The 11th edition of this text came from the author, with the objective of providing information on current developments in financial management, besides a thorough understanding of the concepts and theories, in a systematic way. The text highlights the ‘modern’ analytical approach to corporate finance decision making. Concepts are made clear in simple language before introducing complicated techniques and theories. The contents of the book run through 863 pages, complimented by Author index & Subject index. The content of the book is divided into eight parts and these parts are further sectioned into 35 chapters. At the end of each chapter, review questions and problems based on professional courses and examination have been added. Each chapter contains a summary of the key points as well as a list of key concepts.

Part 1 comprises of six chapters and explains the concept of risk and return in detail. Chapter 1 addresses initial concepts for understanding nature of financial management. Chapter 2 is all about time value of money and it talks about basic concept like annuity, perpetuity, continuous compounding etc. Chapter 3 is in continuation with chapter 2 explains the concept of valuation of bonds & shares. This Chapter gives an insight into relationship between share prices, dividend policy & valuation of company. Chapter 4 is all about theories of capital market. The chapter attempts to answer how do investors make their investment decisions. It explains the concept of risk, return & standard deviation of single asset portfolio. Chapter 5 gives an insight into the concept of portfolio theory & capital asset pricing model and their practical implications. Chapter 6 explains the concept of beta estimation and cost of equity. Chapter 7 gives a brief idea of options and their valuation which is further discussed in detail in chapter 33.

Part 2 presents the basics of investment decisions in six chapters. Chapter 8 provides various methods of capital budgeting and their acceptance rules. It gives a detailed idea of discounted & non discounted cash flow techniques of capital budgeting. Chapter 9 deals with cost of capital. It gives an in depth idea of cost of equity & debt. It explains the various components of cost of capital & practical considerations of various factors while determining cost of capital. Chapter 10 throws light on the various components of cash flows & how to obtain correct cash flows. This chapter has also bought a glimpse of tax considerations on various cash flows.
and also talks a little bit about tax shields. Chapter 11 deals with complex investment decisions such as projects with different lives, replacement of existing assets etc. Chapter 12 puts a step forward towards the risk analysis in capital budgeting. It explains the various types of risk and methods of accessing these risks. Chapter 13 takes us away from the sequence and talks about various investment strategies and their processes; in total it talks about the cash flows from various investment avenues in a very simple manner with lots of practical examples.

Part 3 comprises of five chapters focusing on financing and dividend decisions of a firm. Chapter 14 deals with financial & operating leverages and gives a detailed idea of the same. The chapter helps in determining the appropriate combination of operating & financial leverages of a firm. Chapter 15 deals with the theories & policies of capital structure followed by MM theory and other views. Chapter 16 explains valuation, financing & evaluation of projects. The chapter introduces the concept of beta, opportunity cost of capital, subsidized financing etc. It also talks about the various alternatives available for appropriate valuation of project. Chapter 17 explains the dividend theory in detail. It tries to answer the most prominent question regarding dividend i.e. why or why not dividends. Chapter 18 in continuation with chapter 17 explains various dividend policies. It throws light on the conflict between shareholders and management interest. It also explains various forms of dividends i.e. cash, bonus etc.

Part 4 holds the basket of next five chapters that manage to explore various long term financing instruments. Chapter 19 talks about the capital market efficiency and capital markets in India. The chapter critically examines the efficiency and importance of capital market in India. Chapter 20 explains long term financing instruments such as shares, debenture and term loans in detail. Chapter 21 is an expansion of previous chapter and goes one step ahead towards convertible debentures and warrants. Chapter 22 introduces the advance financing alternatives related to asset side of the balance and it discusses the three most popular asset based financing alternatives i) lease ii) hire purchase iii) project financing. Chapter 23 comments that venture capital financing plays a strategic role in financing small enterprises, high technology using enterprises & risky ventures.

Part 5 comprises of three chapters, that cover financial statement analysis and in turn, lays the foundation for financial planning and strategies. Chapter 24 explains that three basic financial statements i.e. balance sheet, profit and loss account and cash flow statements are of great significance to owners, management and investors. Chapter 25 emphasizes that financial analysis is the starting point for making plans. This chapter talks about various types of ratio analysis and comparative statement analysis. It also explains the utility and limitations of ratio analysis. Chapter 26 discusses how financial and profit planning helps a firm’s financial manager to
regulate the flows of funds, which is his primary concern. This chapter also attempts to clarify the difference of financial forecasting and planning. It also gives a brief introduction to sensitivity analysis.

Part 6 holds the basket of next five chapters, all of which deals with the concept of working capital. Chapter 27 gives a detailed overview of principles of working capital management. In this part issues relating to the management of current assets are discussed. Chapter 28 talks about receivables management and factoring. The chapter has also discussed the nature and types of factoring services and its cost & benefits. Chapter 29 highlights the need, nature and techniques of inventory management. This chapter focuses on the need for analyzing inventory problems as an investment decision. Chapter 30 presents the methods and means of cash management and; chapter 31 explains the concept of working capital finance. It briefs the norms used by banks in financing a firm’s working capital need. The chapter also discusses implication of the recommendations suggested by the Tandon Committee.

Part 7 takes us towards advance level of finance, recent trends in finance and international finance. It consists of four chapters 32, 33, 34 & 35. Chapter 32 discusses the mergers and acquisition and the motives behind them & explains the various considerations and issues, legal frame work involved in mergers and acquisitions. Chapter 33 introduces the concept and terminology of derivatives. It explains why a firm needs hedging and how derivatives can be used to hedge risk. Chapter 34 talks about international financial management. It focuses on the techniques that can be used to hedge foreign exchange risk. Chapter 35 talks about the concept of shareholders value and corporate governance. It develops the framework for the shareholder’s value analysis and introduces the concept of economic value and market value addition. Part 8 is comprised of various tables and appendices.

Although, this book covers all aspects of financial management, its utility is confined to regional readers only. Author could consider inclusion of financial management practices in the global perspective, so that; it would be useful to readers, worldwide. The book contains a comprehensive treatment of topics on valuation, risk and return, options, capital budgeting, capital structure, dividend decisions, working capital management, mergers & acquisition, shareholders’ value, corporate governance and international financial management, with a view that, readers understand these financial decisions thoroughly well, and are able to evaluate their implications for shareholders and the company. Successive editions with a global perspective and availability of the text would ensure, all time contributions to academia and research in financial management, internationally.