

Weighted Average Cost of Capital for HUL

All figures are in INR unless stated otherwise.

Peer Comps

Name	Country	Total Debt	Total Equity	Tax Rate ¹	Debt/ Equity	Debt/ Capital	Levered Beta ²	Unlevered Beta ³
Hind. Unilever	India	1,651.0	5,58,484.0	30.00%	3.00%	0.29%	0.69	0.67
Colgate-Palmoliv	India	70.1	74,900.5	30.00%	4.00%	0.09%	0.85	0.83
P & G Hygiene	India	3.1	47,604.9	30.00%	0.00%	0.01%	0.15	0.15
Gillette India	India	0.1	31,242.9	30.00%	0.00%	0.00%	0.88	0.88
Average				30.00%	1.75%	0.10%	0.64	0.63
Median				30.00%	1.50%	0.05%	0.77	0.75

Cost of Debt

Pre-tax Cost of Debt	22.51%
Tax Rate	30.00%
After Tax Cost of Debt	15.75%

Cost of Equity

Risk Free Rate	7.39%
Equity Risk Premium	8.02%
Levered Beta ⁴	0.75
Cost of Equity	13.41%

Capital Structure

		Current	Target
Total Debt	1,651.0	0.29%	0.10%
Market Capitalization	5,58,484.0	99.71%	99.90%
Total Capitalization	5,60,135.0	100.00%	100.00%
Debt / Equity		0.30%	0.10%

Levered Beta

Comps Median Unlevered Beta	0.75
Target Debt/ Equity	0.10%
Tax Rate	30.00%
Levered Beta	0.75

Weighted Average Cost of Capital

Cost of Equity	13.41%
Equity Weight	99.90%
Cost of Debt	15.75%
Debt Weight	0.29%
WACC	13.44%

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

2. Levered Beta is based on 5 year monthly data

3. Unlevered Beta = Levered Beta/(1+(1-Tax Rate) x Debt/Equity)

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