

HW - Chapter 4 - Cost of Capital - Q1

Cost of irredeemable debenture:

$$K_d = \text{Int} (1 - t) \div \text{NP} =$$

$$\text{Rs. } 12 (1 - 0.35) \div 94$$

$$= 0.08297 \text{ or } 8.30\%$$