



Capital Structure



Definition

Capital Structure means a combination of all long term sources of finance. It includes Equity share capital, Preference share capital, Debentures, Reserves and Surplus, loan etc.,



Objectives of Capital Structure

- *To reduce Cost of Capital*
- *To minimize the risk*
- *Maximize returns*
- *Control over Organization*

Factors influence Capital Structure

- *Utilization of funds*
- *Growth & Stability of Sales*
- *Cost of Capital*
- *Nature & Size of a firm*
- *Control*
- *Flexibility*
- *Requirement of Investors*
- *Conditions of the Market*