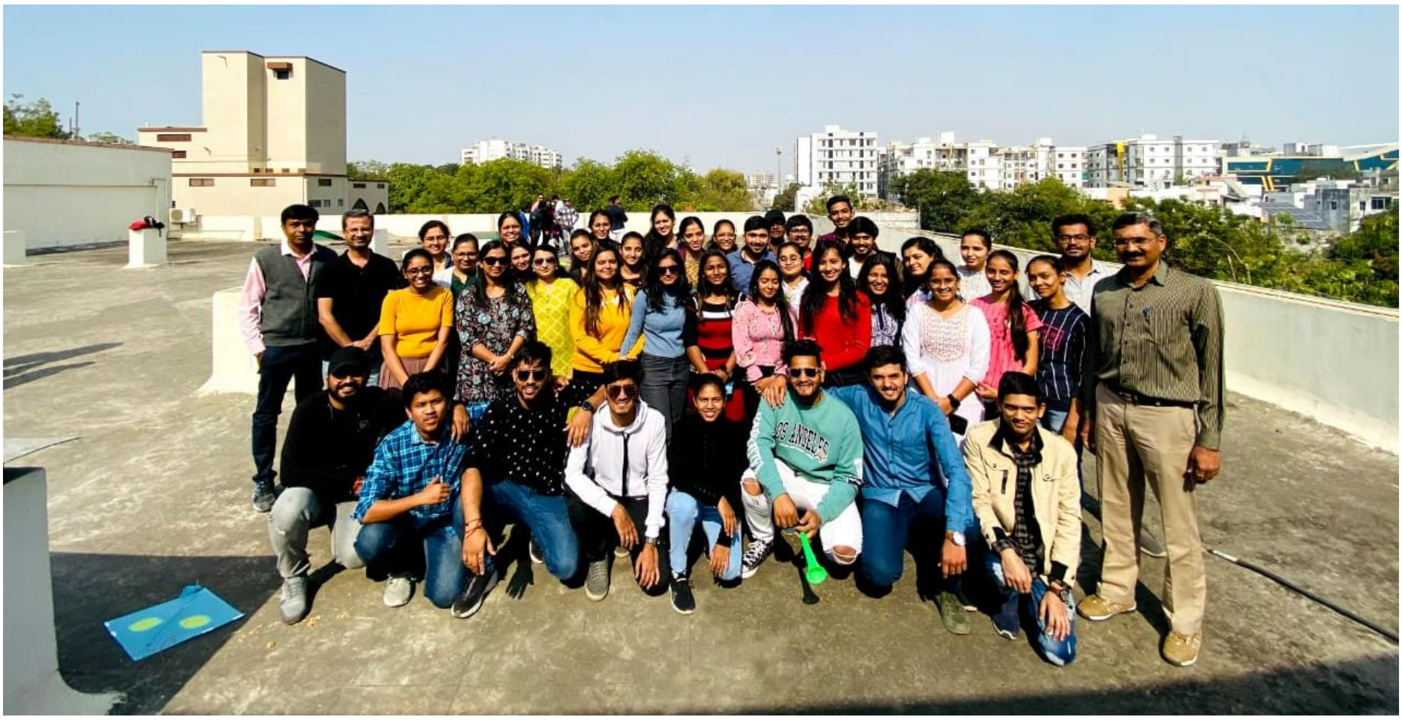


Figure 5: CKSVIM students celebrated Uttarayan festival at the campus

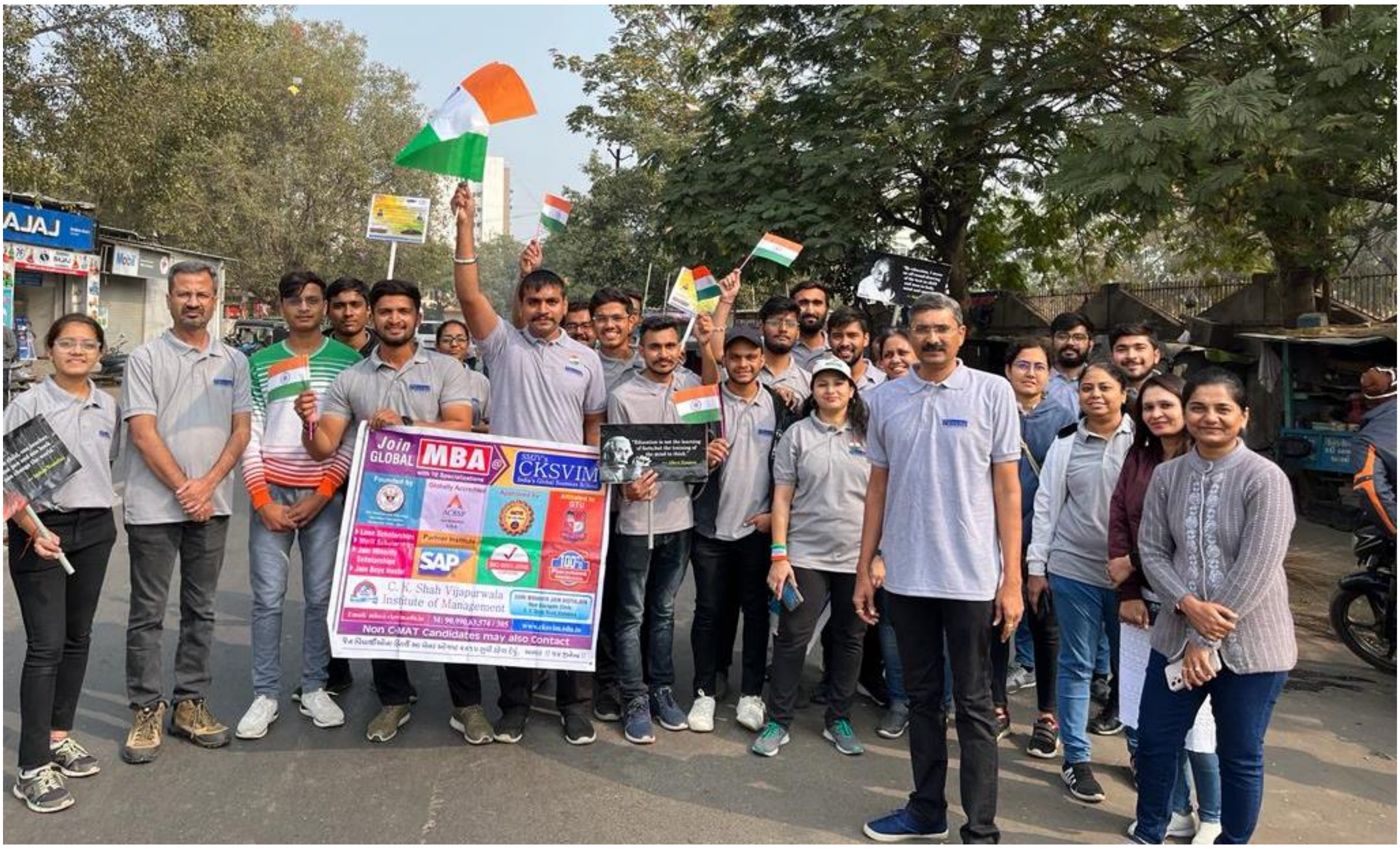


Figure 6: CKSVIM celebrated Republic Day with patriotic run

Student activities

Figure 7: Holi celebration by CKSVIM students at the campus

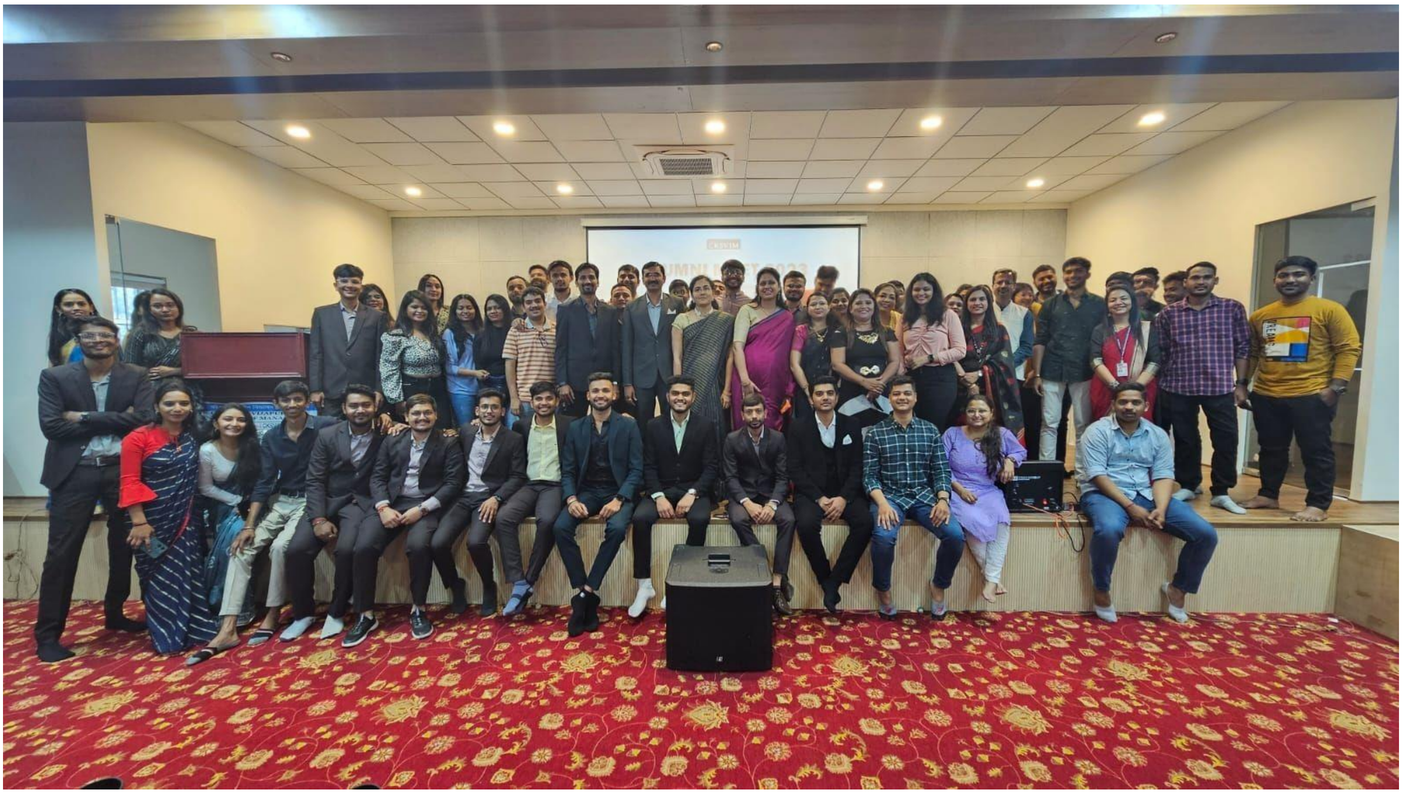


Figure 8: CKSVIM organised Alumni Meet

Student activities

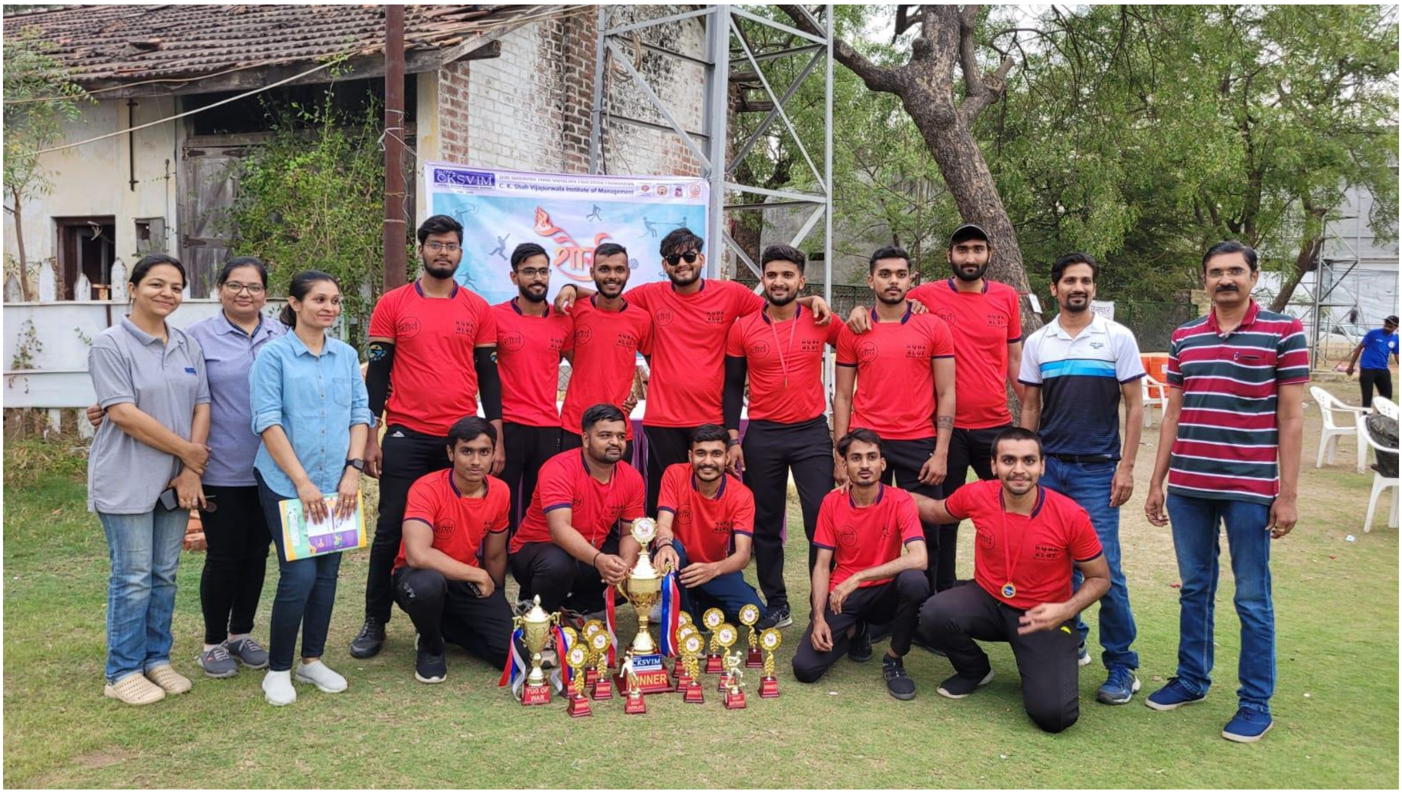


Figure 9: "SHAURYA" - Annual Sports Day 2023

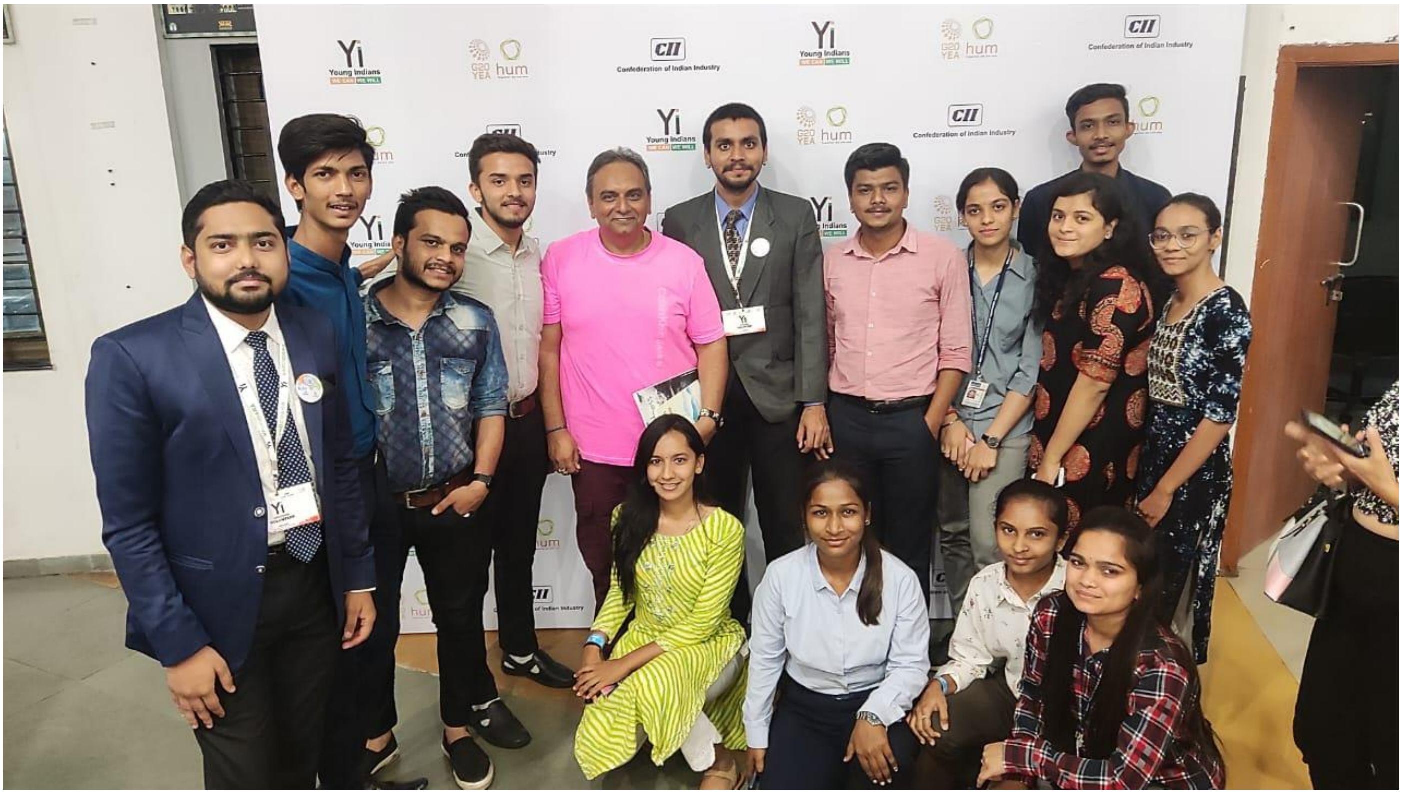


Figure 10: CKSVIM students attended Y20 Summit organised by CII-YI in association with GOI

Campus news & events

CKSVIM'S MANAGEMENT STUDENTS VISITED AN ORPHANAGE

Under the guidance of an institute director Dr Kerav Pandya sir and social responsive club coordinator Dr Mitsu Acharya mam, management students of the C.K. Shah Vijapurwala Institute of Management (CKSVIM) visited the Don Bosco Snehalaya, a home for orphans and underprivileged children. Students had prepared kits which contained daily essentials such as caps, socks, handkerchiefs, Vicks, hair oil, toothbrushes, toothpaste, and stationery items for distribution among children. Students played various games, such as lemon spoon, kho-kho, and also distributed chocolates among the children. Students had organised a feast for them that included pizza, biscuits, muffins, and cold drinks. In the end, everyone clicked pictures and bid them a fond farewell, wishing them luck for their future.

Campus Reporter - Jenil P. Parikh

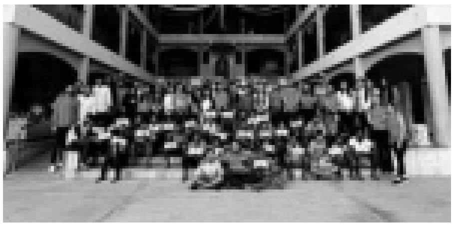


Figure 11: Article on CKSVIM'S management students visit at an orphanage was published in the Business Standard newspaper

