

Example: 7.64: A steel plant is capable of producing x tonnes per day of a low-grade steel and y tonnes per day of a high-grade steel where $y = \frac{40-5x}{10-x}$, If the fixed market of low grade steel is half of a high-grade steel, maximum revenue.

Soln.

Price per tonne of low grade steel = $\frac{P}{2}$.

Price per tonne of high grade steel = P .

$$f(x) = \frac{xP}{2} + yP$$

$$f(x) = \frac{Px}{2} + P\left(\frac{40-5x}{10-x}\right)$$

$$f'(x) = \frac{P}{2} + P \left[\frac{(10-x)(-5) - (40-5x)(-1)}{(10-x)^2} \right]$$

$$= \frac{P}{2} + P \left[\frac{-50 + 5x + 40 - 5x}{(10-x)^2} \right]$$

$$= \frac{P}{2} + P \left[\frac{-10}{(10-x)^2} \right] \quad \text{--- (1)}$$

$$f'(x) = 0 \Rightarrow \frac{P}{2} = \frac{10P}{(10-x)^2}$$

$$\Rightarrow (10-x)^2 = 20.$$