



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

	Actual			Forecast				
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	6,326.1	6,919.5	7,568.5	8,278.4
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	4,681.3	5,120.4	5,600.7	6,126.1
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	2,217.0	2,394.7	2,594.6	2,756.7
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	1,882.5	1,823.4	1,771.5	1,687.8

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

Calculation of Terminal Value	
FCFF (n+1)	2,839.4
WACC	11.52%
Terminal Growth Rate	3%
Terminal Value	33,331.1

Calculation of Equity Value per share	
PV of FCFF	9,116.5
PV of Terminal Value	20,407.1
Value of Operating Assets	29,523.6
Add: Cash	782
Less: Debt	864
Value of Equity	29,441.6
No of Shares	95.9
Equity Value per share	306.9

Share Price	2528.7
Discount/Premium	8.2x

Summary-

1) EBIT & FCFF Projections – EBIT is projected to rise from ₹5,744 Cr (Mar-23) to ₹8,278 Cr (Mar-30), with corresponding Free Cash Flows to Firm (FCFF) increasing from ₹2,246 Cr to ₹2,757 Cr.

2) Growth Assumptions – The model assumes an expected growth rate of 9.38% during the forecast period and a terminal growth rate of 3% in perpetuity.

3) Discount Rate (WACC) – A Weighted Average Cost of Capital (WACC) of 11.52% is applied for discounting cash flows.

4) Terminal Value – Using the Gordon Growth Model, the Terminal Value is calculated at ₹33,331 Cr, contributing the majority of valuation.

5) Equity Valuation – The total equity value is estimated at ₹29,441 Cr after adjusting for cash (₹782 Cr) and debt (₹864 Cr).

6) Fair Value per Share – With ~95.9 Cr shares, the intrinsic value per share is ₹306.9, compared to a market price of ₹2,528.7, implying the stock trades at a significant premium (8.2x) to DCF value.