



## Sectoral Analysis Of Key Sectors Of Indian Markets Using Discounted Cashflow Valuations

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### ABSTRACT

This study looks into the use and application of the discounted cash flow (DCF) method for valuing firms across various industries. When valuing a company using the DCF method, future cash flows are predicted and a risk-adjusted discount rate is applied to estimate intrinsic value. However, the effectiveness of this method is highly dependent on the industry in question. The study analyzes DCF valuations and market price comparisons across sectors including Banking and Financial Services, Healthcare and Pharmaceuticals, Information Technology, Fast-Moving Consumer Goods (FMCGs), and Automobiles. It is also worth mentioning that Healthcare and especially the IT industry are sectors with stable revenues and, thus, more predictable cash flows. In contrast, the FMCG and Automobile industries contain more intangible assets and exhibit more volatile cash flows on a cyclical basis. The Financial Services industry also has cash flow volatility due to direct dependence on regulatory and economic cycles. The primary conclusion of such studies published is that while DCF can capture value, the precision with which they do so is industry specific and in certain industries, a multi-model approach including other models will be necessary to capture the value of the firm.

**KEYWORDS:** Discounted Cash Flow (DCF), Intrinsic Valuation, Sectoral Analysis, Valuation Accuracy, Sensitivity Analysis

### INTRODUCTION

The DCF method established itself in the world of finance as the first analytic approach to valuing companies, investments, and projects. The basic concept involves determining an asset's worth based on projected cash flows and discounting these future cash flows at an appropriate risk-adjusted rate. Discounted Cash Flow analysis also captures the time value of money. DCF analysis became more popular in finance literature after the work of Michel and Shaked in 1985, followed by Steiger in 2010. Since then, the DCF methodology has been ubiquitous and allows for valuing companies in mergers and acquisitions, stock pricing, cash flows on infrastructure assets, and real estate. Its emphasis on actual anticipated cash flows minimizes theoretical risk, and makes valuation more precise in absolute terms (Begović, Momčilović & Jovin, 2013; Silva, 2023).

There are critics of DCF and its theory. These mostly come from misplaced assumptions. Estimations of future cash flows, selection of discount rates, and terminal value calculations affect valuation accuracy. Outputs can be major and wildly inaccurate due to errors in even the most minor of inputs (Steiger, 2010; Huang et al., 2023). Both academia and practice underline the focus on forecasting discount rates, the calibration of sector risk-adjusted discount rates, and scenario analysis description. More recent studies even recommend advanced

forecasting methods, such as machine learning (Karatas, Klinkert & Hirs, 2021).

Differing industries also have different applications of DCF. In some industries like real estate, capitalization rates even substitute for point-of-fact growth assumptions to produce more authentic results (Bayfield, 2025). In mergers and acquisitions, the models tend to be calibrated for synergies, incremental revenues, or breakup multiples (Gélinas, 2025). Nevertheless, high intangible assets or high cyclicity-based industries are found to expose the limitations of the DCF approach with the necessity for adjustments or additional valuation methods.

This article synthesizes scholarly studies with practical illustrations to critically assess the merits and demerits of DCF valuation. By examining sectoral uses, it attempts to discern where DCF yields sound insights and where other methods might be more appropriate to meet the challenges of today's financial decision-making.

### LITERATURE REVIEW

Discounted cash flow (DCF) model remains unmatched in modern theory of valuation, premised on time value of money and interplay of future free cash flows, discount rates, and terminal value. Damodaran (2006) declares DCF is the core technique of intrinsic valuation wherein small changes in terminal growth or in discount rates

manifest in drastic value changes. Fernández (2002) goes further to classify that DCF is the only conceptually correct valuation model if deployed with accurate and consistent forecast, with Silva (2023) reasserting its validity in case of strict adherence to theoretical discipline in estimation of discount rates and cash flows. Jennergren (1998) illustrates the mechanics of DCF in tedious detail, illustrating how forecast accounts are calculated from past ratios to estimate free cash flows discounted using weighted average cost of capital (WACC) measure. Steiger (2008) shows that perpetuity value is usually more than half of the company's entire value, highly sensitive to assumption variations. To this, Einstein (2025) mathematically describes the DCF model for application in equity valuation in using forecasted free cash flow to equity (FCFE), discounting using cost of equity, and extrapolating terminal value using the Gordon Growth Model.

Historically and pedagogically, the evolution of DCF reflects a shift from conceptual theory to widespread practice. Parker (1968) provides one of the earliest systematic accounts of DCF history, tracing discounting from early compound-interest principles to its emergence in corporate finance in the 1950s. Keef and Roush (2001) examine how NPV and IRR are taught in finance texts and reveal a widespread misstatement of the “reinvestment assumption,” arguing that conflicts between NPV and IRR rankings stem from project scale differences rather than reinvestment rates. These studies reinforce that pedagogical clarity is vital for understanding DCF's theoretical consistency and practical teaching. Empirical research comparing DCF to the price-earnings (P/E) multiple reveals mixed results. Berkman, Bradbury, and Ferguson (2000) show that the two models produce equally accurate IPO prices on the New Zealand Stock Exchange, with median absolute errors of about 20 percent. Demirakos, Strong, and Walker (2010) can confirm that P/E multiples offer lower prediction errors for established companies, while DCF offers lower errors for riskier or less similar companies. Sayed (2017) analyzes seven emerging Asian markets and concludes that analysts tend to use the simpler P/E model due to limited data, though DCF precision is on par. Rainsy Sam (2025) adds to that by comparing Gordon Growth Model and Potential Payback Period to DCF and concludes that, though DCF remains dominant, other payback-based models can be instrumental in improved interpretability. Refinements in capital structure theory and discount rates add to the analytical equivalence of DCF. Inselbag and Kaufold (1997) compare the WACC and APV methods and arrive at the conclusion that both yield equivalent results under equal assumptions of leverage. An extension covering four DCF frameworks APV, CCF, CFE, and FCF arrives at equivalence when debt rebalancing policies are applied consistently. Vlaović Begović, Momčilović, and Jovin (2013) contrast FCFE and FCFF valuations, which illustrate the potential of FCFE to reflect changing financing conditions versus the convenience but potentially misleading nature of FCFF in constant debt assumptions. Jennergren (2006)

addresses the ongoing-value component of DCF, focusing on appropriate treatment of capital expenditures and equipment life, and Steiger (2008) reinforces this with empirical sensitivity analysis on terminal value estimation.

DCF relies on its context flexibility that is detectable across sectors and company types. De Heer and Koller (2000) apply DCF to cyclical sectors such as airlines and chemicals, introducing probabilistic scenarios in order to deal with cyclical fluctuations in earnings. Haertler and Seeber (2020) subject the standard DCF to high-growth firms and suggest flexible three-stage projections and Monte Carlo simulations to adapt to fluctuating inputs. Tan (2017) shows that calibrated DCF appraisals of Walmart are strongly correlated with real market prices when the assumptions are realistic. Bonazzi and Iotti (2016) use a particular DCF technique on building refurbishments, integrating energy savings, tax benefits, and terminal value to estimate feasibility. Gomes, Jorge, and Pereira (2025) use DCF for private Portuguese SMEs by comparing the adjusted CAPM, the AECA three-component model, and Ibbotson's build-up method to arrive at an estimate of cost of equity in trading-history-lacking firms.