CKSVIM'S MANAGEMENT STUDENTS ATTENDED HR CONFERENCE

The management students of the C.K. Shah Vijapurwala Institute of Management, Vadodara attended a conference on the topic 'Leader 2030 - The Role of HR' at the Pramukh Swami Maharaj Shatabdi Mahotsav, Ahmedabad. The conference was inaugurated by Pujya Brahmviharidas Swami. There was a panel discussion on the topic of 'How would leaders of 2030 be different from today' and various technical sessions were also arranged on the topics of building leadership capital, creating tomorrow's leaders, reinventing HR for tomorrow, and digital transformation. Everyone was fortunate to hear an educational and inspirational speech on the topic of 'Humane approach with humans' from Pujya Dr Gnanvatsal Swami in the final session. After the conference, all the students had taken a tour of Pramukh Swami Nagar with BAPS volunteers. The visit was extremely successful under the guidance and support of an Institute director Dr Kerav Pandya and faculty co-ordinator Dr Mitsu Acharya.

Campus Reporter - Jenil P. Parikh

Figure 12: Article on CKSVIM's management students visit to NHRD HR conference was published in the Business Standard newspaper

Campus news & events

CKSVIM'S STUDENTS ATTENDED GES'23 AT IIT KHARAGPUR

The management students of C.K. Shah Vijapurwala Institute of Management attended the Global Entrepreneurship Summit 2023, organised at IIT Kharagpur, as per the opportunity given by the placement cell of the college, headed by Dr. Mitsu Acharya. Many well-known startup founders, such as Alakh Pandey, Pulkit