

**Abstract:**

This study examines the principles and practices of financial capital budgeting, focusing on its critical role in strategic decision-making and long-term financial planning. Capital budgeting involves evaluating potential investment opportunities, such as acquiring assets, expanding operations, or launching new projects, to determine their feasibility and profitability. The research aims to explore the methodologies, tools, and criteria used in capital budgeting and their impact on organizational growth and financial stability.

The study adopts a mixed-methods approach, analyzing case studies and conducting surveys with financial managers across industries. Key aspects of investigation include techniques such as Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period, and Profitability Index, along with their application in real-world scenarios. The research also examines challenges faced in capital budgeting, such as uncertainty in cash flow projections, risk assessment, and aligning investments with organizational goals.

Findings reveal that organizations leveraging robust capital budgeting practices achieve better resource allocation, risk mitigation, and financial performance. However, the study identifies areas for improvement, including integrating advanced analytics and enhancing scenario planning. Recommendations include adopting technology-driven tools, fostering cross-functional collaboration, and emphasizing post-implementation reviews to optimize investment decisions and maximize returns.