Researchers have also been interested in augmenting the ability of DCF to handle uncertainty and behavioral bias. Ruback (2011) demonstrates that ignoring low-probability negative events causes optimistic bias and suggests differential adjustments for temporary and permanent shocks. Huang, Tan, Wang, and Yu (2023) note that analysts resort more to DCF when there is uncertainty and that the market responds more strongly to target changes made on DCF when assumptions are transparent. Karatas, Klinkert, and Hirska (2021) combine machine learning with DCF estimation of private-equity fund cash flows and demonstrate that LSTM and GRU models improve upon deterministic methods. Such advantage factors locate DCF in an uncertain, real life fact-based world where credibility is augmented by transparency and scenario analysis.

Another addition to DCF is taking into account the Synergy and Ownership structures. Assessing probabilistic ownership and DCF-Synergies and DCF-Segmented models considering if new owners would generate positive cash flow and/or reduce risk is documented in Gélinas (2025). Applying this to Velan Inc. shows that segmenting areas based on the impact of different owners can enhance (2025) on synergy in SME valuations and produces comparable results. This is a remarkable development in DCF scholarship, as it shifts the framework from static ownership to dynamic, strategic models that closely replicate M&A activity in practice, unlike the traditional strategic frameworks that dominate the literature. Most sources show consistency in their narrative. From the historical account Parker (1968) provided to the more theoretical Damodaran (2006) and to the more recent work of Gélinas (2025), assuming the conditions of openness, uniformity in financing, and confirmation of observation, the DCF technique is the most valuable method to approximate intrinsic worth.

Versatility in sources is valuable as long as the information is accurate. A rational ending value, the estimation of the risk the value is to be downgraded, the risk statistical tests, blended with the other approaches, and new methods all provide strength. Future avenues of research should be DCF models based on synergy and machine learning, formal codification of the model input disclosure, and empirical research on asset economic lifecycle data to estimate the terminal value and strengthen the model's theory and practical value.

### RESEARCH GAP

India lacks empirical studies examining and contrasting the reliability assessments and across industries with varying revenues, assets, and risks. Most studies highlight the sensitivity concerning assumed discount and growth rates, but the unequal and disproportionate divergence of these parameters across various industries, such as banking, FMCG, IT, automobiles, and healthcare, has largely been overlooked. Failure to consider how the various industries can influence a study while evaluating the context of DCF applicability is a major gap. Bridging this gap would enhance the understanding of the DCF precision used in different industries.

### RESEARCH HYPOTHESIS

This study sets out to check if DCF valuations really differ a lot from one industry sector to another. The research does that by testing the null hypothesis,  $H_0$ . That hypothesis says no statistically significant differences exist in the accuracy of those DCF-based valuations across Indian sectors. In the end, evaluating this helps figure out whether the DCF approach delivers consistent results no matter the industry or if certain factors tied to specific sectors end up affecting how reliable it is.

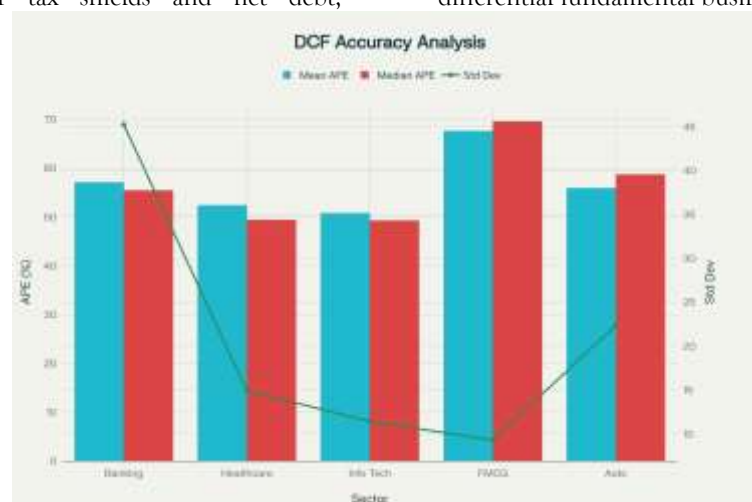
### RESEARCH METHODOLOGY

The study used the discounted cash flow method. We picked the Free Cash Flow to Equity approach over Free Cash Flow to the Firm, on purpose. FCFE lines up better with valuing equity, since it directly represents cash flows just for shareholders. Unlike FCFF which requires estimating WACC, or tax shields and net debt,

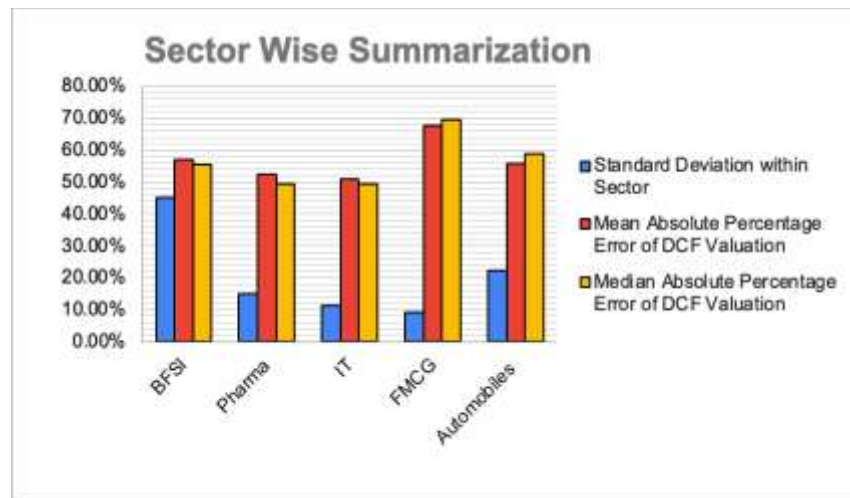
introducing additional uncertainty, FCFE involves fewer assumptions. FCFE uses way fewer variables, and it sticks closer to what market prices actually show for equity value. Plus, there's justification from older research papers like Damodaran back in 2006 that said that FCFE works great for equity-focused work. Then, Begovic and others in 2013, along with Jennergren in 2011, all pushed it as better for research that's all about shareholders. So, they projected FCFE out over several years. Discounted it using the cost of equity to get those intrinsic equity values. Compared them to real market prices after that. To check how accurate the valuations were, they set up the Error Measurement Framework which used these 3 matrices, Mean Absolute Percentage Error for the average deviation, Median APE to reduce outliers impact, and Standard Deviation to gauge error volatility. Finally, a one-way ANOVA test was conducted to statistically examine whether the valuation accuracy differed significantly across the five sectors analyzed.

### DATA ANALYSIS

The sector-wide aggregated result is that valuations by DCF yield comparable performance qualities with mean Mean Absolute Percentage Error (APE) averaging 56.79% and mean Median APE averaging 56.51% across observed five sectors (see Fig. 1.0). With standard deviation averaging 20.66%, reflecting moderated variability in changeability in precision estimation, it thus becomes clear that sector variability in prediction error is moderated and controllable (see Fig. 1.0). The coefficient of variation of Mean APE demonstrates 10.4%, which indicates controllably moderated variability disparity across sectors (see Fig. 1.1). The whole dataset estimation demonstrates that precision variability in DCF ranges from 50.81% to 67.65% Mean APE across sectors and exhibits variability range breadth of 16.84 percentage points or 29.7% deviation from mean level of functionality (see Fig. 1.1). Though such variability is respectable per se, it falls in predictable statistical boundaries for financial purposes in models and demonstrates that DCF indicates acceptable uniformity across highly diversified segments despite highly differential fundamental business models.



