## For tenders which include CAMC

A) The rate of discounting is 10%, unless otherwise specified in the tender document.

**B) NPV calculation is furnished below:**

Model calculation of NPV (Net Present Value) at rate of 10% discounting for five years for comparative evaluation of AMC offer in order to equitably compare different AMC charges for different years at the same footing in the assessment of FOR destination price.

NET PRESENT VALUE – PRESENT VALUE OF CASH FLOWS MINUS INITIAL INVESTMENTS.

FORMULA: $P = NPV \{1+r/100\}^n$
Where r= rate of discounting
   N= number of years
   P= present value

If offered value of P for 1st year is say Rs.100 - and if rate of discounting is 10%

Then $100 = NPV \{1+10/100\}^1$
    $= NPV \{1+0.1\}$
    $= NPV \times 1.1$
$NPV = 100/1.1 = 90.90$
NPV factor for Rs.100/- = 90.90
Then NPV factor = 90.90/100 = 0.9091

Similar NPV factor for second, third, fourth and fifth year is calculated & shown below:

| Sl. No. | Year | Cost in Rs. | PV factor @10% per annum | Total cost of AMC after discounting factor in Rs. |
|---|---|---|---|---|
| 1 | First year AMC cost | P1 | 0.9091 | P1 x 0.9091 |
| 2 | Second year AMC cost | P2 | 0.8264 | P2 x 0.8264 |
| 3 | Third year AMC cost | P3 | 0.7513 | P3 x 0.7513 |
| 4 | Fourth year AMC cost | P4 | 0.6830 | P4 x 0.6830 |
| 5 | Fifth year AMC cost | P5 | 0.6209 | P5 x 0.6209 |
| | TOTAL COST | | | P |

NB: 1) The total AMC cost will be calculated after multiplying the quoted rates with PV factor i.e., after discounting annual cost @ 10% per annum.
   2) In above table total cost "P" after calculating shall be taken for evaluation of financial ranking.