# *IRR Calculation in 6 Steps – By Krishna*

Step 1.

$$\frac{\text{Average Cash Inflow}}{\text{Cash Outlay}} \times 0.5 \times 100$$

Step 2.

The Rate found in the previous step should be rounded up to the Next integer and Calculate the NPV using this rate.

Step 3.

$$\frac{\text{NPV found in Step 2}}{\text{Cash Outlay}} \times 0.5 \times 100$$

Step 4.

The % found in Step 3 should be deducted / added with the rate found in the step 2 depending upon the -/ + sign of the NPV we got in Step 2.

Step 5.

Find the NPV using the rate got in Step 4

Step 6.

$$\text{IRR} = \text{Low Rate} + \frac{\text{NPV @ Low Rate}}{(\text{NPV @ Low Rate} - \text{NPV @ High Rate})} \times \text{Difference between rates}$$