DCF Accuracy Analysis - Fig 1.0



Sector Wise Summarization - Fig 1.1

Statistical test finds all industries are in the  $57\% \pm 12\%$  performance bracket, i.e., sector-related traits influence the validity of measures by DCF to some degree, but their approach maintains baseline levels of reliability across diversified conditions across industries.

**Information Technology** sector exhibits the best DCF performance with 50.81% Mean APE and 49.30% Median APE, which is a 6.0% better performance than the sectoral average (see Table 1.0; Fig. 1.0 and Fig. 1.1). The consistency score of 11.44% standard deviation for the sector indicates highly predictable DCF results and it

is the most consistent sector suitable for use with DCF (see Fig. 1.2). This best performance is due to predictable revenue streams, high margins, and consistent cash flows that closely meet assumptions in DCF models (see Table 1.0). Intrinsic revenue models of technology industries with relatively low capital intensity whose measures how they actually perform are quantifiable make it appropriate to forecast cash flow. There are particular revenue growth models of expansion, margin expansion models, and technology industries business models whose patterns are described exactly by revenue models of DCF.

| Information Technology                  |                |                |                |                |                |                    |              |               |              |             |                 |
|-----------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|-----------------|
| Company                                 | FCFE 1 (in Bn) | FCFE 2 (in Bn) | FCFE 3 (in Bn) | FCFE 4 (in Bn) | FCFE 5 (in Bn) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price | Price Variation |
| Infosys Limited                         | 285            | 308            | 333            | 356            | 373            | 10.58%             | 3.40T        | 4.10B         | 819.65       | 1469.00     | 44.20%          |
| Tata Consultancy Services Limited       | 518            | 559            | 604            | 645            | 673            | 10.58%             | 6.10T        | 3.60B         | 1694.95      | 3083.80     | 45.04%          |
| Wipro Limited                           | 107            | 116            | 122            | 131            | 138            | 10.58%             | 1.30T        | 10.50B        | 121.36       | 249.50      | 51.32%          |
| HCL Technologies Limited                | 189            | 211            | 227            | 243            | 254            | 10.58%             | 2.30T        | 2.70B         | 851.89       | 1453.70     | 41.40%          |
| Tech Mahindra Limited                   | 65             | 80             | 91             | 97             | 101            | 10.58%             | 908.50B      | 979.20M       | 927.74       | 1486.00     | 37.57%          |
| Mphasis Ltd.                            | 21             | 23             | 26             | 28             | 30             | 10.59%             | 0.29T        | 0.19B         | 1537.41      | 2788.00     | 44.86%          |
| Coltort Ltd.                            | 21             | 24             | 28             | 31             | 32             | 10.59%             | 0.27T        | 0.33B         | 807.54       | 1724.50     | 53.17%          |
| KPIIT Technologies Ltd.                 | 10             | 12             | 14             | 16             | 17             | 10.56%             | 0.16T        | 0.27B         | 603.65       | 1190.70     | 49.30%          |
| Persistent Systems Ltd.                 | 20             | 25             | 29             | 32             | 35             | 10.60%             | 322.20B      | 155.50M       | 2072.49      | 5305.50     | 60.94%          |
| Larsen & Toubro Infotech (LTI)          | 188            | 225            | 261            | 292            | 315            | 9.79%              | 3T           | 1.4B          | 2211.00      | 5134.00     | 56.93%          |
| Mindtree Ltd.                           | 39             | 46             | 53             | 59             | 64             | 10.58%             | 570.9B       | 296.4M        | 1926.23      | 3434.00     | 43.91%          |
| Oracle Financial Services Software Ltd. | 25             | 28             | 30             | 33             | 34             | 10.58%             | 310.3B       | 86.9M         | 3570.43      | 8293.50     | 56.95%          |
| Birlasoft Ltd.                          | 3              | 5              | 6              | 6              | 7              | 10.58%             | 61.9B        | 277.9M        | 222.6        | 368.10      | 39.53%          |
| Happiest Minds Technologies Ltd.        | 0              | 1              | 1              | 1              | 2              | 10.58%             | 13.7B        | 150.2M        | 91.43        | 565.05      | 83.82%          |
| Zensar Technologies Ltd.                | 5              | 6              | 7              | 8              | 9              | 10.58%             | 81.7B        | 227.2M        | 359.61       | 768.10      | 53.18%          |

Information Technology - Table 1.0

**Healthcare & Pharmaceuticals** sector exhibits 52.43% Mean APE and 49.43% Median APE and hence leads by 4.4% on average performances (see Table 1.1; Fig. 1.0 and Fig. 1.1). With standard deviation of 14.93%, sector exhibits good uniformity in accounting inherent uncertainties arising out of patent risks and regulatory approbations (see Fig. 1.2). Sector's moderate precision mature sector firms.

for DCF is due to balanced predictable revenue from matured drugs and binary event-driven revenue from drug developmental pipeline (see Table 1.1). Long time lags and regulatory agency approval result in controlled volatility amenable to good estimates in DCF. Despite patent cliff risks and regulatory reforms inducing volatility, intrinsic nature and cyclical revenue patterns in the sector permit predictable estimation of cash flows by

| Healthcare & Pharmaceuticals          |                |                |                |                |                |                    |              |               |              |             |                 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|-----------------|
| Company                               | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price | Price Variation |
| Sas Pharmaceutical Industries Limited | 124            | 140            | 154            | 165            | 171            | 10.48%             | 1.90T        | 2.40B         | 774.51       | 1594.05     | 51.41%          |
| Dr. Reddy's Laboratories Limited      | 54             | 47             | 54             | 58             | 61             | 10.67%             | 617.20B      | 832.40M       | 741.47       | 1263.00     | 41.29%          |
| Cipla Limited                         | 52             | 54             | 59             | 63             | 66             | 10.47%             | 726.90B      | 807.80M       | 899.82       | 1589.40     | 43.39%          |
| Lupin Limited                         | 49             | 47             | 48             | 50             | 51             | 10.35%             | 493.30B      | 456.80M       | 1058.13      | 1894.50     | 44.16%          |
| Apollo Hospitals Enterprise Limited   | 15             | 20             | 20             | 30             | 32             | 10.17%             | 294.6B       | 143.8M        | 2549.02      | 7610.00     | 73.07%          |
| Aurobindo Pharma Ltd.                 | 39             | 45             | 48             | 51             | 53             | 10.45%             | 0.49T        | 0.58B         | 846.74       | 1027.70     | 17.61%          |
| Biocon Ltd.                           | 18             | 26             | 32             | 35             | 38             | 10.36%             | 0.20T        | 1.30B         | 151.19       | 348.35      | 56.60%          |
| GlaxoSmithKline Pharmaceuticals Ltd.  | 19             | 23             | 29             | 31             | 33             | 10.45%             | 0.30T        | 0.28B         | 1059.46      | 1924.00     | 44.93%          |
| Zydus Lifesciences Ltd.               | 51             | 45             | 49             | 51             | 52             | 10.36%             | 0.54T        | 1.00B         | 534.42       | 981.05      | 45.53%          |
| Torrent Pharmaceuticals Ltd.          | 33             | 38             | 43             | 47             | 49             | 10.49%             | 0.43T        | 0.34B         | 1284.74      | 3559.80     | 63.91%          |
| Alkem Laboratories Ltd.               | 27             | 26             | 29             | 30             | 32             | 10.49%             | 0.34T        | 0.12B         | 2023.99      | 5303.50     | 46.75%          |
| Dris's Laboratories Ltd.              | 28             | 35             | 42             | 47             | 51             | 11.24%             | 0.46T        | 0.27B         | 1719.48      | 6132.00     | 71.96%          |
| Natco Pharma Ltd.                     | 14             | 8              | 4              | 4              | 4              | 10.41%             | 0.08T        | 0.18B         | 435.88       | 862.00      | 49.43%          |
| Abbott India Ltd.                     | 14             | 16             | 18             | 19             | 20             | 10.45%             | 0.19T        | 0.02B         | 8761.03      | 31620.00    | 72.29%          |
| Pfizer Ltd. (India)                   | 7              | 8              | 9              | 9              | 9              | 10.45%             | 0.08T        | 0.05B         | 1849.17      | 5156.00     | 64.14%          |

