At the dawn of 21st century, Financial Planning and Management emerged as Corporate Discipline. The analytical way of viewing the financial problems of the firm is required. How large should an enterprise be and how fast should it grow? In what form should it hold assets? What should be the composition of the liabilities? These issues are still unanswered. This book attempts to resolve these issues. This book also attempts to review and examine the literature relating to the concept of financing and risk management along with its applications in organizations.

The first chapter of the book deals with the understanding financial management. The authors point out the scope & objectives of Financial Management. It also identifies agency problems and emerging role of Financial Managers in India. “Time Value of Money” is the second chapter of the book. It gives a fairly detailed account of the various perspectives and practical applications of compounding and present value techniques.

The third chapter of the book deals with the “Risk & Return”. The discussion brings forth the application of risk & return on a single asset and portfolio. It gives clarity about CAPM model and APT theory. “Valuation of Bonds and Shares” is the fourth chapter of the book. Chapter 5 titled “Cash Flow Statement” details about uses of cash and preparation of cash Flow Statement using cash flow from Operating, Investing & Financing Activities. It deals with the Cash Flow different from the Profit and the implication of the same on the Corporate Decision making.

Chapter 6 “Financial Statement Analysis” discusses about Ratio Analysis. Common Size Statements as a tool to analyze the Financial Statement and also open for management to take important policy decisions. It brings forth the analyzing the Company from the view point of Liquidity, Activity, Leverage and Profitability. “Volume – Cast – Profit Analysis” is the seventh Chapter of the book. The Authors points out the break Even Analysis, VCP Analysis. It also deals with the issues concerning P/V Ratio and Margin of Safety.

The Eight Chapter “Budgeting & Profit Planning” is about the Planning process for the budget. It gives the idea about the Budget preparation, type of budgets and the use in Corporate Applications. It also discusses about the Corporate Budgeting and its variables for implementing it effectively. “Capital Budgeting: Principles & Techniques” is the ninth chapter of the book. Capital Budgeting: “Additional aspects” is the tenth chapter of the book. It deals with the project selection under various types of Capital rationing decisions. This has led the readers to conclude about the project selection under inflation and other conditions under Capital Budgeting decisions.

Eleventh Chapter “Concept & Measurement of Cost of Capital” deals with measurement of cost of debt, preference and ordinary shares. The author argues about the Cost of Capital practices in India and computation of overall Cost of Capital. Market weight and Book value weight are also highlighted with its application in Weighted Average Cost of Capital. Chapter 12 “Analysis of Risk-Uncertainty” discusses about measurement of risk. It also points out the various risk evaluation approaches. The author describes the relationship between risk and real options with reference to the assessment of Project risk.
Chapter 13 is titled “Working Capital Management”. The author in this chapter describes the nature and planning of Working Capital and computation of Working Capital. The author has discussed the management of Working Capital in India. The Operating Cycle and Production Cycle is also argued with their chain effect on working capital. “Management of cash and Marketable Securities” is the 14th Chapter of the book. The author has identified the motives for holding cash & objectives of cash management. The researcher and academician would get an idea about the variables determining cash needs, basic strategies and techniques of cash management. It also deals with the cash management practices in India.

Chapter 15 “Receivables Management” clarifies the credit concept. It helps to understand the credit policies terms and collection policies applicable and useful for corporates. It also highlights the credit collection procedures. “Inventory Management” is the 16th Chapter in the book. The discussion brings forth the techniques of Inventory Management applicable to the supply chain. It also deals with the Just-In-Time inventory application to the production process around the globe.

Chapter 17 “Working Capital Financing” is about the trade credit, Bank Credit, Commercial Papers, CDs which can be used as alternate source of financing. The author has made an effective case of factoring application in India as an alternate mode of Collection & Financing. “Leverage” is title of chapter 18. It deals with the various moderators of leverage – Operating, Financial & Combined Leverage. There are other dispositional variables like Total Risk, Combined Leverage and Financial BEP which are also discussed.

Chapter 19 is titled as “Capital Structure and Valuation”. The Corporate practitioner would get an idea about the Capital structure formulation using NI, NOI and Modigliani Miller model. The readers would get a fair idea about the Traditional Approach as widely accepted approach for corporates in India. “Designing Capital Structure” is the 20th Chapter of the book. The Industry professionals and consultants would understand the leverage ratio for the firms, maintaining maneuverability for Corporate Strategy. It also deals with the Profitability Aspect, Liquidity Aspect and Tax Planning issues for Corporate Practices in India.

