**Accounting Rate of**

| | | Investment into CAPEX | | | | | | INR Million |
|---|---|---|---|---|---|---|---|---|
| Year | EBIT(1-t) | Beginning BV | Capital Exp | Depreciation | Ending BV | Average BV | Incremental Working Capital | Return on Capital |
| 1 | 447.17 | 2127.50 | 280.50 | 226.78 | 2181.22 | 2154.36 | 100.00 | 20% |
| 2 | 569.12 | 2181.22 | 402.45 | 361.60 | 2222.07 | 2201.65 | 102.00 | 25% |
| 3 | 628.87 | 2222.07 | 462.21 | 455.44 | 2228.84 | 2225.46 | 104.04 | 27% |
| 4 | 607.65 | 2228.84 | 440.98 | 473.64 | 2196.18 | 2212.51 | 106.12 | 26% |
| 5 | 588.55 | 2196.18 | 421.89 | 452.53 | 2165.54 | 2180.86 | 108.24 | 26% |
| 6 | 571.36 | 2165.54 | 404.70 | 433.53 | 2136.71 | 2151.13 | 110.41 | 25% |
| 7 | 555.89 | 2136.71 | 389.23 | 416.42 | 2109.52 | 2123.12 | 112.62 | 25% |
| 8 | 541.97 | 2109.52 | 375.30 | 401.03 | 2083.79 | 2096.66 | 114.87 | 25% |
| 9 | 529.44 | 2083.79 | 362.77 | 387.18 | 2059.38 | 2071.59 | 117.17 | 24% |
| 10 | 518.16 | 2059.38 | 351.50 | 374.71 | 2036.17 | 2047.78 | 119.51 | 24% |
| 11 | 508.01 | 2036.17 | 341.35 | 363.49 | 2014.03 | 2025.10 | 121.90 | 24% |
| 12 | 498.88 | 2014.03 | 332.21 | 353.39 | 1992.85 | 2003.44 | 124.34 | 23% |
| 13 | 490.66 | 1992.85 | 323.99 | 344.30 | 1972.54 | 1982.70 | 126.82 | 23% |
| 14 | 316.59 | 1972.54 | 316.59 | 336.12 | 1953.01 | 1962.78 | 129.36 | 15% |
| 15 | 284.93 | 1953.01 | 284.93 | 315.01 | 1922.93 | 1937.97 | 131.95 | 14% |
| 16 | 256.44 | 1922.93 | 256.44 | 283.51 | 1895.86 | 1909.40 | 134.59 | 13% |
| 17 | 230.80 | 1895.86 | 230.80 | 255.16 | 1871.50 | 1883.68 | 137.28 | 11% |
| 18 | 207.72 | 1871.50 | 207.72 | 229.64 | 1849.58 | 1860.54 | 140.02 | 10% |
| 19 | 186.94 | 1849.58 | 186.94 | 206.68 | 1829.84 | 1839.71 | 142.82 | 9% |
| 20 | 168.25 | 1829.84 | 168.25 | 186.01 | 1812.08 | 1820.96 | 145.68 | 9% |
| **Average** | **435.37** | | | | | **2034.57** | **121.49** | **20%** |

