

# Target Firm Valuation

## Discounted Cash Flow Analysis

(INR , Financial Year March 31)

### Operating Scenario

	Historical Period			CAGR ( <i>'21- '23</i> )	Forecasted Period				
	2021	2022	2023		2024	2025	2026	2027	2028
Sales	5,29,38,00,000	5,40,64,00,000	6,04,77,00,000	4.9%	7,13,62,86,000	8,42,08,17,480	9,93,65,64,626	11,72,51,46,259	13,83,56,72,586
% growth		2	11	18%					
EBITDA	2,01,00,00,000	1,56,00,00,000	1,93,00,00,000	25%	2,41,25,00,000	3,01,56,25,000	3,76,95,31,250	4,71,19,14,063	5,88,98,92,578
Depreciation & Amortization	34,98,00,000	35,03,00,000	37,41,00,000		50,25,02,857	68,54,28,486	92,66,91,503	1,24,36,49,571	1,65,86,09,898
EBIT	1,66,02,00,000	1,20,97,00,000	1,55,59,00,000		1,90,99,97,143	2,33,01,96,514	2,84,28,39,747	3,46,82,64,492	4,23,12,82,680
Taxes	47,00,00,000	36,52,00,000	46,00,00,000	30% tax rate assumed	57,29,99,143	69,90,58,954	85,28,51,924	1,04,04,79,348	1,26,93,84,804
EBIT(1-T)	1,19,02,00,000	84,45,00,000	1,09,59,00,000	22%	1,33,69,98,000	1,63,11,37,560	1,98,99,87,823	2,42,77,85,144	2,96,18,97,876
Plus: Depreciation & Amortization	34,98,00,000	35,03,00,000	37,41,00,000		50,25,02,857	68,54,28,486	92,66,91,503	1,24,36,49,571	1,65,86,09,898
Less: Capital Expenditures	(19,45,00,000)	(28,12,00,000)	(38,11,00,000)	7% of sales	(49,95,40,020)	(58,94,57,224)	(69,55,59,524)	(82,07,60,238)	(96,84,97,081)
Less: Inc./(Dec.) in Net Working Capital	-711400000.0	-819300000.0	-369600000.0	Net working capital = 15%	(16,32,87,900)	(19,26,79,722)	(22,73,62,072)	(26,82,87,245)	(31,65,78,949)
Net working capital									
Unlevered Free Cash Flow					1,17,66,72,937	1,53,44,29,100	1,99,37,57,730	2,58,23,87,232	3,33,54,31,744
WACC	16.76%								
Discount Period					1.0	2.0	3.0	4.0	5.0
Discount Factor					0.856	0.733	0.628	0.538	0.461
Present Value of Free Cash Flow					1,00,77,34,337	1,12,54,53,121	1,25,24,00,579	1,38,92,56,806	1,53,67,51,045

### WACC Calculation

Risk Free rate of Return -Rf	7.1% <i>Beta</i>	0.83
Risk Premium - Rm-Rf	12% <i>Cost of debt post tax-Kd</i>	
Weight of Debt -Wd	0% <i>Weight of Equity-We</i>	100%
Cost of Equity-CAPM	0	
Cost of Capital-WACC	0	

### NPV of 5yr Cash Flow

Total Value Of NPV of Cash flows 6311595888.8

### Terminal Value ( Exit Multiple)

Terminal Year EBITDA (E)	5,88,98,92,578
Exit Multiple	13.0
Terminal Value	76,56,86,03,516
Discount Factor	0.461
Present Value of Terminal Value	35,27,78,56,203
Current Enterprise Value with Exit multiple	-

### Terminal Value ( Perpetuity Formula)

Terminal Year Cash Flow	3,33,54,31,744
Perpetuity Growth rate	0
Terminal Value	86,06,92,85,602
Discount Factor	0.461
Present Value of Terminal Value	39,65,51,55,528

### Equity Value and Share Price

Enterprise Value	41,58,94,52,092
Less: Total Debt	12,00,00,000
Less: Noncontrolling Interest	34,50,00,000
Plus: Cash and Cash Equivalents	9,45,00,000
Implied Equity Value	-
Fully Diluted Shares Outstanding	11,18,00,000
Implied Share Price	368.7

### Perpetuity Growth Rate

Terminal Year Free Cash Flow (E)	3,33,54,31,744
WACC	0
Terminal Value (using Exit Multiple)	76,56,86,03,516
Implied Perpetuity Growth Rate	0
Implied EV/EBITDA	
Enterprise Value	41,58,94,52,092
2023 EBITDA	1930000000.0
Implied EV/EBITDA	22

Sensitivity Analysis

(INR)

Enterprise Value with exit multiple

Exit Multiple						
#####	6.5	7.0	7.5	8.0	8.5	
15.5%	27824190521.6	29479005493.4	31133820465.1	32788635436.9	34443450408.6	
16.0%	27455674938.2	29082142557.4	30708610176.6	32335077795.8	33961545415.0	
16.5%	27095016613.4	28693741284.5	30292465955.6	31891190626.7	33489915297.9	
17.0%	26742015368.5	28313586097.7	29885156826.9	31456727556.1	33028298285.3	
WACC 17.5%	26396476949.7	27941467800.5	29486458651.4	31031449502.2	32576440353.1	

Implied Perpetuity Growth Rate

Exit Multiple						
12.41%	6.5	7.0	7.5	8.0	8.5	
15.5%	6.8%	7.4%	7.9%	8.4%	8.8%	
16.0%	7.3%	7.9%	8.4%	8.9%	9.3%	
16.5%	7.8%	8.4%	8.9%	9.4%	9.8%	
17.0%	8.3%	8.9%	9.4%	9.9%	10.3%	
WACC 17.5%	8.8%	9.4%	9.9%	10.4%	10.8%	

Equity Value

Exit Multiple						
#####	6.5	7.0	7.5	8.0	8.5	
15.5%	27453690521.6	29108505493.4	30763320465.1	32418135436.9	34072950408.6	
16.0%	27085174938.2	28711642557.4	30338110176.6	31964577795.8	33591045415.0	
16.5%	26724516613.4	28323241284.5	29921965955.6	31520690626.7	33119415297.9	
17.0%	26371515368.5	27943086097.7	29514656826.9	31086227556.1	32657798285.3	
WACC 17.5%	26025976949.7	27570967800.5	29115958651.4	30660949502.2	32205940353.1	