

Abstract

Effective cost of capital management is crucial for any organization to ensure financial stability, optimize capital structure, and maximize shareholder value. This study analyzes the cost of capital management practices at GVG Paper Packaging Industries Ltd., Coimbatore, aiming to evaluate how the company manages its capital costs and their impact on investment and financing decisions. The research focuses on understanding the sources of capital, including debt, equity, and internal accruals, and how they influence the overall cost of capital.

Data was collected through financial statements, interviews with key financial managers, and analysis of the company's capital structure over a defined period. The study employs key financial tools such as the weighted average cost of capital (WACC), cost of equity, and cost of debt to evaluate the company's current capital management practices. The findings reveal that GVG Paper Packaging Industries Ltd. maintains a balanced capital structure, with an efficient mix of debt and equity, which helps in minimizing the overall cost of capital. However, the study also identifies areas for improvement, such as optimizing debt management and reducing the cost of equity financing.

The research concludes with recommendations for the company to enhance its cost of capital management by exploring alternative financing options, optimizing debt levels, and improving financial risk management practices. This study provides valuable insights for the company to make informed decisions and ensure sustainable growth.