**Calculating Cash**

| Year | EBIT(1-t) | Depreciation | Capital Exp | Incremental Working Capital | Salvage Value | CFAT |
|---|---|---|---|---|---|---|
| 1 | 447.2 | 226.8 | 280.5 | 100.0 | | 293.5 |
| 2 | 569.1 | 361.6 | 402.5 | 102.0 | | 426.3 |
| 3 | 628.9 | 455.4 | 462.2 | 104.0 | | 518.1 |
| 4 | 607.7 | 473.6 | 441.0 | 106.1 | | 534.2 |
| 5 | 588.6 | 452.5 | 421.9 | 108.2 | | 510.9 |
| 6 | 571.4 | 433.5 | 404.7 | 110.4 | | 489.8 |
| 7 | 555.9 | 416.4 | 389.2 | 112.6 | | 470.5 |
| 8 | 542.0 | 401.0 | 375.3 | 114.9 | | 452.8 |
| 9 | 529.4 | 387.2 | 362.8 | 117.2 | | 436.7 |
| 10 | 518.2 | 374.7 | 351.5 | 119.5 | | 421.9 |
| 11 | 508.0 | 363.5 | 341.4 | 121.9 | | 408.3 |
| 12 | 498.9 | 353.4 | 332.2 | 124.3 | | 395.7 |
| 13 | 490.7 | 344.3 | 324.0 | 126.8 | | 384.1 |
| 14 | 316.6 | 336.1 | 316.6 | 129.4 | | 206.8 |
| 15 | 284.9 | 315.0 | 284.9 | 131.9 | | 183.1 |
| 16 | 256.4 | 283.5 | 256.4 | 134.6 | | 148.9 |
| 17 | 230.8 | 255.2 | 230.8 | 137.3 | | 117.9 |
| 18 | 207.7 | 229.6 | 207.7 | 140.0 | | 89.6 |
| 19 | 186.9 | 206.7 | 186.9 | 142.8 | | 63.9 |
| 20 | 168.3 | 186.0 | 168.3 | 145.7 | 600.0 | 640.3 |
| | | | | | | |

## Payback Period

| Year | EBIT(1-t) | Depreciation | Capital Exp | Incremental Working Capital | Salvage Value | CFAT | Cumulative Cash Flows | | |
|---|---|---|---|---|---|---|---|---|---|
| 0 | 0.00 | 0.00 | 2127.50 | | | (2,127.5) | (2,127.5) | | |
| 1 | 447.2 | 226.8 | 280.5 | 100.0 | - | 293.5 | (1,834.1) | | |
| 2 | 569.1 | 361.6 | 402.5 | 102.0 | - | 426.3 | (1,407.8) | | |
| 3 | 628.9 | 455.4 | 462.2 | 104.0 | - | 518.1 | (889.7) | | |
| 4 | 607.7 | 473.6 | 441.0 | 106.1 | - | 534.2 | (355.5) | | |
| 5 | 588.6 | 452.5 | 421.9 | 108.2 | - | 510.9 | 155.4 | 5.30 | Payback Period |
| 6 | 571.4 | 433.5 | 404.7 | 110.4 | - | 489.8 | 645.2 | | |
| 7 | 555.9 | 416.4 | 389.2 | 112.6 | - | 470.5 | 1,115.7 | | |
| 8 | 542.0 | 401.0 | 375.3 | 114.9 | - | 452.8 | 1,568.5 | | |
| 9 | 529.4 | 387.2 | 362.8 | 117.2 | - | 436.7 | 2,005.2 | | |
| 10 | 518.2 | 374.7 | 351.5 | 119.5 | - | 421.9 | 2,427.0 | | |
| 11 | 508.0 | 363.5 | 341.4 | 121.9 | - | 408.3 | 2,835.3 | | |
| 12 | 498.9 | 353.4 | 332.2 | 124.3 | - | 395.7 | 3,231.0 | | |
| 13 | 490.7 | 344.3 | 324.0 | 126.8 | - | 384.1 | 3,615.2 | | |
| 14 | 316.6 | 336.1 | 316.6 | 129.4 | - | 206.8 | 3,821.9 | | |
| 15 | 284.9 | 315.0 | 284.9 | 131.9 | - | 183.1 | 4,005.0 | | |
| 16 | 256.4 | 283.5 | 256.4 | 134.6 | - | 148.9 | 4,153.9 | | |
| 17 | 230.8 | 255.2 | 230.8 | 137.3 | - | 117.9 | 4,271.8 | | |
| 18 | 207.7 | 229.6 | 207.7 | 140.0 | - | 89.6 | 4,361.4 | | |
| 19 | 186.9 | 206.7 | 186.9 | 142.8 | - | 63.9 | 4,425.3 | | |
| 20 | 168.3 | 186.0 | 168.3 | 145.7 | 600.0 | 40.3 | 4,465.6 | | |

