Cost of Capital Dynamics: A Five-Year Trend and Peer Benchmarking Study

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ABSTRACT

This paper examines the cost of capital of Dabur India Ltd., a leading Indian FMCG and Ayurvedic products company, over FY2022–FY2026 and benchmarks it against Hindustan Unilever Ltd. (HUL) and Marico Ltd. Using consolidated financial statements and National Stock Exchange (NSE) closing prices, the study computes the after-tax cost of debt, the cost of equity through the Capital Asset Pricing Model (CAPM), and the weighted average cost of capital (WACC) using market-value weights. Equity betas are estimated by ordinary least squares on 59 monthly returns (April 2021–March 2026) against the Nifty 50, giving 0.83 for Dabur, 0.81 for HUL, and 0.62 for Marico. Dabur's WACC remained in a narrow 11.55–12.20% band. The movement is driven almost entirely by the cost of equity, since equity makes up more than 98% of its market-value capital structure in every year. The cost of debt, though volatile, never contributes more than 0.17 percentage points to WACC. All three firms rely almost entirely on equity. Dabur's and HUL's WACCs differ by less than 0.10 percentage points, while Marico's is about 1.2 percentage points lower, a gap explained by beta rather than leverage. The paper concludes with implications for capital budgeting hurdle rates and Dabur's future financing mix.

Keywords: *Cost of Capital; Weighted Average Cost of Capital (WACC); Cost of Equity; Cost of Debt; Capital Asset Pricing Model (CAPM); Beta; Capital Structure; Peer Benchmarking; Capital Budgeting.*

1. INTRODUCTION

The cost of capital is the minimum return a firm must earn on its investments to satisfy the return expectations of its providers of capital, lenders, and shareholders. It serves as both a financing benchmark and a discount rate in investment appraisal. If the cost of capital is underestimated, a firm may accept value-destroying investment. If it is overestimated, value-creating projects may be rejected (Pandey, 2021).

Dabur India Ltd. is a useful case to study because it is a large, listed FMCG company with very little debt. Unlike capital-intensive sectors such as steel, cement, or telecom, Indian FMCG majors typically fund growth from internal accruals rather than debt. This raises a practical question. This raises a practical question: How much do debt-side inputs (cost of debt, tax shield) matter to the blended cost of capital when debt is a small fraction of the capital structure? This paper attempts to answer that question using Dabur's data for FY2022–FY2026 and benchmarks the results against two comparable FMCG peers, HUL and Marico.

1.1 Company Profile

Dabur 's origins can be traced backto 1884, when Dr. S. K. Burman founded a small Ayurvedic medicine practice in Kolkata. His affordable herbal remedies were initially delivered door-to-door by bicycle. The business was renamed Dabur India Limited in 1986 and went public in 1994 through an IPO that was oversubscribed 21 times, an early

signal of investor confidence in the Ayurvedic FMCG category. In 1998, the Burman family handed day-to-day management to professional executives. This enabled diversification into personal care, packaged foods, and beverages, which define Dabur's portfolio today. Thus, Dabur is an old, professionally managed, promoter-backed firm with a long record of profitable, internally funded growth. Pecking order theory expects such a firm to prefer retained earnings over debt, and the low leverage documented in Section 4 confirms this.

Dabur describes itself as the world's largest Ayurvedic and natural healthcare company, with more than 250 products sold through over 7.7 million retail outlets in 120-plus countries. Its portfolio spans health care (Dabur Chyawanprash, Dabur Honey, Dabur Honitus, Dabur Pudin Hara), personal care (Dabur Amla Hair Oil, Dabur Red Paste, and Vatika, its international "power brand"), home care (Odomos, Odonil, Sanifresh), and food & beverages (the Réal and Réal Activ juice range and the Hommade cooking-aids sub-brand). This spread, from discretionary personal care to daily-use staples, gives Dabur a more diversified demand base than single-category peers. Dabur is listed on the NSE (DABUR) and BSE (500096) and headquartered in Ghaziabad, Uttar Pradesh. The Burman family retains a promoter shareholding of approximately 66%. Over FY2022–FY2026, consolidated revenue grew from roughly ₹10,889 crore to approximately ₹13,193–13,792 crore (depending on whether other income is included), while operating margins held within an 18–21% band (Screener, 2026a).