Healthcare &amp; Pharmaceuticals - Table 1.1

**Automobile Industry** has Mean APE of 55.94% and Median APE of 58.73% and diverges slightly below sectoral average by 0.8% (see Table 1.2; Fig. 1.0 and Fig. 1.1). A standard deviation value of 22.38% implies moderate level of consistency reflecting need for cyclical nature and capital intensity of business (see Fig. 1.2). Through the process of DCF, the sector's performance implies high variability with sensitivity to shift in movement of cyclical economy shift, change in prices of

commodity, and operating level of efficiency by segments in the economy (see Table 1.2). Car makers face increasing complexity as they gradually transition from conventionally powered car models to all-electric models by shifting customer demand and change in emission standards regulation. With such complexities, the car industry maintains adequate precision levels by DCF if models include cyclical movement and adaptive strategic developments.

| Automobiles                        |                |                |                |                |                |                    |              |               |              |             |                 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|-----------------|
| Company                            | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price | Price Variation |
| Tata Motors Ltd.                   | 271            | 312            | 338            | 348            | 354            | 10.95%             | 3.1T         | 3.7B          | 839.04       | 669.50      | 25.32%          |
| Mahindra & Mahindra Ltd.           | 24             | 31             | 35             | 44             | 52             | 10.95%             | 453.2B       | 1.2B          | 377.74       | 3200.00     | 88.20%          |
| Maruti Suzuki India Ltd.           | 130            | 138            | 143            | 186            | 223            | 10.95%             | 1.9T         | 314.4M        | 6103.56      | 14790.00    | 58.73%          |
| Bajaj Auto Ltd.                    | 69             | 78             | 84             | 95             | 103            | 10.95%             | 894.1B       | 279.2M        | 3202.34      | 8632.00     | 62.90%          |
| Hero MotoCorp Ltd.                 | 43             | 47             | 49             | 52             | 54             | 10.95%             | 478.4B       | 200M          | 2391.73      | 5109.50     | 53.19%          |
| Autok Leyland Ltd.                 | 39             | 43             | 48             | 52             | 55             | 10.58%             | 498.9B       | 5.9B          | 84.94        | 126.98      | 33.11%          |
| Eicher Motors Ltd. (Royal Enfield) | 38             | 43             | 47             | 51             | 54             | 10.94%             | 664.3B       | 274.3M        | 2422.96      | 6103.00     | 60.31%          |
| TVS Motor Company Ltd.             | 13             | 15             | 19             | 22             | 25             | 10.95%             | 209.4B       | 474.6M        | 441.21       | 3276.60     | 86.53%          |
| Eucerts Kohata Ltd.                | 10             | 11             | 13             | 15             | 16             | 10.61%             | 209.6B       | 110M          | 1905.59      | 3567.80     | 46.59%          |
| Force Motors Ltd.                  | 5              | 6              | 7              | 8              | 9              | 10.58%             | 788B         | 13.2M         | 5920.41      | 19477.00    | 69.60%          |
| SML Isuzu Ltd.                     | 0              | 0              | 1              | 1              | 1              | 10.58%             | 13B          | 14.5M         | 897.99       | 4197.40     | 78.63%          |
| Schaeffler India Ltd.              | 10             | 12             | 14             | 15             | 17             | 10.58%             | 148.2B       | 156.3M        | 947.95       | 3867.40     | 75.49%          |
| Exide Industries Ltd.              | 13             | 14             | 16             | 17             | 18             | 10.50%             | 161.6B       | 850M          | 196.06       | 396.25      | 52.04%          |
| MBF Ltd.                           | 26             | 30             | 35             | 37             | 38             | 10.62%             | 380.1B       | 4.2M          | 89657.80     | 140955.00   | 36.39%          |
| Apollo Tyres Ltd.                  | 21             | 25             | 27             | 28             | 28             | 10.50%             | 258.6B       | 635.1M        | 407.20       | 462.95      | 12.04%          |

Automobiles - Table 1.2

**Banking & Financial Services** registers 57.11% Mean APE and 55.49% Median APE with only 0.3% over sectoral average but highest volatility registering 45.26% standard deviation (see Table 1.3; Fig. 1.0 and Fig. 1.1). Volatility excess is a consequence of the sector's distinct nature such as capital adequacy standards, regulatory interventions, and exposure to credit risks whose nature generates grave difficulty in DCF forecast (see Fig. 1.2).

Financial institutions' interest rate sensitivity, business cycles, and regulatory policy change render uncertain future cash flows highly changeable upon assumption change (see Table 1.3). Highly advanced calculation by sector's risk-adjusted returns and regulatory capital requirements build sophisticated tailoring by use of DCF models resulting in variability in bank business models by various performances.

