Fm and excel

Project - 1

Question 1

To calculate after cash incremental cash flow i first calculated pre tax net cash flow which was calculated as follow

Revenue - cost for all participants - research and development costs - capacity cost + working capital

Revenue = 1000 per participant per year

therefore participants for next 10 years 2.25 million + 3 million = 5.25 million therefore revenue = 1000*52.5 million = 52500 million

Research and development cost =840*5.25 million = 4410 million

Capacity cost = 150 million

Working capital = 52500 million * 15% - 52500 million * 6% = 70815 million

= 667690000

After tax incremental cash flow

After tax incremental cash flow = pre tax net cash flow + introductory cost + tax + depreciations + tax benefits

= 66,76,90,000

1,00,00,00,000
525000000
20,00,000
90,00,000
2,20,36,90,000

Question 2

To calculate npv

Value invested in the beginning is 1,00,00,00,000

And amount of 3825000

3825000is receivable continuously for 10 years

Therefore npv = ₹ 1,03,82,50,000.00

To calculate IRR

I used excel formula function of irr which computed irr = 36 %