“Capital Markets” is the 21st Chapter of the book. The author argues about the relationship between New Issue Market and Stock Exchange. It deals with the functions of market referring to New Issue Market and Primary Market. It lays down emphasis on role and importance of exchange rate in economic development. Chapter 22 is titled as “Equity/Ordinary Shares”. It brings forth the fundamentals of Equity Shares and issue procedures for the equity. The authors also deal with issues procedures for the equity. The author details about the procedure for listing of securities under Clause 49 of SEBI.

Chapter 23 is “Term Loans, Debentures & Securitization”. It deals with the Issue, Cost and Procedural implications of Term Loans and Debentures. It also points out the use of Securitization and Collateral Security used as a means in Corporate Lending and Borrowing. “Hybrid Financing” is the 24th Chapter of the book. The author believes that Performance Share Capital, Convertible Debentures, Warrants and options can be used as Hybrid Financing Instruments. The author also provides guidelines for the implementation & use of Hybrid Financing.

25th Chapter is titled as “Lease Financing & Hire Purchase Finance”. Here the author reviews various lease financing modes. In order to avoid Controversial Issues, the author has also explained about the use of Hire Purchase Finance in Corporate Long Term Financing. The 27th Chapter is on the theme “Option Valuation”. Option Concept, Types & payoffs are identified as important variables. This chapter not only deals with Call/Put Option Boundaries but it also provides informational input to the Black Scholes Option Pricing Model – A model of Option Pricing/Valuation. “Derivatives – Managing Financial Risk” is the 28th Chapter in the book. The author points out the needs for Forward Contracts, Future Contracts and Option Contracts. Chapter 29 is titled as “Corporate Governance”. The author describes the Clause 49 of Listing Agreement as an indispensable tool of Corporate Governance. The author has discussed Corporate Governance rating and various theories/measurement scales/ Corporate Governance Voluntary Govt. guidelines 2009. “Dividend and Valuation” is the 30th Chapter of the book. It deals with various moderators of dividends. Over the years, the researchers have identified a number of theories of relevance/irrelevance of dividends. The authors points out
these issues in the chapter. Chapter 31 “Determinants of Dividend Policy” is the extension of Chapter 30. The author has identified the various factors effecting dividend policy. The Bonus Shares, Buy Back of Shares, Share Splits are the recent phenomenon these days. These issues are given reference under this chapter along with Legal, Procedural & Tax aspects. Chapter 32 is titled as “Business Valuation”. Business Valuation is the need for the Corporates these days. Merger/Consolidation is dependent on Pre-Merger and Post Merger Valuation. Chapter 32 on “Corporate Restructuring” strategy is an add-on to Chapter 31. The Chapter deals with the Financial Framework and Tax Aspects of Amalgamation, Merger and Demergers. The Corporate professional gets insight to the Legal and procedural aspects of mergers/Amalgamation/Takeovers practices and procedures in India and at globe.

Chapter 34 is titled as “Foreign Exchange, Markets & Dealings”. There is an urgent need to understand Foreign Exchange Markets and the exchange rate functions. The authors describe these fundamental issues in this chapter. The author brings forth the PPP and IRP theory of Exchange Rate determination which would give an insight to the researches and Forex Traders. “Foreign Exchange Exposure and Risk Management” is the 35th Chapter of the book. India being member of the World Bank and EURO ZONE tend to interface with exposure. The Chapter deals with various types of Exposure – Transaction/Translation/Real Operating. The Author argues on the FERM, FEMA and various other risk management practices in India.

Chapter 36 “International Financial Management” deals with multinational Capital budgeting decisions. Global Expansion/Diversification of operations requires financing and assessment of Project proposals. The author points out the various International Financing Vehicles – ECBs, Euro Issues and ADR/GDR. The modulation and implementation of adjusted NPV approach is also being discussed in length by the author.

Useful Additional/Overall Comments

Overall the book is an extremely useful addition to the field of Financial Management and implications for Industry. It would be of interest to teachers, post graduate students and practicing financial professionals as well as consultants. The book would provide a modest and ready-made solution to various Corporate Financial Issues. The authors have succeeded in providing a very good review of various theories/models and applications as well.

The book is written in a Lucid and simple language. The application is comprehensive and non-mathematical. The presentations and discussion of the concept are followed by exhaustive illustrative problems, makes the book an interested reading. The book is likely to emerge as a standard reference book for Financial Planning & Management.