| Banking & Financial Services |                |                |                |                |                |                    |              |               |              |             |                 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|-----------------|
| Company                      | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price | Price Variation |
| HDFC Bank Ltd.               | 675            | 912            | 527            | 613            | 681            | 9.54%              | 7.40T        | 7.70B         | 966.63       | 951.45      | 1.60%           |
| ICICI Bank Ltd.              | 772            | 626            | 671            | 813            | 926            | 9.54%              | 9.10T        | 7.10B         | 1274.06      | 1388.00     | 8.81%           |
| State Bank of India          | 723            | 807            | 922            | 1020           | 1043           | 9.54%              | 11.00T       | 9.70B         | 1187.01      | 863.35      | 47.94%          |
| Kotak Mahindra Bank          | 232            | 263            | 306            | 365            | 412            | 9.54%              | 4.10T        | 2.00B         | 2049.70      | 1860.00     | 4.58%           |
| Bajaj Finance                | -35            | -4             | 42             | 106            | 181            | 10.04%             | 1.80T        | 6.20B         | 289.25       | 877.80      | 47.05%          |
| Axion Bank Ltd.              | 249            | 330            | 385            | 464            | 527            | 9.54%              | 5.20T        | 3.10B         | 1673.07      | 1045.55     | 60.02%          |
| IndusInd Bank Ltd.           | 38             | 55             | 69             | 78             | 86             | 9.54%              | 0.84T        | 0.76B         | 1079.08      | 739.90      | 45.84%          |
| Bandhan Bank Ltd.            | 28             | 38             | 43             | 49             | 53             | 9.54%              | 0.53T        | 1.60B         | 328.87       | 161.85      | 103.19%         |
| HDFC First Bank Ltd.         | 26             | 43             | 59             | 70             | 80             | 9.54%              | 0.78T        | 7.30B         | 105.73       | 68.00       | 35.49%          |
| Punjab National Bank         | 160            | 175            | 192            | 212            | 227            | 9.54%              | 2.30T        | 11.50B        | 199.17       | 180.88      | 97.43%          |
| Bank of Baroda               | 182            | 231            | 233            | 261            | 282            | 9.54%              | 2.80T        | 5.20B         | 546.44       | 262.15      | 108.45%         |
| Federal Bank Ltd.            | 40             | 51             | 61             | 74             | 84             | 9.54%              | 0.83T        | 2.50B         | 335.37       | 191.78      | 74.95%          |
| Canara Bank                  | 173            | 195            | 210            | 225            | 237            | 9.54%              | 2.40T        | 9.10B         | 264.86       | 103.43      | 155.09%         |
| Yes Bank Ltd.                | 31             | 46             | 56             | 65             | 72             | 9.54%              | 0.71T        | 31.40B        | 22.59        | 20.33       | 11.12%          |
| LIC Housing Finance Ltd.     | 12             | 14             | 17             | 22             | 27             | 10.04%             | 0.26T        | 0.35B         | 471.55       | 555.28      | 15.07%          |

Banking &amp; Financial Services - Table 1.3

**Fast-Moving Consumer Goods** sector offers 67.65% Mean APE and 69.61% Median APE with lower

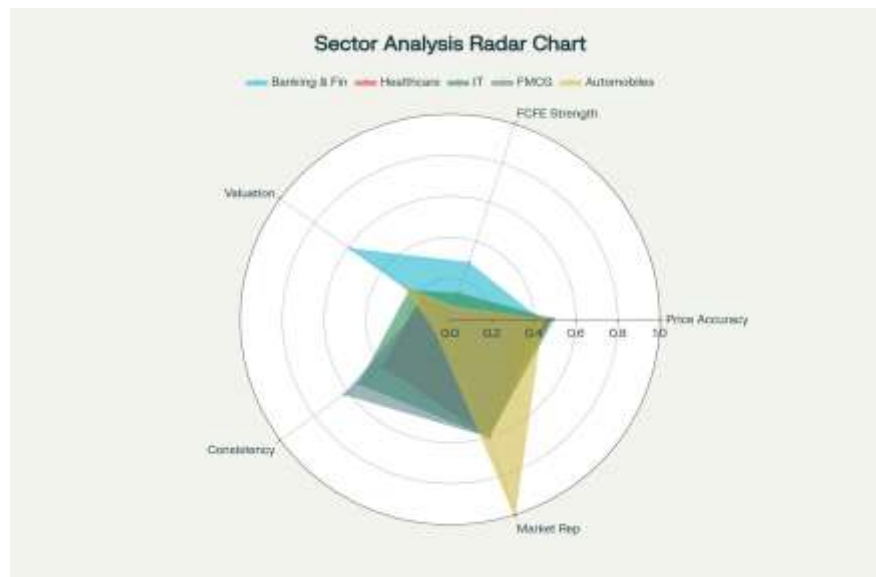
precision performance by 10.9% above sectoral average (see Table 1.4; Fig. 1.0 and Fig. 1.1). Nonetheless the

sector offers distinct uniformity with standard deviation of mere 9.31%, maintaining it in an inconsistent status where error remains perpetually high although systemically predictable across FMCG firms (see Fig. 1.2). Such systematic underperformance occurs owing to excessive dependability by FMCG industries on intangible value drivers in form of brand equity, customer

loyalty, and sentiment in the marketplace unable to meet physical models of cash flows (see Table 1.4). Value is built in the sector through brand development and effectiveness in marketing and not through financials per se, and hence fundamental misalignment with DCF approach built on physical cash generating capabilities.

| Company                                  | PCFE 1 (in Rs) | PCFE 2 (in Rs) | PCFE 3 (in Rs) | PCFE 4 (in Rs) | PCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price | Price Variation |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|-----------------|
| Hindustan Unilever Limited (HUL)         | 116            | 128            | 159            | 149            | 156            | 9.92%              | 1.31         | 2.30          | 642.22       | 2660.00     | 75.86%          |
| ITC Limited                              | 181            | 202            | 220            | 240            | 255            | 9.88%              | 2.31         | 12.50         | 198.33       | 409.50      | 51.57%          |
| Nestle India Limited                     | 27             | 31             | 35             | 38             | 40             | 9.54%              | 399.98       | 1.99          | 207.41       | 1154.30     | 82.03%          |
| Dabur India Limited                      | 13             | 15             | 17             | 19             | 20             | 9.92%              | 197.58       | 1.88          | 111.38       | 521.55      | 78.65%          |
| Britannia Industries Limited             | 27             | 30             | 33             | 36             | 37             | 9.56%              | 806.98       | 280.96        | 1687.76      | 5819.00     | 71.00%          |
| Colgate-Palmolive (India) Ltd.           | 14             | 17             | 18             | 19             | 20             | 9.92%              | 202.88       | 2728          | 745.63       | 2351.8      | 68.02%          |
| Procter & Gamble Hygiene and Health Care | 9              | 10             | 11             | 12             | 12             | 9.92%              | 115.68       | 32.38         | 3562.34      | 11086       | 72.78%          |
| Emami Ltd.                               | 4              | 6              | 9              | 8              | 10             | 9.92%              | 103.58       | 456.58        | 217.33       | 573.6       | 58.66%          |
| Marico Ltd.                              | 17             | 20             | 22             | 23             | 25             | 9.54%              | 254.68       | 1.30          | 197.84       | 725.85      | 73.73%          |
| Gadgil Consumer Products Ltd.            | 23             | 31             | 35             | 37             | 39             | 9.93%              | 414.58       | 1.0           | 485.12       | 1282.6      | 67.40%          |
| Paraghi Foods Ltd.                       | 15             | 19             | 22             | 25             | 31             | 9.54%              | 309.18       | 362.58        | 852.8        | 1777.6      | 52.03%          |
| Jyothy Labs Ltd.                         | 4              | 4              | 5              | 5              | 5              | 9.93%              | 54.98        | 362.78        | 149.48       | 340.4       | 56.09%          |
| Radico Khaitan Ltd.                      | 8              | 8              | 10             | 11             | 12             | 9.75%              | 1168         | 133.88        | 866.93       | 2852.5      | 69.61%          |
| Vaani Beverages Ltd.                     | 38             | 45             | 49             | 53             | 56             | 9.74%              | 5718         | 3.48          | 168.85       | 487.15      | 65.34%          |
| Tata Consumer Products Ltd.              | 17             | 21             | 24             | 27             | 29             | 9.54%              | 284.28       | 989.58        | 287.16       | 1065.4      | 73.05%          |

