

DCF MODELLING AND WACC STRUCTURE

Weighted Average Cost of Capital

All figures are in INR unless stated otherwise

Peers Comps

Name of the Comps	Country	Total Debt	Total Equity	Tax Rate ¹	Debt/ Equity	Debt/ Capital	Levered/ Beta ²	Unlevered/ Beta ³
Nestle India	India	1166.85	232940	30.00%	0.50%	0.50%	0.43	0.43
Britannia Industries	India	1247	133796	30.00%	29.00%	0.92%	0.70	0.58
Tata Consumer Products Ltd	India	2393	107139	30.00%	12.00%	2.18%	0.8	0.74
Lamb Weston Holdings	US	3852.7	7780	30.00%	261.00%	33.12%	0.75	0.27
Keurig Dr Pepper	US	172.274	448740	30.00%	76.00%	0.04%	0.28	0.18
				Average	30.00%	94.50%	0.63	0.44
				Median	30.00%	52.50%	0.73	0.42

Cost of Debt

use interest /total debt fr debt

Pre-Tax Cost of Debt	4.17%
Tax Rate	30.00%
Post Tax Cost of Debt	2.92%

Cost of Equity

Riske Free Rate	7.39%
Equity Risk Premium	-6.00%
Levered Beta ⁴	0.45
Cost of Equity	4.67%

Capital Structure

		Current	Target
Total Debt	1166.85	0.50%	9.07%
Market Capitalization	232940	99.50%	90.93%
Total Capital	234106.85	100.00%	100.00%
Debt/Equity		0.50%	9.97%

Levered Beta

Comps Median Unlevered Beta	0.42
Target Debt/Equity	9.97%
Tax Rate	30.00%
Levered Beta	0.45

Weighted Average Cost of Capital

	Total Cost	Total Weight
Debt	2.92%	9.07%
Equity	4.67%	90.93%
Weighted Average Cost of Capital		4.51%

Notes

1. Tax Rate considered as Marginal Tax Rate for the Country

2. Levered bets is based on 5 year monthly data

3. Unlevered beta = Levred beta / (1+(1-tax)*Debt/Equity)

4. levered beta = Unlevred beta * (1+(1-tax)*Debt/Equity)

Nestle India

Regression Beta -2year weekly data

Avenue Supermart Weekly Returns

Date	Closing Price	Return
27-May-25	2,460.90	8.02%
17-Apr-25	2,416.60	-1.80%
06-Jun-25	2,417.20	0.02%
14-May-25	2,370.40	-1.94%
22-Apr-25	2,407.30	1.56%
11-Jun-25	2,419.20	0.49%
23-May-25	2,414.40	-0.20%
30-May-25	2,396.20	-0.75%
22-May-25	2,361.70	-1.44%
21-May-25	2,392.60	1.31%
24-Apr-25	2,433.20	1.70%
09-May-25	2,325.40	-4.43%
28-Apr-25	2,406.00	3.47%
03-Jun-25	2,391.40	-0.61%
10-Jun-25	2,431.40	1.67%
02-Jun-25	2,406.30	-1.03%
16-May-25	2,408.80	0.10%
16-Apr-25	2,383.30	-1.06%

NIFTY Returns

Closing Price	Return
14,938.10	2.81%
15,031.00	0.62%
14,744.00	-1.91%
14,507.30	-1.61%
14,867.30	2.48%
14,834.80	-0.22%
14,617.80	-1.46%
14,341.30	-1.89%
14,631.10	2.02%
14,823.20	1.31%
14,677.80	-0.98%
15,175.30	3.39%
15,435.70	1.72%
15,670.30	1.52%
15,799.30	0.82%
15,683.30	-0.73%
15,860.30	1.13%
15,722.20	-0.87%

Beta Drifting

Levered Raw Beta	0.43
Market Beta	1
Market Beta Weight	25.00%
Beta	0.43
Adjusted Beta	0.57