1.2 Objectives of the Study

- To calculate Dabur's cost of debt, cost of equity (CAPM), and WACC for each year from FY2022 to FY2026.
- To examine trends in these measures and identify the factors behind the year-to-year variations.
- To evaluate Dabur's capital structure and compare its cost of capital profile with HUL and Marico.
- To interpret the findings for capital budgeting, investment decisions, and future financing choices.

2. LITERATURE REVIEW

Handoo and Sharma (2014) examined the determinants of capital structure across 870 listed Indian firms between 2001 and 2010, testing ten independent variables against three leverage measures through regression analysis. Profitability, growth, asset tangibility, size, cost of debt, tax rate, and debt-servicing capacity significantly influenced leverage. This supports our expectation that profitability and tax considerations, and not just sector norms, shape a firm's debt-equity choice.

Panigrahi (2010) studied 300 Indian companies over 1999–2008 to test competing capital structure theories. Financing with internal funds, as pecking order theory predicts, emerged as a dominant feature, and equity was treated as a last resort. Other determinants were consistent with trade-off and agency-cost explanations. The trade-off theory holds that a firm borrows up to the point where the marginal value of the debt tax shield equals the marginal expected cost of financial distress (Pandey, 2021). Panigrahi's evidence indicates that in India, this tax-shield motive operates alongside a strong preference for internal funds. We examine this combination for Dabur in Section 5.

Sathyanarayana, Harish, and Kumar (2017) addressed the tendency to treat Indian firms as a homogeneous block by studying the capital goods, FMCG, infrastructure, and IT sectors over 2006–2015. Using multicollinearity diagnostics followed by multiple linear regression, they tested profitability, tangibility, growth rate, business risk, size, and non-debt tax shield as predictors of leverage. Their sector-level design shows that FMCG financing choices cannot simply be assumed to mirror those of capital-intensive sectors. Therefore, a company- and sector-specific WACC analysis of Dabur makes sense.

Ghayas (2020) tested whether pecking order or trade-off theory better explains Indian financing behavior, using panel data for 2009–2018 with short-term, long-term, and total debt as dependent variables and profitability, size, growth rate, tangibility, business risk, interest coverage, non-debt tax shield, tax rate, and liquidity as explanatory variables. We adopt this theory-testing lens in Section 5. Extending this work, **Ghayas, Khan, and Sarim (2025)** asked whether industry moderates capital structure determinants using panel regression on 222 firms from five NSE 500 industries.

Profitability, size, liquidity, interest coverage, tax rate, and business risk were important determinants, but industry shaped how strongly each operated. This is one reason we benchmark Dabur only against FMCG peers.

Among FMCG-focused studies, **Talwar (2020)** examined how financial performance, leverage, and governance jointly affect firm value (Tobin's Q) in the FMCG, automobile, and IT sectors over 2004–2017. Using a panel least squares dummy variables (LSDV) method, the study found sales growth, return on equity, the debt-equity ratio, and governance quality to be significant predictors of firm value, which supports our focus on Dabur's debt-equity trajectory. Closest to our topic, **Singh, Gahlot, Yadav, and Singh (2026)** studied 77 BSE-listed FMCG firms over 2012–2023 using static panel regression. Firm age, size, tangibility, and liquidity negatively affected short-term leverage; tangibility and growth positively affected long-term leverage; and effective tax rate, size, liquidity, and tangibility negatively affected total leverage. They found that larger, more liquid FMCG firms carry systematically lower leverage. This directly helps explain Dabur's sub-2% market-value debt weight (Section 4).

Chadha and Sharma (2015) tested whether capital structure affects financial performance in 422 BSE-listed manufacturing companies over 2003–04 to 2012–13, using return on assets, return on equity, and Tobin's Q as performance proxies. Leverage had no significant effect on return on assets or Tobin's Q but was negatively and significantly correlated with return on equity, while size, age, tangibility, sales growth, asset turnover, and ownership structure were significant determinants. This weaker-than-expected effect of leverage on valuation supports our conclusion that Dabur's WACC depends mainly on its cost of equity rather than its financing mix.

