ASSIGNMENT

Q1. A company is considering two mutually exclusive projects which require an initial cash outlay of Rs 10000(with no salvage value) and have a life of 5 years. The company's required rate of return is 12% and it pays a tax of 35%.The project is depreciated on SLM basis. The cash flows before depreciation and taxation expected to be generated by the projects are as follows:

Year	1	2	3	4	5
Project A	4000	4000	4000	4000	4000
Project B	6000	3000	2000	5000	5000

Calculate the NPV and the IRR for each project and suggest which project should be accepted

Q2. Write a short note on Net Present Value criterion of evaluation

Q3. Compare the NPV and IRR techniques of capital budgeting

Q4. Discuss the merits and Demerits of Non discounted cash flow criterion.

Q5. Discuss the concept of Profitability Index in detail.