

## Weighted Average Cost of Capital for Reliance Industries

All figures are in INR unless stated otherwise.

### Peer Comps

Name	Country	Total Debt Cr.	Total Equity Cr.	Tax Rate <sup>1</sup>	Debt/Equity	Debt/Capital	Levered Beta <sup>2</sup>	Unlevered Beta <sup>3</sup>
Reliance Industries	India	3,74,593.00	19,17,623.05	24.00%	19.53%	16.34%	1.11	0.97
O N G C	India	1,87,817.30	3,11,600.93	26.00%	60.27%	37.61%	1.07	0.74
Coal India	India	9,145.73	2,39,668.71	25.00%	3.82%	3.68%	1.05	1.02
I O C L	India	1,52,270.56	2,15,955.96	22.00%	70.51%	41.35%	1.34	0.86
B P C L	India	61,100.57	1,45,752.10	23.00%	41.92%	29.54%	1.20	0.91
<b>Average</b>				24%	39%	26%	1.15	0.90
<b>Median</b>				24%	42%	30%	1.11	0.91

### Cost Of Debt

Pre-tax Cost of Debt	9.40%
Tax-Rate	24%
<b>After Tax Cost of Debt</b>	<b>7.14%</b>

### Cost Of Equity

Risk Free Rate	6.51%
Equity Risk Premium	10.18%
Levered Beta <sup>4</sup>	1.15
<b>Cost of Equity</b>	<b>18.18%</b>

### Capital Structure

		Current	Target
Total Debt	3,74,593.0	16.34%	25.70%
Market Capitalization	19,17,623.1	83.66%	74.30%
Total Capitalization	22,92,216.1	100.00%	100.00%
Debt / Equity		19.53%	34.60%

### Levered Beta

Comps Median Unlevered Bet	0.91
Target Debt/ Equity	34.60%
Tax Rate	24.00%
Levered Beta	1.15

### Weighted Average Cost of Capital

Cost of Equity	18.18%
Equity Weight	74.30%
Cost of Debt	7.14%
Debt Weight	25.70%
<b>WACC</b>	<b>15.34%</b>

1. Tax Rate is Considered from their financial statements of respective Companies

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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