On Dabur, **Satpute and Das (2026)** valued FMCG companies with a DCF model whose discount rate uses a CAPM cost of equity anchored to the 10-year Indian G-Sec yield, Blume-adjusted betas from two years of bi-weekly returns against the Nifty 50, and a post-tax cost of debt. They found that Dabur was trading at the widest premium to intrinsic value in their sample despite having the highest cost of capital among the firms studied. This ranking is consistent with the beta estimates in Section 4 above. **Bhuvanashree and Reddy (2025)** observed that FMCG companies, which generate steady cash flows, typically prefer conservative capital structures with minimal leverage, reporting debt-equity ratios of 0.025–0.101 for Dabur. **Chandra and Mayya (2022)** attributed Dabur's return on equity and net profit margin to disciplined cost management rather than financial leverage, and **Dhanya and Tharani (2023)** reported a debt-equity ratio of approximately 0.1 alongside an improving quick ratio. Taken together, these studies describe a financially conservative equity-funded firm. Its cost of capital is shaped more by market-wide equity pricing than by its financing choices.

3. METHODOLOGY AND MODELS

3.1 Research Design and Data

This is a descriptive quantitative case study based entirely on secondary data. Financial statement data (equity capital, reserves, borrowings, interest expense, profit before tax, and effective tax rate) for FY2022–FY2026 were obtained from the consolidated annual reports of each company and cross-verified against Screener (Dabur India Limited, 2024, 2025, 2026; Hindustan Unilever Limited, 2026; Marico Limited, 2026; Screener, 2026a, 2026b, 2026c). Share prices are NSE closing prices on the last trading day of each fiscal year (31-Mar-2022, 31-Mar-2023, 28-Mar-2024, 28-Mar-2025, and 30-Mar-2026), obtained from the underlying closing prices in NSE Clearing's daily volatility files (NSE Clearing Limited, 2026). Shares outstanding equal paid-up equity capital divided by the ₹1 face value. The risk-free rate is the 10-year Government of India security yield at each fiscal year-end (Reserve Bank of India, 2026), and the India equity risk premium is set at 6.00% following Damodaran (2023). All figures are in ₹ crore (consolidated) unless otherwise stated.

3.2 Model Specification

Model 1: Beta estimation. Each company's equity beta is the slope of an ordinary least squares (OLS) regression of its monthly stock return on the Nifty 50 monthly returns:

$$R_{i,t} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t}$$

where $R_{i,t}$ is the simple return of stock *i* in month *t*, computed from the NSE month-end closing prices; $R_{m,t}$ is the Nifty 50 return; α_i is the intercept; β_i is the systematic risk coefficient; and $\varepsilon_{i,t}$ is the error term. The estimation window was April 2021 to March 2026 (59 monthly observations). The rounded beta (two decimals) is used in Model 2.

Model 2: Cost of equity (CAPM).

$$K_e = R_f + \beta (R_m - R_f)$$

where R_f is the risk-free rate and $(R_m - R_f)$ is the equity risk premium.

Model 3: Cost of debt.

$$K_d = \text{Interest}_t / [(\text{Borrowings}_{t-1} + \text{Borrowings}_t) / 2]; \quad \text{after-tax } K_d = K_d \times (1 - T)$$

where T is the effective tax rate reported for that year.

Model 4: Market-value weights

$$E = P \times N; \quad V = E + D; \quad W_e = E / V; \quad W_d = D / V$$

where P is the fiscal year-end closing price, N is the number of shares outstanding, and D is the total borrowings at book value (a proxy for market value suited to short-tenor borrowings and lease liabilities).

Model 5: Weighted average cost of capital

$$WACC = W_e K_e + W_d K_d (1 - T)$$

4. EMPIRICAL FINDINGS

4.1 Capital Structure Inputs

Table 1 summarizes the input drawn from Dabur's consolidated financial statements. Book debt-to-equity remained between 8.80% and 13.84% throughout.

Table 1: Dabur India Ltd. — Capital Structure Inputs, FY2022–FY2026 (₹ crore)

Particulars	FY22	FY23	FY24	FY25	FY26
Equity capital	177	177	177	177	177
Reserves & surplus	8,205	8,796	9,689	10,623	11,242
Total book equity	8,382	8,973	9,866	10,800	11,419

Total borrowings	1,030	1,174	1,365	950	1,287
Interest expense	39	78	124	164	145
Profit before tax	2,269	2,219	2,359	2,258	2,420
Effective tax rate	23%	23%	23%	23%	23%
Book debt-to-equity	12.29%	13.08%	13.84%	8.80%	11.27%

Source: Dabur India Ltd., Consolidated Annual Reports FY2022–FY2026; Screener (2026a).