Jain and Rohit Kumar addressed everyone during the summit. The focus was mainly on entrepreneurship and start-ups. Students learnt about innovation, management, technology, creative thinking and problem solving through various events such as seminars, panel discussions, fireside chats, keynote speeches, business games and quizzes. The summit was organised and managed by the young bachelors as a part of the entrepreneurship cell, offering a platform to network and gain insights from successful entrepreneurs.

Campus Reporter - Jenil P. Parikh

Figure 13: Article on CKSVIM's management students visit to IIT Kharagpur published in the Business Standard newspaper

CKSVIM'S MBA STUDENTS ATTENDED 21ST HR CONFERENCE

On March 11, 2023, MBA students of the C.K. Shah Vijapurwala Institute of Management, under the kind guidance of Dr Kerav Pandya sir, Director, and Dr Mitsu Acharya mam, Training and Placement Coordinator attended the 21st Annual HR Conference organised by the Ahmedabad Management Association. The technical sessions led by various HR experts and professionals gave the students insightful information. The importance of identifying talented people early on and giving them proper training, the need for imagination in addition to artificial intelligence, and the shifting nature of the workforce was among the major lessons learned. The experts emphasized on a few crucial areas that HR must consider while creating an exponential organisation. The conference provided the students with a great platform to learn about the latest developments and trends in HR and how they can be applied in real-world scenarios.