15-May-25	2,398.10	0.62%	15,689.80	-0.21%
04-Jun-25	2,397.50	-0.03%	15,923.40	1.49%
11-Apr-25	2,361.40	-1.51%	15,856.00	-0.42%
07-May-25	2,338.40	-0.97%	15,763.00	-0.59%
12-Jun-25	2,385.60	2.02%	16,238.20	3.01%
12-May-25	2,383.80	-0.08%	16,529.10	1.79%
31-Jan-25	2,313.20	-2.96%	16,450.50	-0.48%
02-May-25	2,337.70	1.06%	16,705.20	1.55%
26-May-25	2,454.00	4.97%	17,323.60	3.70%
30-Apr-25	2,388.20	-2.68%	17,369.30	0.26%
01-Feb-25	2,327.20	-2.55%	17,585.20	1.24%
05-May-25	2,328.20	0.04%	17,853.20	1.52%
24-Mar-25	2,263.55	-2.78%	17,532.10	-1.80%
15-Apr-25	2,367.90	4.61%	17,895.20	2.07%
28-May-25	2,419.00	2.16%	18,338.60	2.48%
04-Feb-25	2,299.45	-4.94%	18,114.90	-1.22%
24-Feb-25	2,220.40	-3.44%	17,671.70	-2.45%
20-Mar-25	2,221.55	0.05%	17,916.80	1.39%
07-Feb-25	2,225.10	0.16%	18,102.80	1.04%
13-Jan-25	2,237.35	0.55%	17,764.80	-1.87%
27-Mar-25	2,242.05	0.21%	17,026.40	-4.16%
18-Mar-25	2,202.05	-1.78%	17,196.70	1.00%
25-Apr-25	2,413.50	9.60%	17,511.30	1.83%
23-Apr-25	2,433.40	0.82%	16,985.20	-3.00%
20-Jan-25	2,214.00	-9.02%	17,003.80	0.11%
17-Jan-25	2,217.20	0.14%	17,354.10	2.06%
06-Mar-25	2,201.20	-0.72%	17,812.70	2.64%
14-Feb-25	2,195.85	-0.24%	18,255.80	2.49%
19-May-25	2,407.80	9.65%	17,617.20	-3.50%
21-Feb-25	2,214.95	-8.01%	17,101.90	-2.92%
29-Apr-25	2,387.50	7.79%	17,516.30	2.42%
01-Apr-25	2,234.00	-6.43%	17,374.80	-0.81%
09-Jun-25	2,415.30	8.12%	17,276.30	-0.57%
18-Feb-25	2,222.40	-7.99%	16,658.40	-3.58%
14-Jan-25	2,219.05	-0.15%	16,245.30	-2.48%
05-Jun-25	2,401.30	8.21%	16,630.40	2.37%
19-Mar-25	2,184.00	-9.05%	17,287.10	3.95%
11-Feb-25	2,195.50	0.53%	17,153.00	-0.78%
20-May-25	2,358.50	7.42%	17,670.40	3.02%
29-May-25	2,435.00	3.24%	17,784.30	0.64%
11-Mar-25	2,251.40	-7.54%	17,475.70	-1.74%
12-Mar-25	2,195.50	-2.48%	17,171.90	-1.74%
03-Feb-25	2,317.10	5.54%	17,102.60	-0.40%
23-Jan-25	2,198.95	-5.10%	16,411.30	-4.04%
27-Jan-25	2,174.75	-1.10%	15,782.20	-3.83%
06-May-25	2,356.50	8.36%	16,266.20	3.07%
08-Apr-25	2,275.40	-3.44%	16,352.50	0.53%
21-Apr-25	2,399.40	5.45%	16,584.30	1.42%
16-Jan-25	2,169.30	-9.59%	16,201.80	-2.31%
12-Feb-25	2,193.75	1.13%	15,293.50	-5.61%
30-Jan-25	2,217.35	1.08%	15,699.30	2.65%
13-May-25	2,370.20	6.89%	15,752.00	0.34%
28-Mar-25	2,250.75	-5.04%	16,220.60	2.97%
09-Apr-25	2,344.85	4.18%	16,049.20	-1.06%
13-Feb-25	2,177.55	-7.13%	16,719.40	4.18%
08-May-25	2,340.70	7.49%	17,158.30	2.63%
25-Feb-25	2,250.40	-3.86%	17,397.50	1.39%
05-Feb-25	2,248.95	-0.06%	17,698.20	1.73%

17-Mar-25	2,174.35	-3.32%	17,758.40	0.34%
28-Feb-25	2,189.65	0.70%	17,558.90	-1.12%
10-Mar-25	2,248.40	2.68%	17,539.40	-0.11%
03-Apr-25	2,245.65	-0.12%	17,833.30	1.68%
06-Feb-25	2,239.45	-0.28%	17,530.80	-1.70%
07-Apr-25	2,249.00	0.43%	17,327.30	-1.16%
25-Mar-25	2,254.85	0.26%	17,094.30	-1.34%
22-Jan-25	2,207.80	-2.09%	17,314.70	1.29%
04-Apr-25	2,262.15	2.46%	17,185.70	-0.75%
21-Mar-25	2,268.85	0.30%	17,576.30	2.27%
02-Apr-25	2,210.70	-2.56%	17,786.80	1.20%
07-Mar-25	2,238.45	1.26%	18,117.20	1.86%
10-Feb-25	2,221.05	-0.78%	18,349.70	1.28%
26-Mar-25	2,243.45	1.01%	18,307.70	-0.23%
17-Feb-25	2,216.50	-1.20%	18,512.80	1.12%
10-Jan-25	2,247.90	1.42%	18,696.10	0.99%
19-Feb-25	2,204.95	-1.91%	18,496.60	-1.07%
20-Feb-25	2,206.75	0.08%	18,269.00	-1.23%
05-Mar-25	2,197.00	-0.44%	17,806.80	-2.53%
21-Jan-25	2,196.45	-0.03%	18,105.30	1.68%
15-Jan-25	2,199.65	0.15%	17,859.40	-1.36%
04-Mar-25	2,146.50	-2.42%	17,956.60	0.54%
03-Mar-25	2,185.55	1.82%	18,027.70	0.40%
24-Jan-25	2,207.90	1.02%	17,604.30	-2.35%
29-Jan-25	2,180.70	-1.23%	17,854.10	1.42%
13-Mar-25	2,191.95	0.52%	17,856.50	0.01%
28-Jan-25	2,156.30	-1.63%	17,944.20	0.49%