4.2 Beta Estimates

Table 2 and Figure 1 present the Model 1 regressions. All three betas are statistically significant at the 1% level and below one. Dabur's beta (0.83) is the highest, HUL's (0.81) is close behind, and Marico's (0.62) is clearly lower.

Table 2: Equity Beta Estimates — Monthly Returns vs. Nifty 50, April 2021–March 2026

Company	**β (OLS)**	**Std. error**	**t-statistic**	**R^2**	**n**	**β used in CAPM**
Dabur India Ltd.	0.826	0.160	5.16	0.32	59	0.83
Hindustan Unilever Ltd.	0.807	0.189	4.26	0.24	59	0.81
Marico Ltd.	0.616	0.173	3.56	0.18	59	0.62

Source: Authors' estimates from the NSE month-end closing prices (NSE Clearing Limited, 2026).

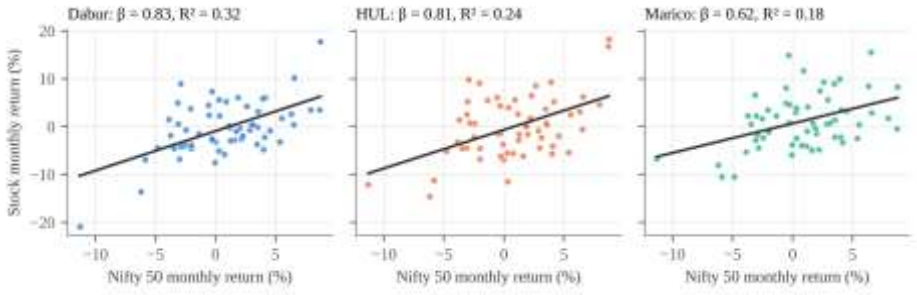


Figure 1: Monthly Stock Returns vs. Nifty 50 Returns with Fitted OLS Lines, April 2021–March 2026

4.3 Cost of Debt

Table 3: Dabur India Ltd. — Cost of Debt Computation (₹ crore)

Year	Avg. borrowings	Interest expense	Pre-tax Kd	Tax rate	After-tax Kd
FY22	769.5	39	5.07%	23%	3.90%
FY23	1,102.0	78	7.08%	23%	5.45%
FY24	1,269.5	124	9.77%	23%	7.52%
FY25	1,157.5	164	14.17%	23%	10.91%
FY26	1,118.5	145	12.96%	23%	9.98%

The pre-tax cost of debt rises sharply from FY22 to FY25 before easing in FY26. This does not mainly mean that Dabur is borrowing at worse rates. The borrowing base is small and lumpy, and much of it is lease liabilities recognized under Ind AS 116 rather than pure working-capital or term debt. Therefore, small changes in interest or average debt produce large percentage swings.

4.4 Cost of Equity

Table 4: Dabur India Ltd. — Cost of Equity (CAPM), β = 0.83

Year	Risk-free rate (Rf)	Beta (β)	Equity risk premium	Cost of equity (Ke)
FY22	6.85%	0.83	6.00%	11.83%
FY23	7.30%	0.83	6.00%	12.28%
FY24	7.10%	0.83	6.00%	12.08%
FY25	6.70%	0.83	6.00%	11.68%
FY26	6.60%	0.83	6.00%	11.58%

With beta held constant, movements in K_e across the five years are driven entirely by the risk-free rate; K_e peaks at 12.28% in FY23 and falls to 11.58% by FY26.

4.5 Market-Value Weights and WACC

Table 5: Dabur India Ltd. — Market-Value Weights (₹ crore)

Year	Closing price (₹)	Shares (crore)	Mkt. value of equity (E)	Debt (D)	Total (V)	We	Wd
FY22	536.20	177	94,907.40	1,030	95,937.40	98.93%	1.07%
FY23	544.90	177	96,447.30	1,174	97,621.30	98.80%	1.20%
FY24	523.15	177	92,597.55	1,365	93,962.55	98.55%	1.45%
FY25	506.50	177	89,650.50	950	90,600.50	98.95%	1.05%
FY26	410.45	177	72,649.65	1,287	73,936.65	98.26%	1.74%

Note: Closing prices are the NSE closing prices on the last trading day of each fiscal year (March 31, 2022, March 31, 2023, March 28, 2024, March 28, 2025, March 30, 2026).