Campus Reporter - Jenil P. Parikh

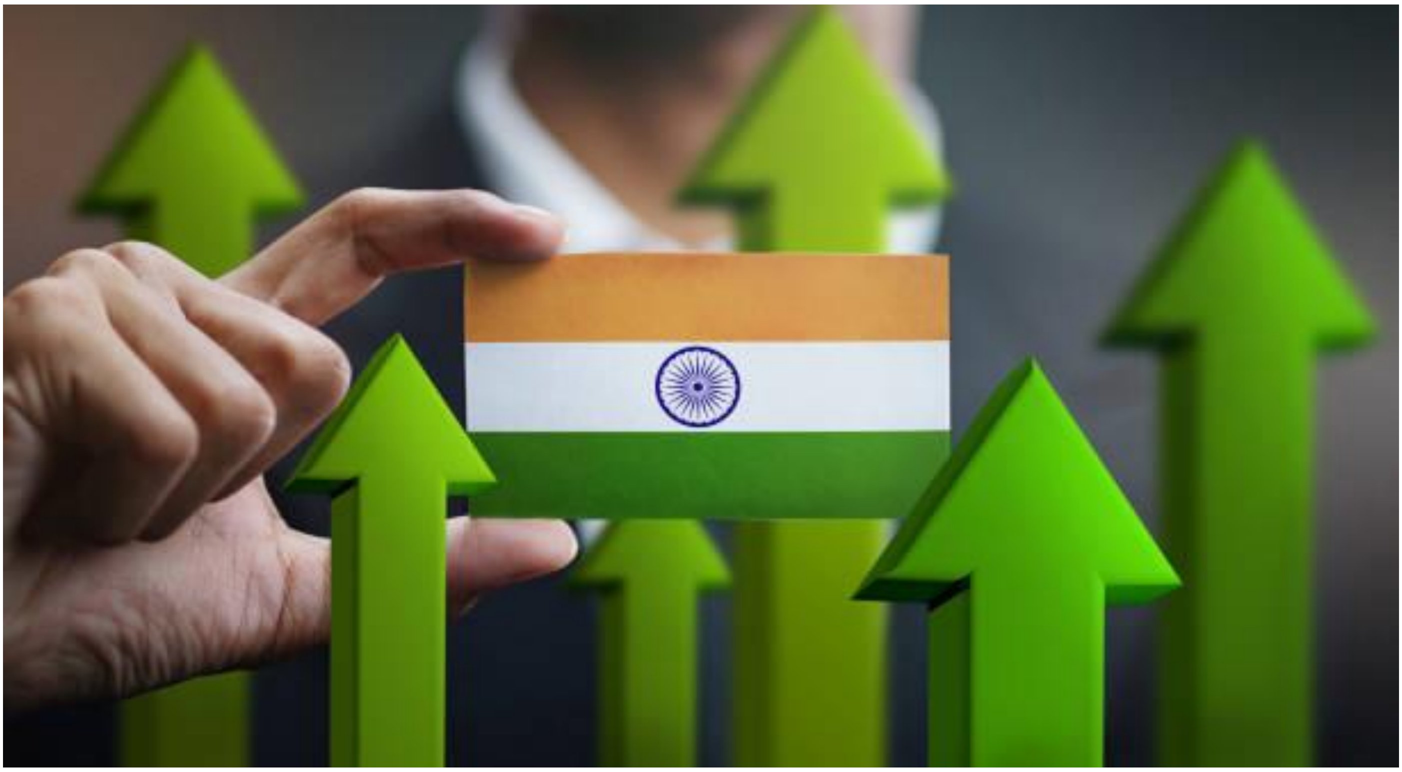
Figure 14: Article on CKSVIM's management students attending AMA HR conference published in the Business Standard newspaper

BBA સેમેસ્ટર-૩ની પરીક્ષાનું ૧૦૦ ટકા પરિણામ

વડોદરા ખાતે આવેલી સી.કે. શાહ વિજાપુરવાલા ઈન્સ્ટિટ્યૂટ ઓફ મેનેજમેન્ટમાં તાજેતરમાં લેવાયેલી BBA સેમેસ્ટર ૩ની પરીક્ષામાં વિદ્યાર્થીઓએ ઉત્કૃષ્ઠ દેખાવ કરીને ૧૦૦ ટકા પરિણામ મેળવ્યું હતું. કોલેજના આ પરિણામ બદલ કોલેજના ડાયરેક્ટર ડો. કેરવ પંડ્યાએ તમામ વિદ્યાર્થીઓને શુભકામના પાઠવી હતી તથા આવા શ્રેષ્ઠ પરિણામ માટે કોલેજના શિસ્તબદ્ધ શિક્ષણને કારણભૂત ગણાવ્યું હતું.

Figure 15: BBA SEM-3 students achieved 100% result in university exam

Company articles



From economic growth to Union Budget: Understanding India's potential for global investors

Mr. Rakesh Tanjorkar, Financial Architect & Owner
Safe Roof Investment & Insurance

Experienced financial advisor with a demonstrated history of working in the financial services industry, skilled in retirement planning, investment advisory, mutual funds, investment management, and wealth management, financial services and portfolio management.

Collapse of Silicon Valley Bank

Last month, the Silicon Valley Bank (SVB) collapsed due to bets on bonds that lost value as interest rates rose. The bank's venture capital clients started withdrawing their deposits on a large scale, leading to the bank selling off assets at losses and triggering a frantic rush to withdraw funds from the bank.

How Safe is Your Money in India Amid Global Bank Crises?

In India, deposits up to Rs 5 lakh are insured with Deposit Insurance and Credit Guarantee Corporation. Although considered to be generally safe, many banks have frozen depositors' money because of weak financials. Private sector and cooperative banks are considered more vulnerable, but even IDBI was headed for trouble before LIC was made to buy it out. Clearly, interest rates on your bank fixed deposits are not the only criteria for an investment. Therefore, it is important for everyone to understand the risk between capital and interest.

Company articles

Union Budget 2023

The Vision for 'Amrit Kaal' articulated in the Union Budget for FY 2023-24 is centered around:

- Opportunities for Citizens with a focus on youth
- Growth and Job creation
- Strong and Stable Macro-Economic Environment

The seven priorities, termed Saptarishi, adopted in the Union Budget for FY 2023-24 to guide the country towards 'Amrit Kaal', thus providing a blueprint for an empowered and inclusive economy, are:

1. Inclusive Development
2. Reaching the Last Mile
3. Infrastructure and Investment
4. Unleashing the Potential
5. Green Growth
6. Youth Power
7. Financial Sector

The Union Budget for FY 2023-24 this year aims to further strengthen India's economic status. In the 75th Year of India's Independence, the World has recognized the Indian Economy as a 'bright star' with its Economic Growth estimated at 7 per cent, which is the highest among all major economies.

Indian Economy and Future Growth

India is on track to become the world’s third-largest economy by 2027, surpassing Japan and Germany, and have the third largest stock market by 2030, thanks to global trends and key investments the country has made in technology and energy. As per a recent survey by Morgan Stanley, India is already the world’s fastest-growing economy. Now, the country is entering a new era of growth, creating a once-in-a-generation shift and opportunities for investors. India’s GDP is poised to more than double to US$7.5 trillion by 2031.

India is the quintessential self-help story, with three major drivers:

- Global Offshoring to India
- Digital Transformation
- Energy Transaction

Global offshoring is making India the factory to the world and the office to the world. The number of people employed in India for work outside the country could more than double to 11 million. India is pursuing digitalization. India Stack, a multi-layered tech platform, will soon make credit more affordable and accessible to consumers and businesses. Access to energy is linked to economic prosperity. Per capita consumption is likely to increase 60% with two-thirds coming from renewable sources. India's decade will also go hand-in-hand with a boom in consumer spending.

Bottom Line

These factors could help India gain share in the global economy and position it to be the world’s third-largest economy and stock market in the next decade. So, if you want to make big money, then invest in India.

Company articles

A New Era in International Sustainability Reporting

Mr. Saket Modi, ACA CFA
IFRS l IPSAS l Financial Instruments l Insurance Accounting l ESG Reporting
Director, Square Mile Global Consulting, London

Saket Modi is the founder and director at Square Mile Global Consulting which is a global channel partner of the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA).
Saket has designed and facilitated courses on IFRS, IPSAS and ESG reporting for delegates from over 50 countries in UK, Europe, Africa, Middle East and Asia. He is a Chartered Accountant and CFA® charterholder.

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Overview

Sustainability and ESG are buzz words these days. We have seen some significant developments in the last 18 months when it comes to harmonisation of sustainability reporting through a common set of standards.

The IFRS Foundation announced the creation of the International Sustainability Standards Board (ISSB) at the COP26 conference in November 2021. The Board is a sister concern of the International Accounting Standards Board (IASB) which publishes the IFRS Accounting Standards.

Company articles

What does ISSB bring to the table?

The ISSB will develop and publish IFRS sustainability-related disclosure standards which provide investors and other capital market participants with information about a company's sustainability-related risks and opportunities. This will help these stakeholders make informed decisions. Since the ISSB and the IASB sit alongside each other, we will see better interconnection between sustainability reporting and financial reporting in the future, and this will help investors better assess the enterprise value.

Progress in 2022

The ISSB has looked at the existing sustainability standards frameworks and possibility of a global alignment. The following have been consolidated into the ISSB:

- Climate Disclosure Standards Board
- Value Reporting Foundation (which included the International Integrated Reporting Council and the Sustainability Accounting Standards Board (SASB))

The other key frameworks are the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD). The ISSB and GRI are working closely to ensure alignment of their standards.

