



# BASIC FINANCIAL MANAGEMENT



**Dr. R. P. Rustagi**

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# BASIC FINANCIAL MANAGEMENT







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# BASIC FINANCIAL MANAGEMENT

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# Preface

Financial management deals with the financial decision-making in any firm. Decisions taken by a financial manager have financial implications. Financial Management evaluates the financial implications and helps 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 of financial management. It aims to fulfill the requirements of the students of Undergraduate Courses and various Professional Courses of Indian Universities.

Keeping in view the target students group, an attempt has been made to present the subject matter in a non-mathematical way. It has been observed that students want a simple and systematic explanation of the concepts underlying the financial management. The subject matter, throughout the book, has been presented in a well-knit manner.

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. I gratefully acknowledge the help, contribution and suggestions received from various friends and colleagues working in different colleges and professional institutes.

Sultan Chand & Sons, the publisher of the book, deserve a special mention for releasing the book well on schedule.

Suggestions for the improvement of the book are most welcome and would be duly incorporated and acknowledged.

**Dr. R.P. Rustagi**

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# Investment Analysis and Portfolio Management

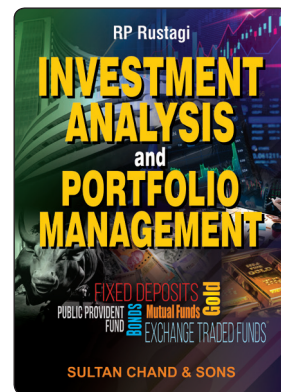
Dr.R.P. Rustagi

## About the Book

Investment Analysis and Portfolio Management has been prepared to meet the requirements of students taking M.Com., MBA, CFA, PGDBM and other courses in Finance. The scope of investment decision making is widening as new concepts and financial products are appearing on the horizon. The book attempts to comprehend the developments taking place in the area of investment analysis. It aims to present the intricate and complex tools and techniques of investment management in a simplified way. Numerical examples and illustrations have been used extensively to explain the application of different concepts. The book is equally useful for the investment researchers, investment practitioners and all types of investors.

## Salient Features

- Comprehensive and systematic coverage and analytical presentation of the subject matter.
- Reader-friendly and frequent references to Indian environment to enhance the understanding of the subject.
- Detailed exposition of Stock Exchange operations and latest developments and emerging trends in Indian capital market given in a capsulated form.
- Frequent references to SEBI Guidelines, Rules and Regulations.
- ‘Chapter Theme’ and ‘Chapter Plan’ given in the beginning to present the bird’s eye view of the chapter.
- More than 90 examples, nearly 350 solved illustrations, more than 280 assignments and around 150 problems given at the appropriate places.



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- Financial Markets, Participants and Instruments.

### Part II: Indian Capital Market

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# Investment Management Theory & Practice

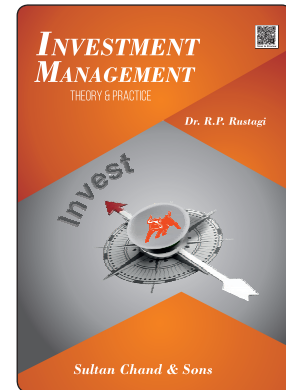
Dr.R.P. Rustagi

## About the Book

‘Investment Management’ has been written to meet the need of the students taking B.Com. (H.) and other Undergraduate Courses in Finance in the light of NEP 2020. The scope of investment decision making has substantially widened with new concepts appearing on the horizon. Appropriately, the syllabi of different courses have been modified and updated. Consistent with the objective, this book presents analytical framework of the related subject matter in the light of SEBI Rules, Regulations and Guidelines. Numerical examples and illustrations have been used extensively to explain the applications of different concepts.

## Salient Features

- Comprehensive and systematic coverage and analytical presentation of the subject matter.
- Reader-friendly and frequent references to Indian environment to enhance the understanding of the subject.
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## Contents

### Part I: Investment Environment

- Understanding Investment
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### Part II: Risk-return Relationship and Portfolio Management

- Risk and Return
- Portfolio Selection and Management

### Part III: Securities Analysis and Valuations

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- Equity Shares: Fundamental and Technical Analysis
- Valuation of Equity Shares

### Part IV: Mutual Funds and Financial Derivatives

- Mutual Funds
- Financial Derivatives

### Part V: Indian Capital Market

- Indian Capital Market: Structure and Emerging Trends
- Investors' Protection, Unfair Trade Practices and Insider Trading

## Appendices

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## About the Book

Basic Financial Management has been prepared to meet the requirements of students taking B.Com. of University of Delhi. The Scope of financial decision making has substantially widened with new concepts appearing on the horizon. Consistent with the objective, the book presents an analytical framework of the related subject-matter. Numerical examples and illustrations have been used extensively to explain the application of different concepts.

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- Comprehensive and systematic coverage and analytical presentation of the subject matter.
- Chapter Theme and Chapter Plan in the beginning of each chapter to give the bird's eyeview of the contents of that chapter.
- Objective Type Questions (with answers) given at the end of each chapter.
- Sufficient examples and solved illustrations/problems given at appropriate places.
- Extensive use of Charts, Graphs and Diagrams.

## About the Author

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