Equity funds more than 98% of Dabur's market-value capital every year. The weight of debt peaked at 1.74% in FY26, when the year-end share price fell to ₹410.45 and borrowings rose to ₹1,287 crore.

Table 6: Dabur India Ltd. — WACC Computation, FY2022–FY2026

Year	We × Ke	Wd × Kd(1−t)	WACC
FY22	11.70%	0.04%	11.74%
FY23	12.13%	0.07%	12.20%
FY24	11.90%	0.11%	12.01%
FY25	11.56%	0.11%	11.67%
FY26	11.38%	0.17%	11.55%

Note: The components may not add up exactly to WACC because of rounding.

As Figure 2 shows, WACC tracked the cost of equity almost one-for-one, peaking at 12.20% in FY23 and easing to 11.55% by FY26, while the debt contribution never exceeded 0.17 percentage points. In practice, Dabur's blended cost of capital behaved almost like its cost of equity alone.

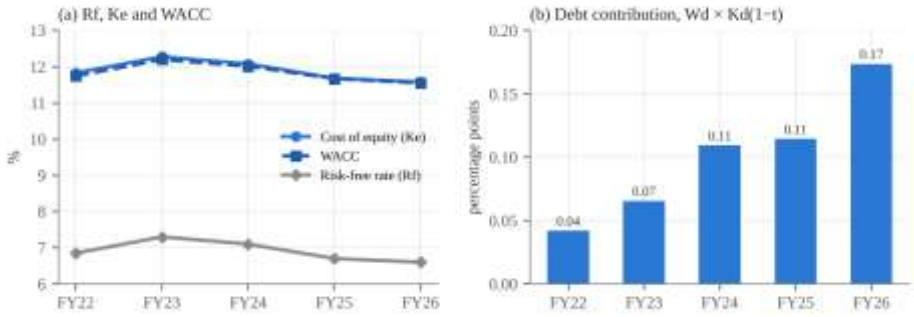


Figure 2: Dabur India Ltd. — Risk-free Rate, Cost of Equity, WACC and Debt Contribution, FY2022–FY2026

4.6 Peer Benchmarking

Table 7 and Figure 3 apply the same models to HUL and Marico, using each firm's own NSE closing prices, borrowings, interest expense, tax rate, and beta.

Table 7: Five-Year Cross-Company Comparison

Company	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Fiscal year-end closing price (₹)					
Dabur India Ltd.	536.20	544.90	523.15	506.50	410.45
Hindustan Unilever Ltd.	2,048.65	2,560.35	2,264.55	2,258.85	2,055.20
Marico Ltd.	503.70	479.80	497.20	651.65	735.95
Book debt-to-equity ratio (borrowings / total book equity)					
Dabur India Ltd.	12.29%	13.08%	13.84%	8.80%	11.27%
Hindustan Unilever Ltd.	2.13%	2.42%	2.90%	3.34%	3.03%
Marico Ltd.	14.31%	16.00%	13.78%	13.94%	13.23%
Weight of debt, Wd (market value)					
Dabur India Ltd.	1.07%	1.20%	1.45%	1.05%	1.74%
Hindustan Unilever Ltd.	0.22%	0.20%	0.28%	0.31%	0.31%
Marico Ltd.	0.73%	0.97%	0.82%	0.65%	0.58%
After-tax cost of debt,					

Kd(1−t)					
Dabur India Ltd.	3.90%	5.45%	7.52%	10.91%	9.98%
Hindustan Unilever Ltd.	15.24%	7.66%	18.29%	18.00%	21.77%
Marico Ltd.	6.15%	7.83%	10.02%	7.64%	7.63%
Cost of equity, Ke (CAPM; β: Dabur 0.83, HUL 0.81, Marico 0.62)					
Dabur India Ltd.	11.83%	12.28%	12.08%	11.68%	11.58%
Hindustan Unilever Ltd.	11.71%	12.16%	11.96%	11.56%	11.46%
Marico Ltd.	10.57%	11.02%	10.82%	10.42%	10.32%
WACC					
Dabur India Ltd.	11.74%	12.20%	12.01%	11.67%	11.55%
Hindustan Unilever Ltd.	11.72%	12.15%	11.98%	11.58%	11.49%
Marico Ltd.	10.54%	10.99%	10.81%	10.40%	10.30%

Source: Authors' computations from annual reports, Screener (2026a, 2026b, 2026c), and NSE Clearing Limited (2026).