Exposure drafts

The ISSB has issued two exposure drafts:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

These exposure drafts bring in the industry-specific requirements of the SASB and the recommendations of the TCFD.

Next steps

The ISSB is looking to issue the final versions of the standards in the next few months and will decide on the future agenda and priorities after a public consultation.

Opportunities

As sustainability reporting is brought mainstream alongside financial reporting, there will be huge demand for finance and other professionals with knowledge and passion for ESG reporting.

Student articles

The rise and fall of Silicon Valley Bank: Lessons learned from the second-largest bank failure in the United States of America

Written by: Jil Shah, F.Y MBA (Batch-14)

C.K. Shah Vijapurwala Institute of Management (CKSVIM)

Silicon Valley Bank, established on October 17th, 1983, is located in Santa Clara, California, United States. The CEO of the bank has been Gregory W. Becker since 2011. SVB was the 16th-largest bank in the United States and the largest bank by deposits in Silicon Valley. The bank was initially opened to serve fledgling tech companies in the United States. Half of the venture capital-backed technology and life sciences companies would rely on SVB.

On March 10, 2023, Silicon Valley Bank failed after a bank run, marking the second-largest bank failure in the United States and the largest since the financial crises of 2008.

During the Corona pandemic of 2019, there were many start-ups who deposited their money in this bank. The banks were flooded with cash because of the deposits. The total of deposits in the bank tripled in two years to $189 billion, making 2021 SVB’s most profitable year ever. Due to the flood of cash in the form of deposits in the bank, the banks can earn by lending the money and receiving an income in the form of interest paid by the customers who borrowed the loan. The reasons for the increase in the cost of credit throughout the economy lead to an increase in interest rates. This was the reason behind the reduction in the number of loans taken by citizens. As the rate of interest increases, the repayment of a loan becomes costly. So to utilise the ideal funds and earn a profit out of them, the bank took that financial cash and bought tens of billions of dollars' worth of longer-term US treasuries and government-backed mortgage securities products that are usually considered safe.

Student articles

Why did SVB collapse?

SVB’s securities portfolio rose by about 100 billion dollars within a year. After the SVB had stockpiled that hundred dollars plus in bonds, all of a sudden the rate of interest rose. If there is a rise in interest rates, the price of bonds falls. So, the value of leveraged bonds fell all of a sudden. Due to the fall in the value of bonds, the bank was sitting on a bunch of losses.

The primary risk that would ultimately bring about SVB's demise was the unexpected increase in the difference between what SVB paid for those bonds and what they were valued on paper to more than $17 billion. This meant that SVB's investments were now worth $17 billion less than their fair value. Even worse, between March 2022 and December 2022, new deposits decreased by approximately $30 billion as interest rates increased. Only 37,000 accounts totalling more than $250,000 comprised the vast majority of the bank's deposits. This is the amount that the FDIC (Federal Deposit Insurance Corporation) insures.

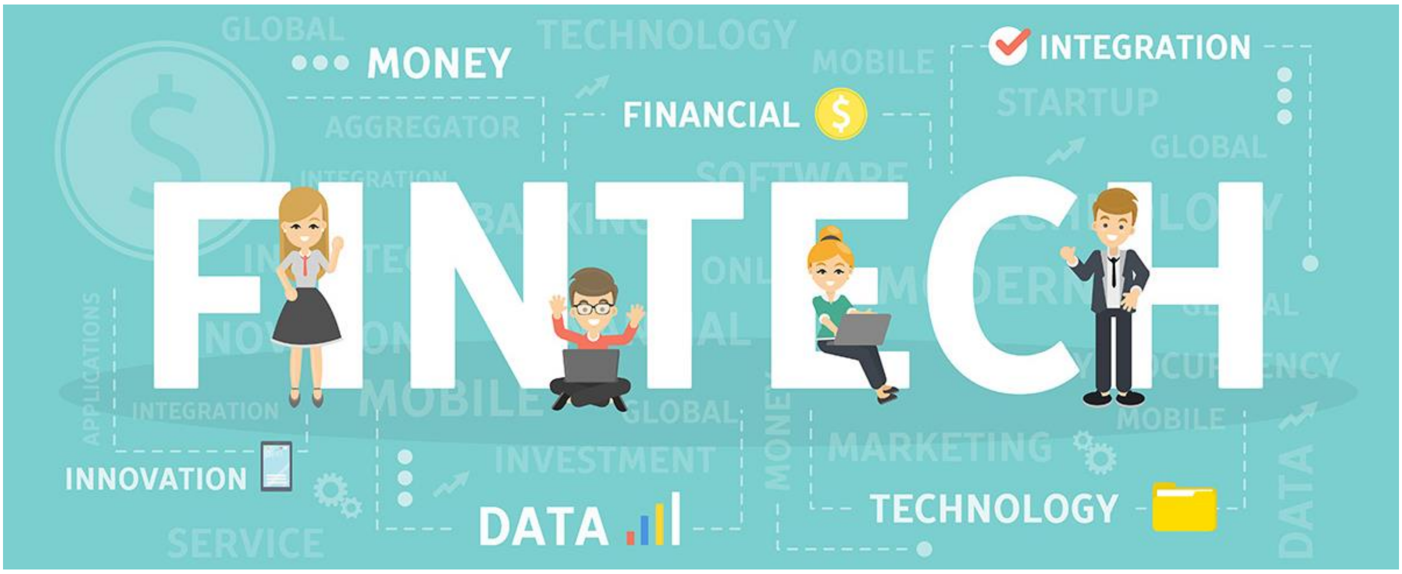
Then, on March 8, 2023, SVB disclosed in a regulatory filing that it had sold a sizable portion of securities at a loss of $1.8 billion (after-tax loss) to enable it to make up for the fall in deposits. The stockholders were already tense. Therefore, the bottom was going to give way. Entrepreneurial CEOs started getting frantic calls from worried venture capitalists. As word spread around the valley, what had at first been a trickle of withdrawals suddenly evolved into a tidal wave. A growing number of start-ups withdrew their funding. It signalled the start of SVB's demise and sparked a bank run.

What happened after?

Customers tried to withdraw $42 billion from the deposits, leading to a free fall of the share prices on March 10, 2023. SVB ran out of cash. On the same day, regulatory authorities seized the bank. The FDIC stated that customers will have full access to their insured deposits in three days, which is until March 13, 2023. But the bank had more than $ 151 billion worth of deposits at the end of 2022 that were not insured. They were over the $250,000 limit. On March 12, 2023, regulators announced that even uninsured amounts of deposits over $250000 from the bank would be covered.

According to me, the bank should be constantly keeping a check on the creditworthiness of the government's Treasury bills or bonds. It would have protected the bank’s funds and not led the bank into this trouble and bank run. Secondly, the company should have invested the funds in different means and not just one. This would have helped and made it easy for the bank to maintain its funds. Different sources make it less risky, and if any of the sources led to debt, the others could have balanced it.

Student articles



India's FinTech revolution: How technology is driving financial services in the world's fastest growing market

Written by: Rishabh Vyas, F.Y MBA (Batch-14)

C.K. Shah Vijapurwala Institute of Management (CKSVIM)

Financial technology (also called FinTech) is an industry composed of companies that use technology to offer financial services. These companies operate in insurance, asset management, payment, and numerous other industries.

FinTech has emerged as a relatively new industry in India in the past few years. The Indian market has witnessed massive investments in various sectors adopting FinTech, which has been driven partly by the robust and effective government reforms that are pushing the country towards a digital economy. It has also been aided by the growing internet and smartphone penetration, leading to the adoption of digital technologies and the rise of FinTech in the country.

According to a report by Ernst & Young (EY), India is one of the largest and fastest-growing FinTech ecosystems in the world. It stands second after China in terms of the FinTech adoption index, with an adoption rate of 87%. The overall estimation of the FinTech market in India in 2021 has come out to be $31 billion, as mentioned in a report by BLinC Invest.

