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%
Free Cash Flow to Frim (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 Assests	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.