## Discounted Payback

DR 15%

| Year | EBIT(1-t) | Depreciation | Capital Exp | Incremental Working Capital | Salvage Value | CFAT | Cumulative Cash Flows | PV Factor @ 12% | PV of Cash Flows | Cumulative Disc. Cash Flows | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 0.00 | 0.00 | 2127.50 | 0.00 | 0.00 | -2127.50 | -2127.50 | 1.00 | -2127.50 | (2,127.5) | | | |
| 1 | 447.2 | 226.8 | 280.5 | 100.0 | - | 293.5 | (1,834.1) | 0.9 | 255.2 | (1,872.3) | | | |
| 2 | 569.1 | 361.6 | 402.5 | 102.0 | - | 426.3 | (1,407.8) | 0.8 | 322.3 | (1,550.0) | | | |
| 3 | 628.9 | 455.4 | 462.2 | 104.0 | - | 518.1 | (889.7) | 0.7 | 340.6 | (1,209.4) | | | |
| 4 | 607.7 | 473.6 | 441.0 | 106.1 | - | 534.2 | (355.5) | 0.6 | 305.4 | (903.9) | | | |
| 5 | 588.6 | 452.5 | 421.9 | 108.2 | - | 510.9 | 155.4 | 0.5 | 254.0 | (649.9) | | | |
| 6 | 571.4 | 433.5 | 404.7 | 110.4 | - | 489.8 | 645.2 | 0.4 | 211.7 | (438.2) | | | |
| 7 | 555.9 | 416.4 | 389.2 | 112.6 | - | 470.5 | 1,115.7 | 0.4 | 176.9 | (261.3) | | | |
| 8 | 542.0 | 401.0 | 375.3 | 114.9 | - | 452.8 | 1,568.5 | 0.3 | 148.0 | (113.3) | 7.23 | Years | Discounted Payback Period |
| 9 | 529.4 | 387.2 | 362.8 | 117.2 | - | 436.7 | 2,005.2 | 0.3 | 124.1 | 10.9 | | | |
| 10 | 518.2 | 374.7 | 351.5 | 119.5 | - | 421.9 | 2,427.0 | 0.2 | 104.3 | 115.1 | | | |
| 11 | 508.0 | 363.5 | 341.4 | 121.9 | - | 408.3 | 2,835.3 | 0.2 | 87.8 | 202.9 | | | |
| 12 | 498.9 | 353.4 | 332.2 | 124.3 | - | 395.7 | 3,231.0 | 0.2 | 74.0 | 276.9 | | | |
| 13 | 490.7 | 344.3 | 324.0 | 126.8 | - | 384.1 | 3,615.2 | 0.2 | 62.4 | 339.3 | | | |
| 14 | 316.6 | 336.1 | 316.6 | 129.4 | - | 206.8 | 3,821.9 | 0.1 | 29.2 | 368.5 | | | |
| 15 | 284.9 | 315.0 | 284.9 | 131.9 | - | 183.1 | 4,005.0 | 0.1 | 22.5 | 391.0 | | | |
| 16 | 256.4 | 283.5 | 256.4 | 134.6 | - | 148.9 | 4,153.9 | 0.1 | 15.9 | 406.9 | | | |
| 17 | 230.8 | 255.2 | 230.8 | 137.3 | - | 117.9 | 4,271.8 | 0.1 | 11.0 | 417.9 | | | |
| 18 | 207.7 | 229.6 | 207.7 | 140.0 | - | 89.6 | 4,361.4 | 0.1 | 7.2 | 425.1 | | | |
| 19 | 186.9 | 206.7 | 186.9 | 142.8 | - | 63.9 | 4,425.3 | 0.1 | 4.5 | 429.6 | | | |
| 20 | 168.3 | 186.0 | 168.3 | 145.7 | 600.0 | 40.3 | 4,465.6 | 0.1 | 2.5 | 432.1 | | | |

| | | |
|---|---|---|
| Risk free Rate | 10 year bond | 7.05% |
| market Return (Rm) | | 18% |
| | | 1.2 |
| | | 20% |

| | | |
|---|---|---|
| Net Present Value | 432.1 | +ve |
| PI | 20% | |
| IRR | 19.02% | |
| MIRR | 13.91% | @Reinvestment rate of 12% |

| | A | B | C |
|---|---|---|---|
| Units Sold | 100 | 150 | 200 |
| Sale Price | | | |