Rise of FinTech in India:

FinTech, short for financial technology, is the use of technology to improve and automate financial services. India is currently experiencing a rise in the FinTech industry, driven by a number of factors such as the government's push towards digitalization, increasing smartphone and internet penetration, and a growing middle class with higher disposable income.

One of the key areas where FinTech is making a big impact in India is in the payments space. Companies like Paytm, PhonePe, and Google Pay have gained massive popularity by offering easy and convenient payment options to users, particularly in the wake of demonetization in 2016, which led to a cash crunch in the country. These companies have also expanded into other areas such as wealth management, insurance, and lending.

Student articles

Another area where FinTech is making a big impact in India is in the lending space. With a large number of people still excluded from the formal banking system, there is a huge demand for alternative lending options. Companies like Lendingkart, Capital Float, and ZestMoney are using technology to make lending more accessible and efficient for small and medium-sized businesses and individuals.

Key drivers:

- Increased funding: A substantial increase in investments from venture capital, private equity, and institutional investment has encouraged the rise of FinTech startups.
- India Stack: India Stack is a set of APIs that allows governments, businesses, startups, and developers to utilise a unique and common digital infrastructure. These open API platforms include Aadhar, the Unified Payments Interface (UPI), Bharat Bill Payments, etc.
- Innovation in Technology: New business models are being developed using technologies like machine learning and artificial intelligence.
- Increase in smartphone and internet users: India has the 2nd highest number of smartphone users globally, with numbers around 550–600 million, and the 2nd largest internet user market, with over 795 million internet users as of December 2020.
- Government initiatives and regulators: Government initiatives like Jan Dhan Yojana, Startup India, the Digital India programme, etc. have played a vital role in encouraging the growth of startups. Startup India, for example, has enabled an online platform-based solution for entrepreneurs to safeguard their intellectual property (IP), and it has offered the startups some exemptions from taxes under certain eligibility criteria. The regulations developed by the Reserve Bank of India (RBI), IRDAI, and SEBI have ensured increased accountability and the uninterrupted availability of secure and affordable digital financial systems.
- International Collaboration: Startup India has enabled collaboration between the Indian startup ecosystem and the global startup ecosystem by enabling bridges that provide a soft landing to emerging new startups from the partnering countries. It has helped promote enthusiasm by fostering knowledge exchange and funding support mechanisms.
- Startups and unicorns: According to the Economic Survey published by Invest India, the National Investment Promotion and Facilitation Agency, 44 Indian startups achieved unicorn status in the year 2021 alone, increasing the total number of Indian unicorns to 83, with a total valuation of over US $277 billion. Out of 83 unicorns, 15 belong to the FinTech industry, with a current valuation of around $60 billion.

Conclusion:

In conclusion, the rise of FinTech in India has been a significant development in the financial sector. The Indian market has witnessed significant investments in various sectors adopting FinTech, which has been driven by a push towards a digital economy and growing internet and smartphone penetration. India's FinTech industry is growing rapidly, with an estimated market size of $31 billion in 2021 and an adoption rate of 87%.

The FinTech industry has also brought about significant changes in the traditional banking system, forcing it to adapt to the changing environment. The adoption of digital technologies has allowed for a more seamless and efficient banking experience for consumers.

Student articles

The essentials of corporate finance for effective financial management

Written by: Dhruva Pandya, F.Y MBA (Batch-14)

C.K. Shah Vijapurwala Institute of Management (CKSVIM)

Corporate finance is an essential aspect of business that deals with the financial decisions and strategies that companies use to maximize shareholder value and achieve their financial goals. In this article, we will explore the basics of corporate finance and how companies use it to manage their finances effectively.

What is Corporate Finance?

Corporate finance is the process of managing a company's financial resources to create and maximize shareholder value. It involves the analysis of financial data to make strategic decisions regarding the company's investments, capital structure, and dividend policy. The primary objective of corporate finance is to maximize the company's value while minimizing risks.

The Three Key Decisions of Corporate Finance

Corporate finance involves three key decisions that every company must make:

Investment Decision: This decision involves analyzing investment opportunities and selecting the ones that offer the best return on investment. Companies must analyze various investment opportunities, such as expanding their business, acquiring new businesses, or investing in research and development.

Financing Decision: This decision involves determining how the company will finance its operations and investments. Companies must decide whether to use debt or equity to finance their operations, and what the optimal capital structure should be.

Dividend Decision: This decision involves determining the amount of profit that should be distributed to shareholders in the form of dividends. Companies must balance the desire to distribute profits with the need to retain earnings for future investments.

Student articles

Capital Structure

The capital structure of a company refers to the mix of debt and equity that the company uses to finance its operations. The optimal capital structure for a company is one that maximizes shareholder value while minimizing risk. Companies can use debt or equity to finance their operations, and each has its advantages and disadvantages.

Debt Financing

Debt financing involves borrowing money from lenders, such as banks or bondholders, to finance the company's operations. The advantages of debt financing are that the interest payments are tax-deductible, and it can provide a source of low-cost financing. However, the disadvantages are that it can increase the company's financial risk and reduce its flexibility.

Equity Financing

Equity financing involves raising money by selling shares of the company's stock to investors. The advantages of equity financing are that it does not have to be repaid and does not increase the company's financial risk. However, the disadvantages are that it can dilute the ownership of existing shareholders and can be expensive to issue.

Dividend Policy

Dividend policy refers to the decision of how much of the company's profits should be distributed to shareholders in the form of dividends. Companies must balance the desire to distribute profits with the need to retain earnings for future investments. The three main dividend policies are:

Stable Dividend Policy: This policy involves paying a fixed dividend amount each year, regardless of the company's earnings.

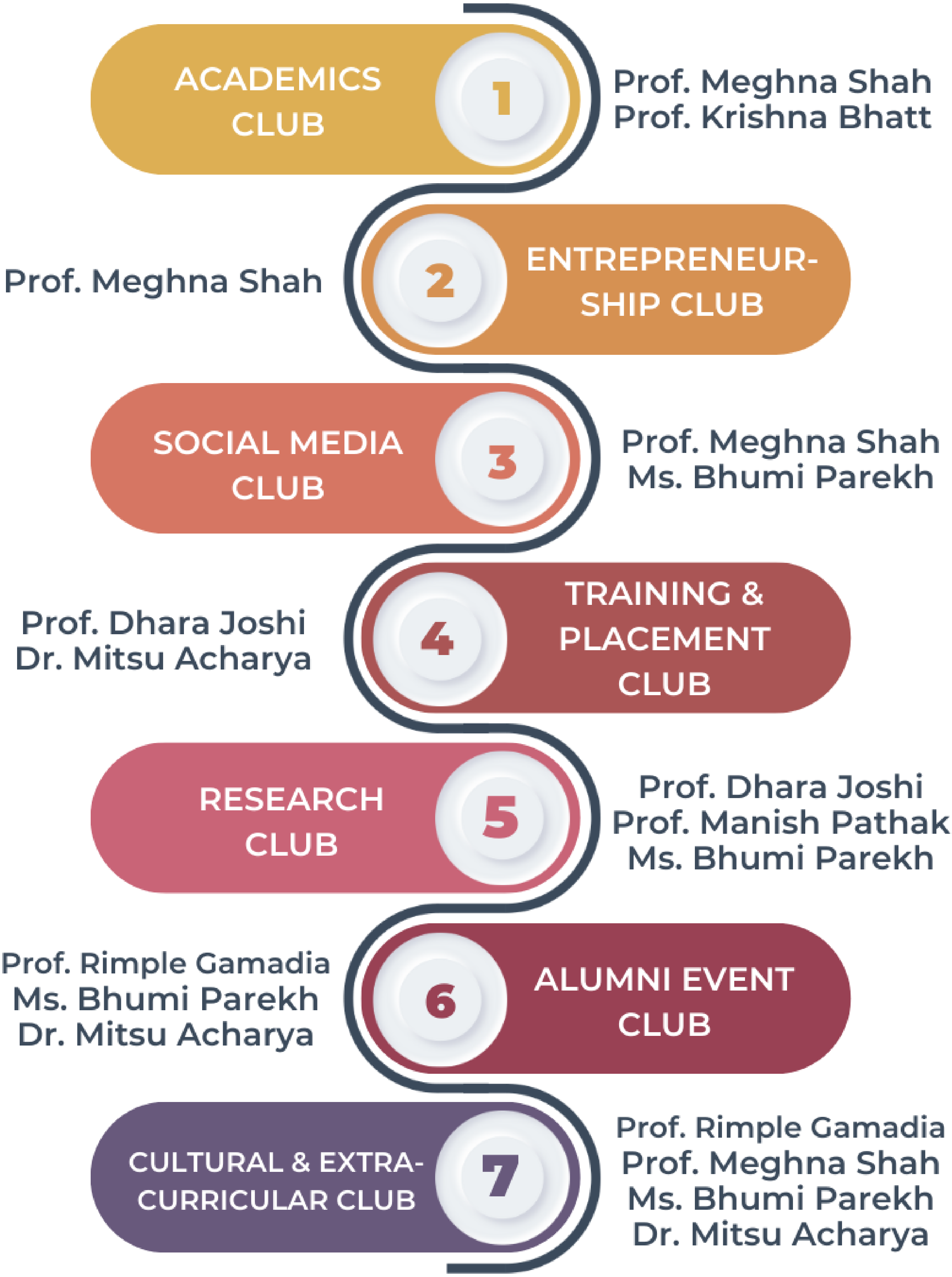
Residual Dividend Policy: This policy involves paying dividends only after all investments have been made, and the company's financial needs have been met.

