Annexure-1

Calculation of Net Present Value (NPV) for CAMC charges

The offer will be evaluated and inter-se ranking will be decided as per sum-total of cost of equipment and Comprehensive AMC for 5 years (After expiry of Comprehensive warranty period of 02 years). In order to equitably compare different CAMC charges for different years, the concept of NPV (Net Present Value) will be used at a predetermined rate of discounting to bring the CAMC charges at the same footing in the assessment. The discounting factor @10% will be applied on annual CAMC charges for evaluation of bid offer. The formula for arriving at Net Present Value (NPV) will be as follows:

NPV = CAMC / $(1+R/100)^n$ where "CAMC" is the CAMC charges quoted for an year and "R" is the discounting factor which is 10% for this case and "n" is the year of CAMC after expiry of Comprehensive Warranty.

Formula for calculation of Net Present Value (NPV) of CAMC charges for 05 years after **warranty period of 02 years** for purpose of Comparative Evaluation of offers.

NPV for total CAMC for 05 years after expiry of 02 years Comprehensive warranty =

$P1 \times \{1/(1+R/100)^3\} + P2 \times \{1/(1+R/100)^4\} + P3 \times \{1/(1+R/100)^5 + P4 \times \{1/(1+R/100)^6\} + P5 \times \{1/(1+R/100)^7\}$

where "P1 is the CAMC charges quoted for first year after expiry of comprehensive warranty, P2 is the CAMC charges quoted for second year after expiry of comprehensive warranty & so on. "R" is the discounting factor which is taken as 10%.

CAMC Year	CAMC Charges quoted	NPV Factor for CAMC charges $\{1/(1+R/100)^n\}$	NPV of CAMC charges = Column 2 X Column 3
Column 1	**Column 2**	**Column 3**	**Column 4**
CAMC Charges for 1st year (After 2 year warranty)	P1	$1/(1.1)^3$ = 0.0751	
CAMC Charges for 2nd year	P2	$1/(1.1)^4$ = 0.683	
CAMC Charges for 3rd year	P3	$1/(1.1)^5$ = 0.620	
CAMC Charges for 4th year	P4	$1/(1.1)^6$ = 0.564	
CAMC Charges for 5th year	P5	$1/(1.1)^7$ = 0.513	
Total NPV of CAMC charges for purpose of evaluation of lowest offer =			sum of column 4

Note: R = Rate of Discount (taken as 10%).

This Annexure is informative only.