

Weighted Average Cost of Capital

All figures are in INR unless stated otherwise

Peer Comps

Name of the Comp	Country	Total Debt	Total Equity	Tax Rate ¹	Debt / Equity	Debt / Capital	Levered Beta ²	Unlevered Beta ³
Hind. Unilever	India	₹ 1,648.0	₹ 558,967.8	25.00%	0.29%	0.29%	0.40	0.40
Nestle India	India	₹ 3,915.5	₹ 234,796.4	25.00%	1.67%	1.64%	0.70	0.69
Britannia Inds.	India	₹ 1,246.5	₹ 132,899.1	25.00%	0.94%	0.93%	0.60	0.60
Godrej Consumer	India	₹ 4,004.5	₹ 131,937.4	25.00%	3.04%	2.95%	0.75	0.73
Dabur India	India	₹ 950.4	₹ 85,673.9	25.00%	1.11%	1.10%	0.90	0.89
Average				25.00%	1.41%	1.38%	0.67	0.66
Median				25.00%	1.11%	1.10%	0.70	0.69

Cost of Debt

Pre tax cost of Debt ⁵	7.42%
tax Rate	25.00%
Post Tax cost of Debt	5.57%

Capital structure

		Current	Target
Total Debt	1648	0.29%	1.38%
Market Capitalization	558967.75	99.71%	98.62%
Total Capital	560615.75	100.00%	100.00%
Debt / Equity		0.29%	1.40%

Cost of Equity

Risk-Free Rate ⁶	4.04%
Market Risk Premium ⁷	7.26%
Levered Beta ⁴	0.70
cost of equity	9.11%

Levered Beta

comps Median Unlevered Beta	0.69
Target Debt/Equity	1.40%
Tax rate	25.00%
Levered Beta	0.70

Capital structure

	Total cost	Total Weight
Debt	5.57%	1.38%
Equity	9.11%	98.62%
Weighted average Cost of Capital		9.06%

Notes

1. Tax Rate Considered as Marginal Tax Rate of the country

2. Levered Beta is based on 5 year monthly data

3. $\text{Unlevered Beta} = \text{Levered Beta} / (1 + (1 - \text{Tax rate}) * (\text{debt} / \text{Equity}))$

4. $\text{Levered Beta} = \text{Unlevered Beta} * (1 + (1 - \text{Tax rate}) * (\text{debt} / \text{Equity}))$

5. cost of debt (hind. Unilever) = risk-free rate (india) + country risk Premium + company default spread (Hind. Unilever)

6. Risk-free rate (india) = Sovereign Bond Yeild - Default spread (india)

7. Equity Risk Premium Taken from - <https://pages.stern.nyu.edu/~adamodar/>