

- Q.1 What are the various aspects that should be covered in market planning of a project?
- Q.2 What are the pre-requisites for successful project implementation? Explain any 5 with examples.
- Q.3 The Advent Products Corporation has the following capital structure, which it considers optimal:
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|--------------------------------|------------|
| Bonds, 7% (now selling at par) | Rs 300,000 |
| Preferred stock, Rs 5.00 | 240,000 |
| Common stock | 360,000 |
| Retained earnings | 300,000 |

Dividends on common stock are current stock Rs 3 per share and are expected to grow at a constant rate of 6 %. Market price per share of common stock is Rs 40, and the preferred stock is selling at Rs 50. Floatation cost on new issues of common stock is 10 %. The interest on bonds is paid annually. The company's tax rate is 40 %.

Calculate:

- The cost of bonds
 - The cost of preferred stock
 - The cost of retained earnings (or internal equity)
 - The cost of new common stock (or external equity)
 - The weighted average cost of capital
- Q.4 Discuss any 5 weaknesses found in capital budgeting systems in practice.
- Q.5 Describe the salient features of:
- Full recourse structure in project financing
 - Limited recourse structure in project financing.