Fast-Moving Consumer Goods - Table 1.4



Sector Analysis Radar Chart - Fig 1.2



DCF Accuracy vs Consistency by Sector - Fig 1.3

| Anova: Single Factor           |            |            |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|------------|------------|
| SUMMARY                        |            |            |            |            |            |            |
| Groups                         | Count      | Sum        | Average    | Variance   |            |            |
| Banking and Financial Services | 15         | 8.5660601  | 0.57107067 | 0.20487022 |            |            |
| Healthcare & Pharmaceuticals   | 15         | 7.86475208 | 0.52431681 | 0.02229411 |            |            |
| Information Technology         | 15         | 7.62108442 | 0.50807229 | 0.0130883  |            |            |
| Fast Moving Consumer Goods     | 15         | 10.1479437 | 0.67652958 | 0.00867295 |            |            |
| Automobiles                    | 15         | 8.39077358 | 0.55938491 | 0.05009596 |            |            |
| ANOVA                          |            |            |            |            |            |            |
| Source of Variation            | SS         | df         | MS         | F          | P-value    | F crit     |
| Between Groups                 | 0.26042687 | 4          | 0.06510672 | 1.08866267 | 0.36890888 | 2.50265646 |
| Within Groups                  | 4.18630154 | 70         | 0.05980431 |            |            |            |
| Total                          | 4.44672841 | 74         |            |            |            |            |

Single Factor Anova Test - Table 1.5

The one-way ANOVA test performs sector-wide analysis on the statistical differences on how the sectors differ in DCF accuracy (see Table 1.5). The result showed an F-statistic of 1.09 and a critical F value of 2.50 at the 95% confidence interval, with a p-value of 0.369, confirming no statistically significant differences across the sectors. Hence, mean DCF valuation errors, as proposed under the null hypothesis, holding all else constant, demonstrates the method's consistency across reliability and multi-sector application. Even when DCF predictability, and business risk differences across sectors, a null statistical result demonstrates the DCF precision differences are not significant enough to invalidate its use for comparative valuation. Hence, the ANOVA result in the practical DCF use case demonstrates its theoretical and practical reliability across all sectors in the study.

## FINDINGS

Despite seeming heterogeneity in sectoral DCF performance, statistical evidence indicates the divergence of these differences, while important for practical purposes, fails to indicate statistically significant differences that theoretically disqualify DCF methodology in the various sectors. Moderate rather than extreme variation is indicated by the 10.4% coefficient of variation of Mean APE, which suggests sector-specific influences bear upon but do not overwhelm DCF accuracy outcomes.

Range analysis shows that the 16.84% spread between best and worst performing sectors represents less than 30% of average performance, a variation level consistent with expected modeling uncertainty in financial applications. Furthermore, four of the five sectors perform within 6% of the sectoral average, with only Fast-Moving Consumer Goods showing substantial deviation, suggesting that DCF reliability is more consistent across sectors than initially apparent.

The statistical findings corroborate that although the practitioners need to take into account sector-specific

features while utilizing DCF models, these do not represent caveats limiting methodology validity but refinements towards enhanced accuracy. The existence of variations merely reflects differences in business models, which can be addressed by suitable model calibrations without undermining the DCF's general applicability across all sectors examined.

This convergence to statistically equivalent performance levels across a wide variety of sectors reflects the strength of DCF as a valuation method, affirming that while sector knowledge contributes to the accuracy, the underlying technique remains valid over the wide range of industry uses reflected in this extensive review.

Finally, as we conclude, we prove through this analysis that there is no statistically significant disparity in DCF valuation precision between sectors, and therefore we affirm the null hypothesis that DCF valuation is just as precise in all sectors.

## FUTURE RESEARCH AREAS

The study shows DCF valuations hold up pretty well across different sectors. Still, there's room for more research to dig deeper into that. One thing, looking at even more industries and spreading out the data over several years might turn up how big economic shifts or up-and-down cycles mess with DCFs reliability. Another idea, bringing in stuff like behavioral finance and market quirks, the kind Ruback talked about back in 2011 or what Huang and others said in 2023, that could help make sense of why things vary due to analyst biases or uneven info flow. Then too, trying out AI-boosted or mixed valuation methods, like Karatas, Klinkert, and Hirsu suggested in 2021, might prove if better predictions sharpen up DCFs accuracy. And last, studies across countries or tied to ESG in specific sectors would clear up how rules in different places or green factors play into DCFs dependability. All in all, pushing these ideas forward would help pin down exactly when and why DCF stays solid amid changing finance and business scenes.

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## APPENDIX

- Companies considered in the analysis

| Company's Considered           |                                       |                                         |                                               |                                    |
|--------------------------------|---------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------|
| Banking and Financial Services | Healthcare & Pharmaceuticals          | Information Technology                  | Fast Moving Consumer Goods                    | Automobiles                        |
| HDFC Bank Ltd.                 | Sun Pharmaceutical Industries Limited | Infosys Limited                         | Hindustan Unilever Limited (HUL)              | Tata Motors Ltd.                   |
| ICICI Bank Ltd.                | Dr. Reddy's Laboratories Limited      | Tata Consultancy Services Limited       | ITC Limited                                   | Mahindra & Mahindra Ltd.           |
| State Bank of India            | Cipla Limited                         | Wipro Limited                           | Nestle India Limited                          | Maruti Suzuki India Ltd.           |
| Kotak Mahindra Bank            | Lupin Limited                         | HCL Technologies Limited                | Colgate India Limited                         | Bajaj Auto Ltd.                    |
| Bajaj Finance                  | Apollo Hospitals Enterprise Limited   | Tech Mahindra Limited                   | Brihanm Industries Limited                    | Hero MotoCorp Ltd.                 |
| Axis Bank Ltd.                 | Aurobindo Pharma Ltd.                 | Mphasis Ltd.                            | Colgate-Palmolive (India) Ltd.                | Ashok Leyland Ltd.                 |
| Industrial Bank Ltd.           | Bioscon Ltd.                          | Colgate Ltd.                            | Procter & Gamble Hygiene and Health Care Ltd. | Eicher Motors Ltd. (Royal Enfield) |
| Bandhan Bank Ltd.              | Glenmark Pharmaceuticals Ltd.         | KPIIT Technologies Ltd.                 | Emami Ltd.                                    | TVS Motor Company Ltd.             |
| IDFC First Bank Ltd.           | Zydus Lifesciences Ltd.               | Persistent Systems Ltd.                 | Marico Ltd.                                   | Escorts Kubota Ltd.                |
| Punjab National Bank           | Torrent Pharmaceuticals Ltd.          | Larsen & Toubro Infotech & IT           | Godrej Consumer Products Ltd.                 | Ford Motors Ltd.                   |
| Bank of Baroda                 | Aikam Laboratories Ltd.               | Medtronic Ltd.                          | Patanjali Foods Ltd.                          | SML Isuzu Ltd.                     |
| Federal Bank Ltd.              | Dixi's Laboratories Ltd.              | Oracle Financial Services Software Ltd. | Jyothy Labs Ltd.                              | Schaeffler India Ltd.              |
| Canara Bank                    | Natco Pharma Ltd.                     | Brilsoft Ltd.                           | Radico Khaitan Ltd.                           | Exide Industries Ltd.              |
| Yes Bank Ltd.                  | Abbott India Ltd.                     | Happiest Minds Technologies Ltd.        | Varun Beverages Ltd.                          | MRPL Ltd.                          |
| LIC Housing Finance Ltd.       | Pfizer Ltd. (India)                   | Zensar Technologies Ltd.                | Tata Consumer Products Ltd.                   | Apollon Tyres Ltd.                 |