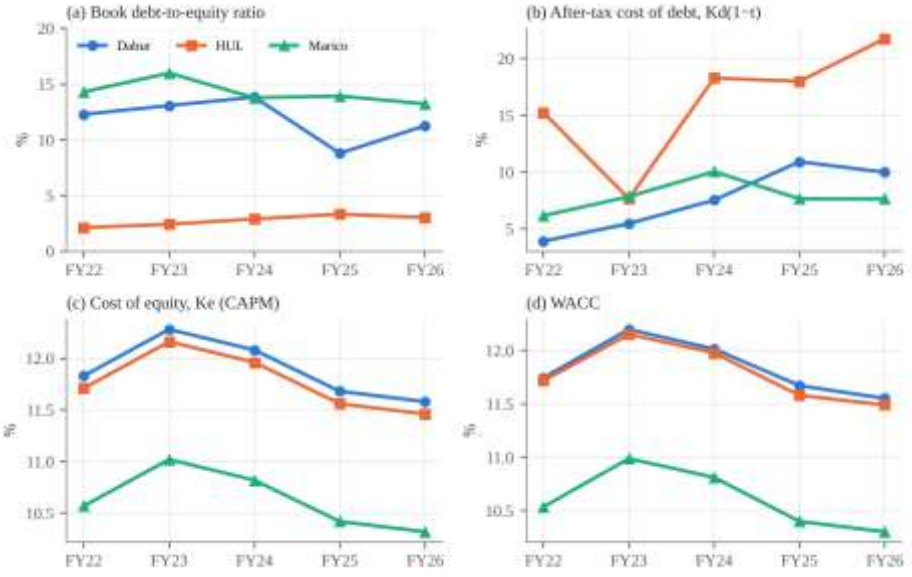


Figure 3: Dabur, HUL and Marico — Leverage, Cost of Debt, Cost of Equity and WACC, FY2022–FY2026

5. DISCUSSION

5.1 Drivers of Dabur's WACC

Three points stand out in the results. *First*, WACC tracks the cost of equity and almost ignores the cost of debt, even though the after-tax cost of debt nearly tripled from 3.90% to 10.91%. Because debt never exceeded 1.74% of market-value capital, even a large swing in K_d moves WACC by only a few basis points; for a debt-light FMCG company, K_e rather than K_d is what actually drives the result.

Second, the peak WACC year (FY23) coincides with the peak risk-free rate (7.30%), consistent with the RBI's rate-hiking cycle of 2022–23 to contain inflation. As the risk-free rate eased in FY25 and FY26, Dabur's WACC eased as well, even in FY26 when a lower share price pushed its debt weight to its highest level.

Third, Dabur's book debt-to-equity ratio moved unevenly within the 8.80–13.84% range. External sources place it at approximately 8–16% in recent years, depending on the measurement date (Screener, 2026a; Simply Wall St, 2026). However, this had almost no effect on WACC because equity dominated the market value of the capital structure. For a company already near a conservative capital structure, marginal increases in debt are unlikely to move the overall cost of capital much, even though the after-tax cost of debt remains structurally cheaper than equity.

Dabur's beta of 0.83, although below one, is higher than its defensive consumer-staples profile might suggest. Part of this comes from March 2026, when Dabur's share price fell 20.8% against an 11.3% fall in the Nifty 50. Excluding that month lowers Dabur's beta to 0.65, while HUL's (0.77) and Marico's (0.61) change little. Therefore, the estimate is sensitive to a single extreme month, which matters because beta is the input that moves Dabur's WACC the most.

