



## ASIAN PAINTS 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	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%
<b>Free Cash Flow to Firm (FCFF)</b>	<b>2,246.3</b>	<b>3,167.2</b>	<b>1,890.9</b>	<b>2,060.5</b>	<b>2,217.0</b>	<b>2,394.7</b>	<b>2,594.6</b>	<b>2,756.7</b>
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
<b>PV of FCFF</b>				<b>1,951.2</b>	<b>1,882.5</b>	<b>1,823.4</b>	<b>1,771.5</b>	<b>1,687.8</b>

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%
<b>Terminal Value</b>	<b>33,331.1</b>

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
<b>Equity Value per share</b>	<b>306.9</b>

<b>Share Price</b>	<b>2528.7</b>
<b>Discount/Premium</b>	<b>8.2x</b>

Sensitivity Table						
		Growth Rate				
		8.38%	8.88%	9.38%	9.88%	10.38%
WACC	10.52%	322	329	335	342	349
	11.02%	308	314	320	327	333
	11.52%	295	301	307	313	319
	12.02%	284	289	295	301	307
	12.52%	274	279	285	290	296

### 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).