## 2. Data of companies considered in the analysis

**Null Hypothesis: DCF Valuation is equally accurate across all sectors** (all figures are in INR)

| Banking & Financial Services |                |                |                |                |                |                    |              |               |              |             |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|
| Company                      | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price |
| HDFC Bank Ltd.               | 675            | 812            | 527            | 611            | 681            | 9.54%              | 7.40T        | 7.70B         | 966.83       | 951.45      |
| ICICI Bank Ltd.              | 372            | 626            | 671            | 813            | 926            | 9.54%              | 9.10T        | 7.10B         | 1274.86      | 1398.00     |
| State Bank of India          | 722            | 887            | 922            | 1026           | 1093           | 9.54%              | 11.00T       | 9.20B         | 1187.61      | 802.55      |
| Kotak Mahindra Bank          | 322            | 263            | 366            | 365            | 412            | 9.54%              | 4.10T        | 2.00B         | 2046.78      | 1969.00     |
| Bajaj Finance                | -55            | -4             | 45             | 106            | 183            | 10.04%             | 1.80T        | 6.20B         | 289.25       | 877.80      |
| Axis Bank Ltd.               | 249            | 339            | 385            | 464            | 527            | 9.54%              | 5.20T        | 3.10B         | 1673.07      | 1845.55     |
| Industrial Bank Ltd.         | 18             | 55             | 69             | 78             | 86             | 9.54%              | 0.84T        | 0.78B         | 1079.08      | 739.90      |
| Bandhan Bank Ltd.            | 28             | 38             | 43             | 48             | 53             | 9.54%              | 0.53T        | 1.60B         | 328.87       | 161.85      |
| IDFC First Bank Ltd.         | 26             | 43             | 59             | 70             | 80             | 9.54%              | 0.78T        | 7.30B         | 305.73       | 68.00       |
| Punjab National Bank         | 160            | 175            | 192            | 212            | 227            | 9.54%              | 2.20T        | 11.50B        | 198.17       | 100.88      |
| Bank of Baroda               | 182            | 211            | 233            | 261            | 282            | 9.54%              | 2.80T        | 5.20B         | 546.44       | 262.15      |
| Federal Bank Ltd.            | 40             | 51             | 61             | 74             | 84             | 9.54%              | 0.82T        | 2.50B         | 335.27       | 191.20      |
| Canara Bank                  | 173            | 195            | 210            | 222            | 237            | 9.54%              | 2.40T        | 9.10B         | 764.86       | 103.85      |
| Yes Bank Ltd.                | 31             | 46             | 56             | 65             | 72             | 9.54%              | 0.71T        | 31.40B        | 22.59        | 20.33       |
| LIC Housing Finance Ltd.     | 12             | 14             | 17             | 22             | 27             | 10.04%             | 0.26T        | 0.52B         | 471.55       | 555.20      |

| Healthcare & Pharmaceuticals          |                |                |                |                |                |                    |              |               |              |             |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|
| Company                               | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price |
| Sun Pharmaceutical Industries Limited | 124            | 149            | 154            | 165            | 171            | 10.48%             | 1.90T        | 2.40B         | 774.51       | 1594.05     |
| Dr. Reddy's Laboratories Limited      | 24             | 47             | 54             | 58             | 61             | 10.67%             | 417.20B      | 832.40M       | 741.47       | 1263.98     |
| Cipla Limited                         | 52             | 54             | 59             | 63             | 66             | 10.87%             | 726.90B      | 807.80M       | 859.82       | 43.39%      |
| Lupin Limited                         | 49             | 47             | 48             | 50             | 51             | 10.35%             | 483.30B      | 456.80M       | 1058.13      | 1894.90     |
| Apollo Hospitals Enterprise Limited   | 15             | 20             | 26             | 32             | 32             | 10.17%             | 284.60B      | 143.4M        | 2049.02      | 7610.00     |
| Aurobindo Pharma Ltd.                 | 39             | 45             | 48             | 51             | 53             | 10.45%             | 0.49T        | 0.59B         | 846.74       | 1027.70     |
| Bioscon Ltd.                          | 18             | 26             | 32             | 35             | 38             | 10.20%             | 0.20T        | 1.20B         | 351.18       | 348.35      |
| Glenmark Pharmaceuticals Ltd.         | 19             | 23             | 29             | 33             | 33             | 10.45%             | 0.30T        | 0.28B         | 1059.46      | 1824.00     |
| Zydus Lifesciences Ltd.               | 51             | 45             | 49             | 51             | 52             | 10.36%             | 0.54T        | 1.00B         | 234.42       | 981.05      |
| Torrent Pharmaceuticals Ltd.          | 33             | 38             | 43             | 47             | 49             | 10.49%             | 0.43T        | 0.34B         | 1284.74      | 3559.80     |
| Aikam Laboratories Ltd.               | 23             | 26             | 29             | 30             | 32             | 10.40%             | 0.14T        | 0.11B         | 2823.99      | 5393.50     |
| Dixi's Laboratories Ltd.              | 28             | 32             | 32             | 47             | 51             | 11.24%             | 0.46T        | 0.27B         | 1719.48      | 6132.00     |
| Natco Pharma Ltd.                     | 14             | 8              | 4              | 4              | 4              | 10.41%             | 0.08T        | 0.18B         | 435.88       | 862.00      |
| Abbott India Ltd.                     | 14             | 18             | 18             | 19             | 20             | 10.45%             | 0.19T        | 0.02B         | 8781.03      | 31629.00    |
| Pfizer Ltd. (India)                   | 7              | 8              | 9              | 9              | 9              | 10.45%             | 0.08T        | 0.02B         | 1849.17      | 5156.00     |

