



## Preface

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*Financial Management has emerged as an interesting and exciting area for the academic studies as well as for practitioners. The financial management deals with the financial decision making. All decisions taken by a finance manager have financial implications. Financial Management evaluates the financial implications and help taking these decisions in such a way as to maximize the value of the firm or in other words to maximize the wealth of the shareholders. The present book has been designed to discuss the fundamental concepts and principles of financial management. It aims to fulfil the requirements of the students of undergraduate courses in commerce and management, particularly the B.Com. (H) Vth Semester/Annual Mode of Delhi University and other central universities throughout India.*

*The book deals primarily with the theory and concepts of financial management. Keeping in view the target student group, an attempt has been made to present the subject-matter in a non-mathematical and non-technical way. The motivation for the book was provided by the interaction with the students in the classroom and it has been shaped by the experience of teaching the subject-matter at different levels. The reactions and responses of the students have been incorporated at different places. It has been observed that students want a simple, systematic and comprehensive explanation of the concepts and theories underlying the financial management. The subject-matter, throughout the book, has been presented in a well knit manner.*

*As a student of financial management and now as a teacher, I have gone through a vast amount of literature available on the subject. I feel indebted to several authors, researchers and my teachers who have helped me a lot in understanding various issues in finance. I am also grateful to my students who have provided the stimulus for writing this book. The real inspiration for writing this book came from my friend and erstwhile colleague, Shri S.K. Gupta, M.Com., M.Phil., M.FIS, CPA of Cleveland State University, U.S.A. Initially, he was to co-author the book, but he could not because of his other pre-occupations.*

*The motive for Fourteenth edition has been provided by the overwhelming response of the students and academicians towards the earlier editions.*

*Efforts have been made to retain the basic structure of the book. Nevertheless, numerous notes and explanations have been added at appropriate places. New practical questions have been added to Graded Illustrations in various chapters. Other highlights of this edition are:*

- *Multiple Choice Questions (MCQ), Graded Illustrations and Theoretical Questions have been added at the end of different chapters.*
- *Questions appeared in Latest Question Papers of Delhi University have been incorporated at appropriate places.*
- *In Chapter 4, basic principles of calculations of Cash Flows for capital budgeting proposals have been summarized as a quick reference for the readers.*

- *In Chapter 4, a new section has been introduced to deal with the Analysis of Risk in Capital Budgeting proposals.*
- *In Chapter 4, discussion on Modified Internal Rate of Return has been inserted.*
- *Working Notes and Explanations have been added at various places and in Graded Illustrations to explain calculations and assumptions.*

*I am indebted to Sh. H.N. Tiwari, Asstt. Professor, Shri Ram College of Commerce for immensely helping in preparation of Appendix I, "Financial Decision making with EXCEL". I am thankful for the comments and suggestions made by the colleagues from Delhi University and other professional institutes for the improvement of the book. Further comments and suggestions for improving the quality of the book are welcome and will be gratefully acknowledged. Taxmann Publications (P.) Ltd., deserves a special mention for timely release of the book in its new format.*

**DR. R.P. RUSTAGI**