go to yahoo fianace and take historical data of
 either 2 years weekly or 5year mothly
 to make filter : shift+ctrl+L

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.217468
R Square	0.047292
Adjusted R Sq	0.037859
Standard Erro	0.039175
Observations	103

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>ignificance F</i>
Regression	1	0.007694	0.007694	5.01361	0.027342
Residual	101	0.155001	0.001535		
Total	102	0.162695			

<i>Coefficients</i>	<i>andard Err</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.0%</i>	<i>pper 95.0%</i>
---------------------	-------------------	---------------	----------------	------------------	------------------	-------------------	-------------------

Intercept	-0.00071	0.003884	-0.18375	0.854575	-0.00842	0.006991	-0.00842	0.006991
X Variable 1	0.429371	0.19176	2.239109	0.027342	0.048971	0.80977	0.048971	0.80977

Return on Market

Year	Annual		
2000	-14.65%	Average Return	15.41%
2001	-16.18%	Dividend Yield	1.39% ¹
2002	3.25%	Total Market Return	1.39%
2003	71.90%		
2004	10.68%		
2005	36.34%		
2006	39.83%		
2007	54.77%		
2008	-51.79%		
2009	75.76%		
2010	17.95%		
2011	-24.62%		

USE PRIME INVESTOR TO TAKE NIFTY YEARLY RETURNS

see it on prime investor

Calculation of PV of FCFF	Mar-25 A	Mar-26 E	Mar-27 E	Mar-28 E	Mar-29 E	Mar-30 E
EBIT	4,231.4	5,092.5	6,128.8	7,376.0	8,877.1	10,683.5
Tax	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
EBIT(1-T)	3,173.56	3,819.38	4,596.62	5,532.03	6,657.80	8,012.66
Less:Reinvestment Rate	49.14%	49.14%	49.14%	49.14%	49.14%	49.14%
Free Cash Flow to Firm (FCFF)	1,614.07	1,942.53	2,337.84	2,813.59	3,386.16	4,075.24
Mid Year Convention		0.5	1.5	2.5	3.5	4.5
Discounting Factor		0.9782	0.9359	0.8955	0.8569	0.8199
PV of FCFF		1,941.56	2,336.90	2,812.70	3,385.30	4,074.42

Expected Growth	20.35%
Terminal Growth	2.00%
WACC	4.51%

Calculation of Terminal Value	
FCFF (n+1)	4,904.6
WACC	4.51%
Terminal Growth Rate	2.00%
Terminal Value	1,95,226.8

Sensitivity Analysis					
	3.10%	3.50%	4.51%	5.50%	
0.50%	1014.0	800.1	450.0	244.0	
1.50%	2016.5	1495.2	795.5	452.6	
2.00%	3201.4	2190.3	1071.5	601.5	
2.20%	4043.9	2618.1	1215.4	673.7	
2.50%	6360.9	3580.5	1484.8	800.1	

Calculation of Equity Value per Share	
PV of FCFF	14,550.9
PV of Terminal Value	1,60,061.7
Value of Operating Assets	1,74,612.6
Add: Cash	95.7
Less: Debt	71540.0
Value of Equity	1,03,168.2
No of Shares	96.4
Equity Value per Share	1070.0

Share price	2,416.0
Discount/Premium	premium
	2.3 x

Football Field Analysis - Data

	OpenLow	Low	OpenHigh	High
Comps	423.5	423.5	5653.5	5653.5
DCF Bear	244.0	244.0	800.1	800.1
DCF Base	450.0	450.0	1484.8	1484.8
DCF Bull	1014.0	1014.0	6360.9	6360.9
52W H/L	2110.0	2110.0	2778.0	2778.0

