



AVENUE SUPERMARTS LTD - Discounted Cash Flow (MAR-2025)

Calculation of PV of FCFF	Actual			Forecast				
	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
EBIT	3,638.8	4,105.6	4,494.5	5,166.8	5,939.6	6,828.0	7,849.2	9,023.2
Tax	22.28%	26.74%	26.28%	26.00%	26.00%	26.00%	26.00%	26.00%
NOPAT	2,828.1	3,007.6	3,313.3	3,823.4	4,395.3	5,052.7	5,808.4	6,677.2
Investment Rate	107.51%	106.70%	84.49%	83.37%	82.53%	81.89%	81.42%	80%
Free Cash Flow to Firm (FCFF)	(212.3)	(201.5)	513.9	635.9	768.0	914.8	1,079.1	1,335.4
Mid Year Convention				0.5	1.5	2.5	3.5	4.5
Discounting Factor				0.94	0.84	0.75	0.67	0.60
PV of FCFF				600.8	647.9	689.0	725.6	801.7

Expected Growth Rate	14.96%
Terminal Growth Rate	4%

Calculation of Terminal Value	
FCFF (N+1)	1,388.9
WACC	12.01%
Terminal Growth Rate	4%
Terminal Value	17,341.4

Calculation of Equity Value per Share	
Sum of FCFF	3,464.9
PV of Terminal Value	10,409.9
Value of Operating Assets	13,874.9
Add: Cash	358
Less: Debt	0
Value of Equity	14,232.9
No of Shares	65.07
Equity Value per Share	218.72

Share Price	4358.2
Discount/ Premium	19.93x

Sensitivity Table						
		Growth Rate				
		13.96%	14.46%	14.96%	15.46%	15.96%
WACC	11.01%	232	237	242	246	251
	11.51%	221	225	229	234	238
	12.01%	210	215	219	223	227
	12.51%	201	205	209	213	217
	13.01%	193	197	201	205	209

Summary-

- 1) EBIT grows strongly from ₹3,639 Cr in FY23 to ₹9,023 Cr by FY30, but heavy reinvestments keep free cash flows low.
- 2) FCFF stays negative till FY24 and rises modestly to ₹1,335 Cr by FY30.
- 3) Using WACC of 12.01% and 4% terminal growth, intrinsic equity value per share is estimated at only ₹218.7.
- 4) The market price of ₹4,358 implies the stock trades at a massive ~20x premium to its DCF value.
- 5) This gap highlights either conservative assumptions in the model or that the market is pricing in much higher long-term growth beyond 2030.