Hybrid Dividend Policy: This policy involves paying a base dividend amount each year, along with a variable dividend amount based on the company's earnings.

Conclusion

Corporate finance is a critical aspect of business that involves analysing financial data to make strategic decisions regarding investments, financing, and dividend policy. The optimal capital structure for a company is one that maximizes shareholder value while minimizing risk. Companies must balance the desire to distribute profits with the need to retain earnings for future investments. By effectively managing their finances, companies can achieve their financial goals and maximize shareholder value.

Activity clubs



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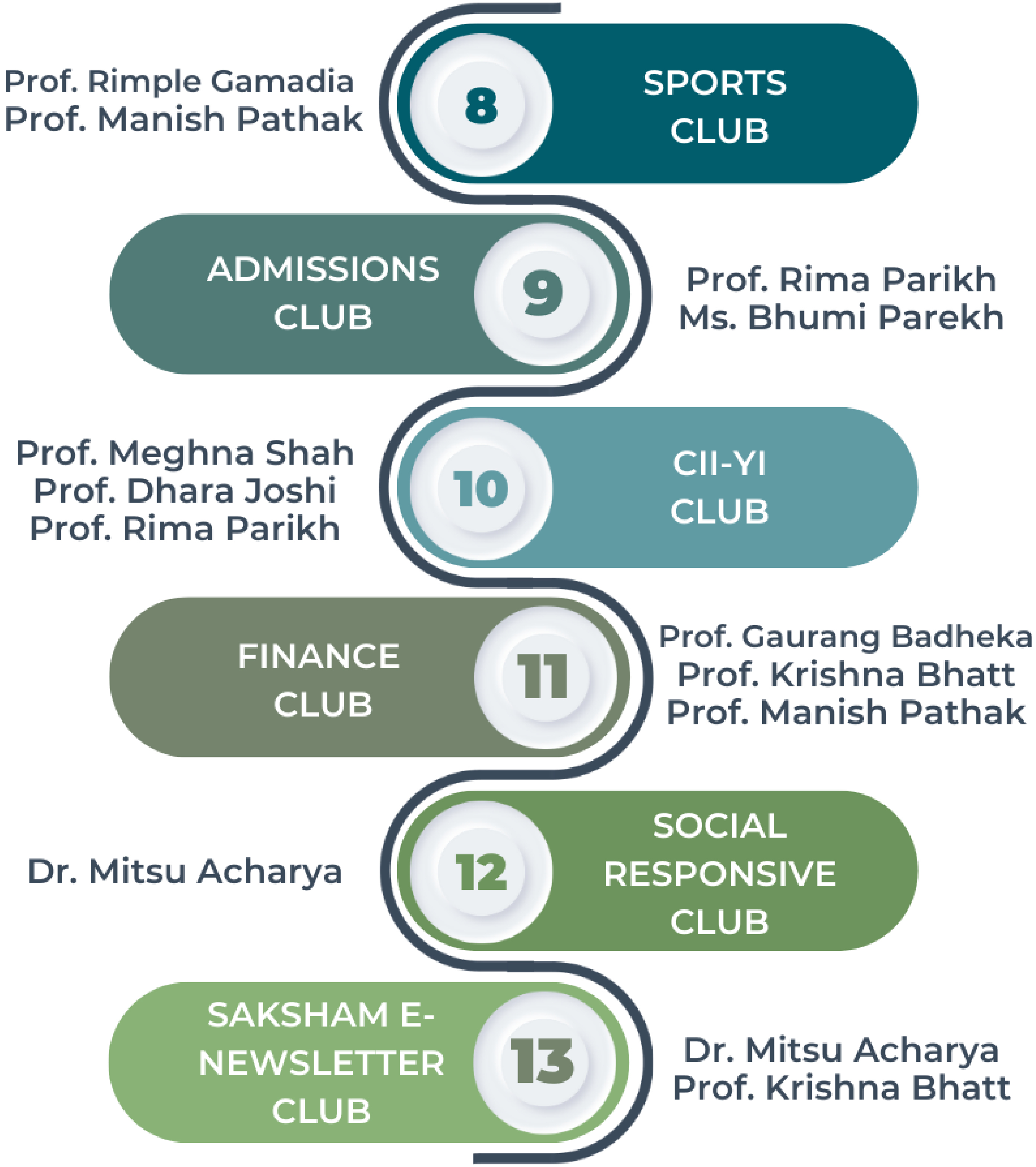

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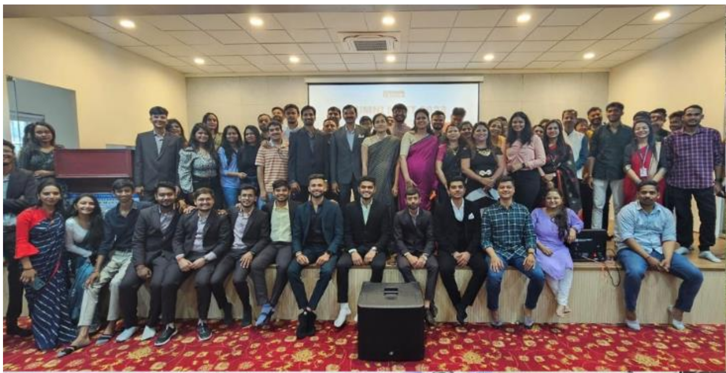