| Information Technology                  |                |                |                |                |                |                    |              |               |              |             |
|-----------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|
| Company                                 | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price |
| Infosys Limited                         | 285            | 388            | 333            | 356            | 375            | 10.38%             | 3.40T        | 4.10B         | 819.65       | 1469.00     |
| Tata Consultancy Services Limited       | 518            | 559            | 604            | 645            | 673            | 10.38%             | 6.10T        | 3.60B         | 1694.95      | 3063.80     |
| Wipro Limited                           | 107            | 116            | 122            | 131            | 138            | 10.58%             | 1.30T        | 10.50B        | 121.36       | 249.30      |
| HCL Technologies Limited                | 189            | 211            | 227            | 243            | 254            | 10.58%             | 2.20T        | 2.70B         | 851.88       | 1453.20     |
| Tech Mahindra Limited                   | 65             | 80             | 91             | 97             | 101            | 10.58%             | 888.50B      | 979.20M       | 927.74       | 1486.00     |
| Mphasis Ltd.                            | 21             | 23             | 26             | 28             | 30             | 10.50%             | 0.29T        | 0.19B         | 1527.43      | 2788.00     |
| Coltort Ltd.                            | 21             | 24             | 28             | 31             | 32             | 10.55%             | 0.27T        | 0.13B         | 807.34       | 1734.30     |
| KPIIT Technologies Ltd.                 | 10             | 12             | 14             | 16             | 17             | 10.56%             | 9.16T        | 0.37B         | 661.65       | 1790.20     |
| Persistent Systems Ltd.                 | 20             | 25             | 29             | 32             | 35             | 10.60%             | 322.20B      | 155.50M       | 2072.49      | 3305.50     |
| Larsen & Toubro Infotech (LTI)          | 188            | 225            | 261            | 292            | 315            | 9.79%              | 3.1T         | 1.4B          | 2211.80      | 3134.00     |
| Medtronic Ltd.                          | 19             | 46             | 33             | 38             | 64             | 10.30%             | 370.90B      | 296.4M        | 1026.23      | 3424.90     |
| Oracle Financial Services Software Ltd. | 35             | 39             | 39             | 32             | 34             | 10.58%             | 318.30B      | 86.5M         | 3370.43      | 8293.50     |
| Brilsoft Ltd.                           | 3              | 5              | 6              | 6              | 7              | 10.58%             | 61.99B       | 277.8M        | 122.4        | 368.10      |
| Happiest Minds Technologies Ltd.        | 6              | 1              | 1              | 1              | 2              | 10.58%             | 13.79B       | 150.7M        | 91.43        | 565.05      |
| Zensar Technologies Ltd.                | 5              | 8              | 7              | 8              | 9              | 10.58%             | 81.70B       | 227.2M        | 356.63       | 568.10      |

| Fast-Moving Consumer Goods               |                |                |                |                |                |                    |              |               |              |             |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|
| Company                                  | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price |
| Hindustan Unilever Limited (HUL)         | 116            | 128            | 139            | 149            | 156            | 9.92%              | 1.2T         | 2.3B          | 642.22       | 2688.00     |
| ITC Limited                              | 181            | 202            | 220            | 240            | 255            | 9.80%              | 2.2T         | 12.2B         | 198.33       | 499.30      |
| Nestle India Limited                     | 27             | 31             | 35             | 38             | 40             | 9.54%              | 293.90B      | 1.5B          | 267.41       | 1154.39     |
| Colgate India Limited                    | 13             | 13             | 17             | 19             | 20             | 9.92%              | 197.50B      | 1.3B          | 111.34       | 521.55      |
| Brihanm Industries Limited               | 27             | 30             | 33             | 36             | 37             | 9.50%              | 486.50B      | 240.9M        | 1687.78      | 5819.00     |
| Colgate-Palmolive (India) Ltd.           | 16             | 17             | 18             | 19             | 20             | 9.92%              | 202.80B      | 272M          | 745.63       | 2321.8      |
| Procter & Gamble Hygiene and Health Care | 9              | 10             | 11             | 12             | 12             | 9.92%              | 115.60B      | 32.5M         | 2562.14      | 15086       |
| Emami Ltd.                               | 8              | 9              | 9              | 9              | 10             | 9.92%              | 103.58B      | 436.5M        | 237.12       | 573.6       |
| Marico Ltd.                              | 17             | 20             | 22             | 23             | 25             | 9.54%              | 256.80B      | 1.3B          | 197.94       | 725.85      |
| Godrej Consumer Products Ltd.            | 27             | 31             | 35             | 37             | 39             | 9.93%              | 414.50B      | 1B            | 465.52       | 1242.6      |
| Patanjali Foods Ltd.                     | 15             | 19             | 22             | 27             | 31             | 9.54%              | 399.18B      | 362.5M        | 852.8        | 1777.6      |
| Jyothy Labs Ltd.                         | 4              | 4              | 5              | 5              | 5              | 9.93%              | 54.98B       | 362.7M        | 149.48       | 340.4       |
| Radico Khaitan Ltd.                      | 6              | 8              | 10             | 11             | 12             | 9.75%              | 116B         | 133.8M        | 866.93       | 2852.5      |
| Varun Beverages Ltd.                     | 39             | 45             | 49             | 53             | 56             | 9.76%              | 571.8B       | 3.4B          | 168.85       | 487.15      |
| Tata Consumer Products Ltd.              | 17             | 21             | 21             | 27             | 29             | 9.54%              | 284.28B      | 989.5M        | 287.18       | 1065.0      |

| Automobiles                        |                |                |                |                |                |                    |              |               |              |             |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------|---------------|--------------|-------------|
| Company                            | FCFE 1 (in Rs) | FCFE 2 (in Rs) | FCFE 3 (in Rs) | FCFE 4 (in Rs) | FCFE 5 (in Rs) | Discounting Factor | Equity Value | No. of Shares | Target Price | Share Price |
| Tata Motors Ltd.                   | 271            | 312            | 338            | 349            | 354            | 9.92%              | 2.1T         | 5.7B          | 839.64       | 669.50      |
| Mahindra & Mahindra Ltd.           | 24             | 31             | 35             | 44             | 52             | 10.95%             | 453.20B      | 1.2B          | 377.74       | 3200.00     |
| Maruti Suzuki India Ltd.           | 130            | 138            | 143            | 186            | 223            | 10.95%             | 1.9T         | 314.4M        | 6163.58      | 14790.00    |
| Bajaj Auto Ltd.                    | 69             | 78             | 84             | 84             | 103            | 10.95%             | 894.1B       | 379.2M        | 3262.34      | 8652.00     |
| Hero MotoCorp Ltd.                 | 43             | 47             | 49             | 52             | 54             | 10.95%             | 478.4B       | 260M          | 2381.73      | 5109.50     |
| Ashok Leyland Ltd.                 | 39             | 42             | 48             | 52             | 55             | 10.58%             | 488.98B      | 5.9B          | 84.94        | 126.98      |
| Eicher Motors Ltd. (Royal Enfield) | 38             | 42             | 47             | 51             | 54             | 10.94%             | 664.3B       | 274.7M        | 2437.06      | 4103.00     |
| TVS Motor Company Ltd.             | 11             | 15             | 19             | 22             | 25             | 10.95%             | 200.40B      | 474.6M        | 441.21       | 3276.00     |
| Escorts Kubota Ltd.                | 10             | 11             | 12             | 15             | 16             | 10.61%             | 220.60B      | 130M          | 1963.58      | 1567.80     |
| Ford Motors Ltd.                   | 5              | 8              | 7              | 8              | 9              | 10.58%             | 78B          | 13.2M         | 1926.41      | 19477.00    |
| SML Isuzu Ltd.                     | 0              | 0              | 1              | 1              | 1              | 10.58%             | 13B          | 14.5M         | 897.09       | 4197.40     |
| Schaeffler India Ltd.              | 10             | 12             | 14             | 15             | 17             | 10.58%             | 148.28B      | 176.3M        | 947.95       | 3847.40     |
| Exide Industries Ltd.              | 13             | 14             | 16             | 17             | 18             | 10.50%             | 161.60B      | 856M          | 190.66       | 395.25      |
| MRPL Ltd.                          | 26             | 30             | 35             | 37             | 38             | 10.62%             | 380.13B      | 4.2M          | 89657.80     | 14953.00    |
| Apollon Tyres Ltd.                 | 21             | 23             | 27             | 28             | 28             | 10.50%             | 218.68B      | 635.1M        | 467.28       | 462.95      |

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