5.2 Peer Comparison

On book leverage, HUL stands apart. Its debt-to-equity ratio never exceeds 3.34%, roughly a fifth of Dabur's 8.80–13.84% band and a quarter of Marico's 13.23–16.00% band. Even within the conservatively financed FMCG sector, size and diversification correlate with lower reliance on debt. However, this gap barely surfaces in WACC, because all three companies are financed almost entirely through equity: the weight of debt never exceeds 1.74% for Dabur, 0.97% for Marico, or 0.31% for HUL.

The after-tax cost of debt is the most volatile and least intuitive metric. HUL's $K_d(1-t)$ swings between 7.66% and 21.77%, higher than either peer, even though HUL carries the lowest leverage. The most likely explanation is Ind AS 116 lease-finance charges flowing through HUL's interest expense without a matching increase in reported borrowings. This inflates the computed ratio rather than reflecting genuinely expensive debt. Marico's $K_d(1-t)$ is comparatively smooth (6.15%–10.02%). Because debt weights are so small, none of this volatility moves any firm's WACC by more than 0.17 percentage points.

The cost of equity and WACC preserve a strict ordering in all five years: Dabur highest (11.55%–12.20%), HUL marginally below (11.49%–12.15%), and Marico lowest (10.30%–10.99%). Since R_f and the equity risk premium are common to all three firms, this ordering simply follows the beta ranking (Dabur 0.83 > HUL 0.81 > Marico 0.62). The Dabur–HUL gap is only 0.02–0.09 percentage points, whereas Marico's WACC is 1.16–1.19 percentage points below HUL's and 1.20–1.27 points below Dabur's. The gap is about beta, not capital structure. This ranking agrees with Satpute and Das (2026), who also found Dabur to have the highest cost of capital in their FMCG sample using a different beta window.

5.3 Theoretical Interpretation

Trade-off theory predicts that firms choose a debt level that balances the tax shield of debt against the expected costs of financial distress (Pandey, 2021; Panigrahi, 2010). Dabur's very low leverage (debt below 2% of market value throughout) suggests that it sees little extra benefit from more debt compared with the flexibility cost of fixed obligations. This fits an Ayurvedic/FMCG business exposed to input-cost and currency volatility across its international operations. Pecking order theory also fits the data. It predicts that profitable firms prefer internal funds and, when external finance is needed, debt over equity. Dabur's dividend payout ratio rose from 53% in FY24 to 80% in FY25 and 77% in FY26 (Screener, 2026a), indicating that it distributes surplus cash rather than retaining it for large-scale, debt-funded expansion. This is typical behavior for a mature, cash-generative FMCG franchise (Singh et al., 2026).

5.4 Limitations

- Betas are estimated from 59 monthly price returns (dividends excluded) and are sensitive to the March 2026 market decline; the risk-free rate and equity risk premium come from external non-audited sources.
- The market value of debt is proxied by book value, which is standard for short-term borrowings and lease liabilities but introduces some imprecision.
- HUL's FY2026 tax rate (17%) and its late-2025 demerger of the ice-cream business affect its FY2026 cost of debt and share price, respectively.
- The analysis uses consolidated figures; a standalone view may show a modestly different debt profile, given Dabur's international subsidiaries.

6. CONCLUSION AND IMPLICATIONS

Over FY2022–FY2026, Dabur India Ltd. maintained a stable WACC of 11.55%–12.20%, the result of an equity-dominated capital structure in which debt never exceeded 1.74% of the market value. The cost of equity, not the cost of debt, is the primary determinant of Dabur's weighted average cost of capital (WACC). Its year-on-year movement is driven by risk-free rates. Its level depends on a beta of 0.83, which places Dabur's cost of capital slightly above HUL's and approximately 1.2 percentage points above Marico's.

Regarding financing strategy, Dabur's conservative leverage leaves room to raise low-cost debt for future growth capital expenditure or acquisitions (such as the ongoing Dabur–Sesa Care amalgamation). Because debt's weight is small and interest is tax-deductible, this would not materially raise the blended cost of capital. For capital budgeting, the computed WACC of approximately 11.5–12.2% is the minimum hurdle rate that Dabur should require for new investments financed at its current blended cost of capital. Because this figure is almost entirely an equity cost, project appraisal should focus on the assumptions embedded in K_e, mainly the beta estimate and equity risk premium. Project NPVs should also be tested against plausible alternatives, such as the 0.65 beta obtained when the March 2026 selloff is excluded.

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