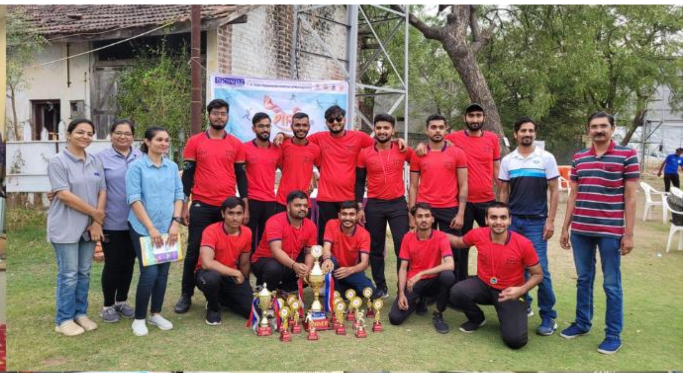

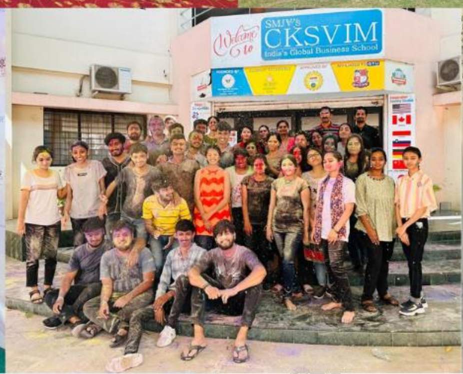

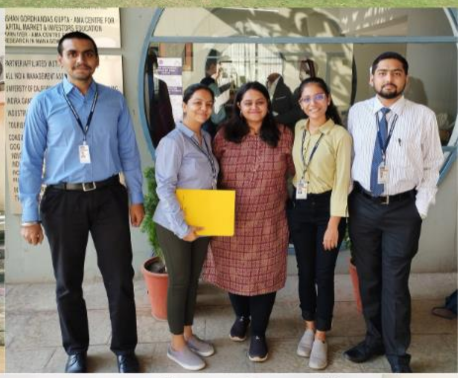

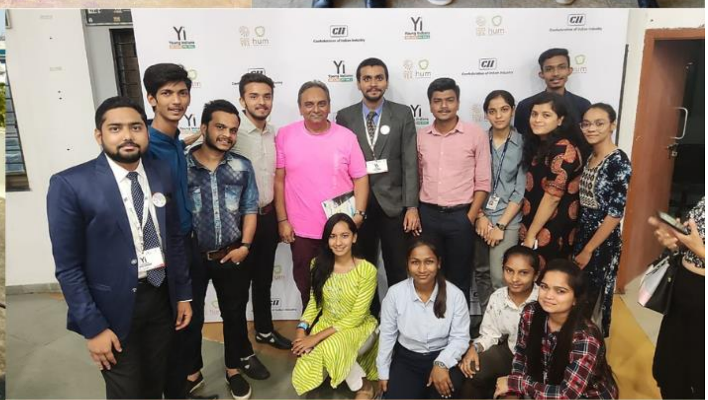

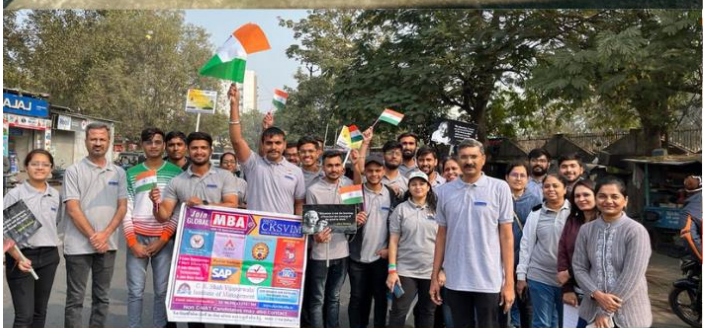

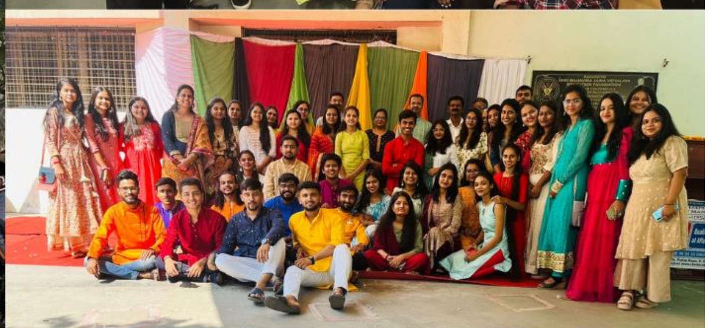

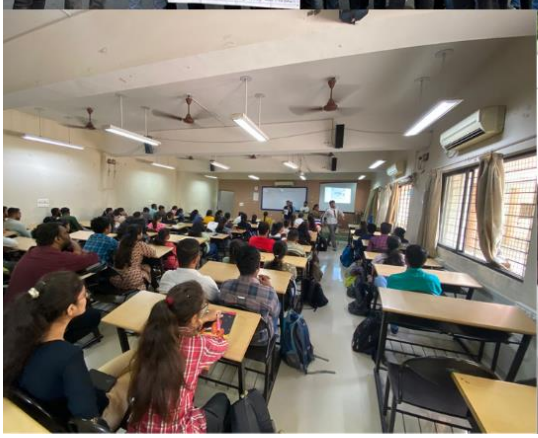

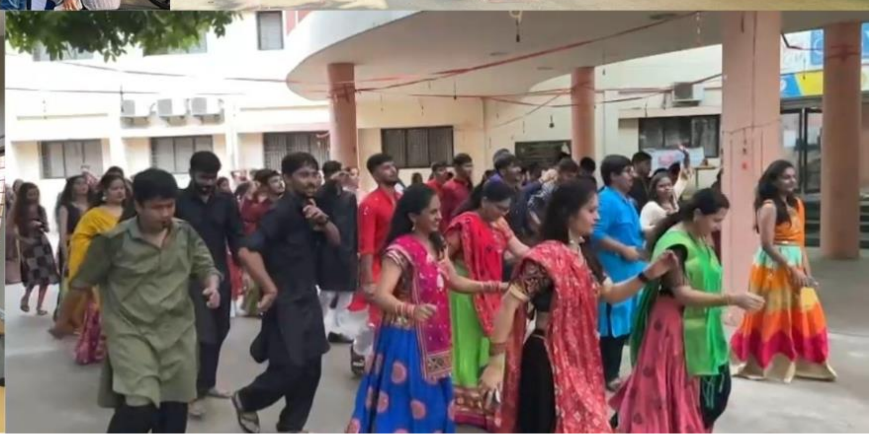

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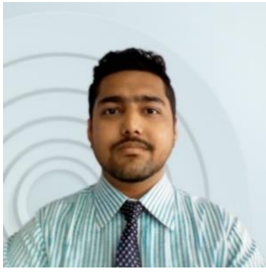

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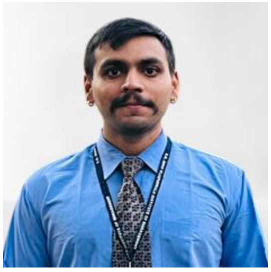

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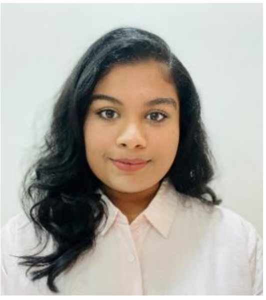

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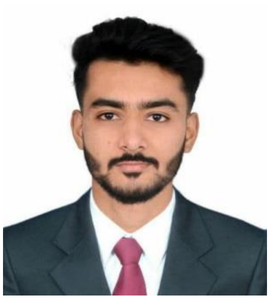

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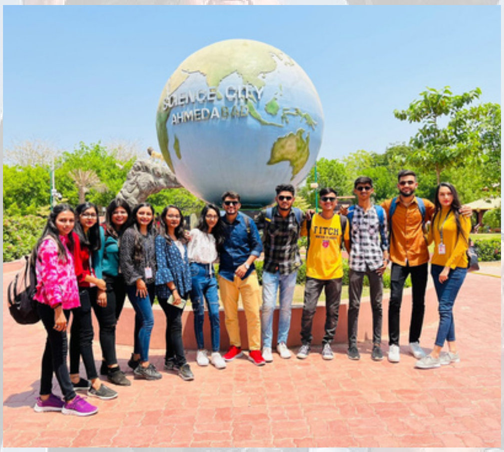

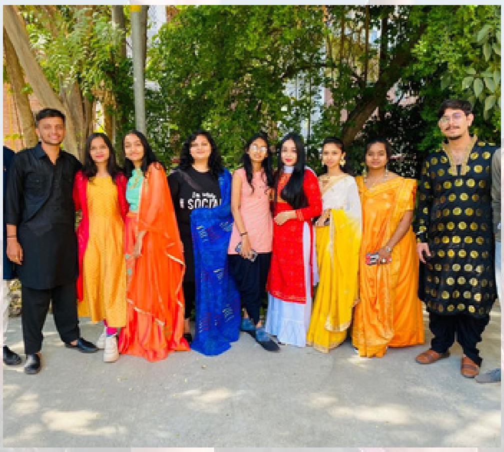

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