

## **Tirth Parmar F.Y.BSc Div-B 52**

**Q1)** Cash flows have been generated for the year 2022-2042 i.e., of 20 years considering all the data of the cashflows, no of participants, expenses and the revenues for both the cases (considering the alternium and also excluding it).

On analyzing the cash flows we can observe that the company has made a good amount of net profit, through the project even after deducting the tax.

(Red colored text shows the negative cashflows and green colored text shows the positive cashflows)

**Q2)** As the company will be sold after 10 years amount invested in infrastructure and servers will be retrieved by selling them, and that has been calculated according to the book value. It is then used to calculate the NPV of project after 10 years which is \$29,41,29,27,378. The IRR is too high as there are no negative cashflows.

**Q3)** Assumption is taken that the company goes on till 2042 i.e 10 more years, and also the cost of capital,

participation growth percentage, tax rate, etc. are all considered the same as mentioned in Q1), After 20 years, calculating the NPV gave it as \$48,24,36,02,289. The NPV is calculated based on the assumptions that all the growth rates remain the same. The IRR of the project still came out to be too high as there are no negative cashflows.