



ASIAN PAINTS LTD - Discounted Cash Flow (MAR-2025)

	Actual			Forecaste				
Calculations of PV of FCFF	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
EBIT	5,744.4	7,455.5	5,287.6	5,783.6	5,783.6	5,783.6	5,783.6	5,783.6
Tax	26.25%	24.36%	27.30%	26%	26%	26%	26%	26%
EBIT(1-Tax)	4,236.3	5,639.2	3,843.9	4,279.9	4,279.9	4,279.9	4,279.9	4,279.9
Investment Rate	46.97%	43.84%	50.81%	51.86%	52.64%	53.23%	53.67%	55%
Free Cash Flow to Firm (FCFF)	2,246.3	3,167.2	1,890.9	2,060.5	2,026.8	2,001.6	1,982.7	1,925.9
Mid Year Convention				0.5	1.5	2.5	3.5	4.5
Discounting Factor				0.95	0.85	0.76	0.68	0.61
PV of FCFF				1,951.2	1,721.1	1,524.1	1,353.7	1,179.2

Expected Growth Rate	9.38%
Terminal Growth Rate	3%
WACC	11.52%

Calculation of Terminal Value

FCFF (n+1)	1,983.7
WACC	11.52%
Terminal Growth Rate	3%
Terminal Value	23,286.1

Calculation of Equity Value per share

PV of FCFF	7,729.2
PV of Terminal Value	14,257.1
Value of Operating Assests	21,986.3
Add: Cash	782
Less: Debt	864
Value of Equity	21,904.3
No of Shares	95.9
Equity Value per share	228.4

Share Price	2528.7
Discount/Premium	11.1x

Summary -

1) Asian Paints' DCF valuation projects an expected growth rate of 9.38% with a terminal growth of 3%, discounted at a WACC of 11.52%.

2) The forecasted Free Cash Flows, adjusted with the mid-year convention, yield a present value of ₹7,729 Cr, while the terminal value contributes ₹14,257 Cr.

3) This results in an enterprise value of ₹21,986 Cr, translating to an equity value of ₹21,904 Cr after adjusting for debt and cash.

4) The intrinsic value per share is estimated at ₹228.4, significantly lower than the current market price of ₹2,528.7.

5) The model suggests the stock trades at an ~11x premium to its intrinsic value, indicating potential overvaluation

6) Overall, the valuation highlights a strong cash-generating business but also underlines a sharp disconnect between intrinsic fundamentals and current market pricing