APPRAISAL NOTE

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# About the Company

Percept Limited is a public, unlisted company that is currently active. The company operates in the internet-based services sector, specifically providing event management, tour operator services, public relation, and consultant fee and distribution services. It was incorporated on May 8, 2002, and is based in Mumbai, Maharashtra.  
  
The company has a total of 4 directors. One of them is a promoter director. The managing director is HARINDRA PAL SINGH. HARINDRA PAL SINGH also holds the largest share of the company, with a stake of 9.62%. The top two director shareholders collectively hold a stake of 9.65%.  
  
The company's shares are held by promoters to the extent of 84.50% and by non-promoters to the extent of 15.50%.  
  
Percept Limited has one associate company, Bollywood Merchandise Private Limited. The company has four subsidiary companies, namely Allied Media Network Private Limited, Percept Live Private Limited, and Percept H Private Limited. Additionally, Percept Limited has one holding company, Percept Finserve Private Limited.  
  
For 2022-2023, the company's revenue from operations has increased by a significant 226.60% compared to the previous year, reaching 5,079.62 lakhs. This growth is reflected in the profit after tax (PAT), which has seen a massive 529.61% increase, standing at 560.64 lakhs. EBITDA has also seen a substantial 142.85% increase, reaching 215.29 lakhs. The company's return on capital employed stands at 3.58%. The debt levels have decreased, with long-term borrowings decreasing by 11.30% and short-term borrowings by 6.97%. The total debt to equity ratio has improved from 1.17 in the previous year to 0.95 in 2022-2023, indicating a healthier financial position. Networth has increased to 4,780.52 lakhs.  
  
Yes Bank Ltd has the highest charge amount, and IDBI Bank Ltd is among the top bankers with open charges.  
  
Percept Limited's most recent rating was withdrawn by ICRA on 27-Oct-2014. Prior to that, ICRA downgraded the company's rating to D on 14-May-2013. In a previous development, ICRA upgraded the company's rating to B on 20-Mar-2012.  
  
PATKAR AND PENDSE were the recent auditors for the year 2022-2023.  
  
The company has a total of 75 High Court cases, with 17 pending and 58 disposed. In the District Court, there are 66 cases, with 29 pending and 37 disposed. Additionally, the company has 8 NCLT cases, with 5 pending and 3 disposed.  
  
Percept Limited has one EPF establishment in the state of Maharashtra, with one delayed establishment in the financial year 2024-2025, specifically in April 2024, with a maximum delay of 1 day.

# Analysis Of Financial Statement

## **Analysis of Key Ratios**

### **Analysis of Revenue Growth (%):**

• The significant drop of 41.35% in Revenue Growth from 2018-2019 may have been caused by a decrease in sales or a loss of a major client, which would have negatively impacted the company's profitability.

• The further decrease of 8.15% in Revenue Growth from 2019-2020 suggests a continued decline in the company's sales performance, possibly due to market conditions or internal operational issues, affecting the company's ability to generate profits.

• The drastic decline of 83.45% in Revenue Growth from 2020-2021 indicates a severe contraction in the company's business, possibly due to the impact of the COVID-19 pandemic or other significant market disruptions, severely affecting the company's financial health.

• The rebound of 78.92% in Revenue Growth from 2021-2022 may have been caused by a recovery in the market or successful business strategies implemented by the company, positively impacting the company's financial performance.

• The projected surge of 226.6% in Revenue Growth from 2022-2023 suggests a strong business expansion, possibly due to new product launches or market penetration, which could significantly boost the company's profitability.

• **Financial Risk:** The company's historical revenue growth has been highly volatile, with significant declines and rebounds. This volatility introduces a high level of financial risk, as it indicates instability in the company's revenue generation. The projected surge in revenue growth for 2022-2023, while positive, should be viewed with caution as it may not be sustainable or achievable based on past performance.

### **Analysis of EBITDA Margins (%):**

• The change from '0%' in EBITDA Margin from 2018-2022 to '4.24%' in 2022-2023 may be caused by an increase in operational efficiency or a rise in total revenue, and this affects the company's profitability positively.

• The consistent '0%' EBITDA Margin from 2018-2022 may be caused by the company's inability to convert revenue into EBITDA, indicating poor operational profitability during these years.

• The sudden increase in EBITDA Margin in 2022-2023 may be caused by a significant change in the company's operations or business model, affecting its ability to generate profit from its revenue.

• **Financial Risk:** The historical trend of '0%' EBITDA Margin from 2018-2022 indicates a potential risk in the company's ability to generate profit from its operations. The sudden increase to '4.24%' in 2022-2023, while positive, should be scrutinized for sustainability and consistency in the future.

### **Analysis of EBT Margins (%):**

• The change from '0%' in EBT Margin from 2018-2022 to '11.04%' in 2022-2023 may be caused by an increase in operational efficiency or a decrease in depreciation, depletion, and amortization expenses, and it affects the company's pre-tax profitability positively.

• The consistent '0%' EBT Margin from 2018-2022 may be caused by either low revenue, high depreciation, depletion, and amortization expenses, or a combination of both, and it affects the company's ability to generate pre-tax profits negatively.

• The sudden increase in EBT Margin in 2022-2023 may be caused by a significant increase in revenue or a substantial decrease in expenses, and it affects the company's financial health positively by indicating improved operational efficiency.

• **Financial Risk:** The sudden increase in EBT Margin in 2022-2023, after four years of zero margins, raises concerns about the sustainability of this profitability. It may indicate a one-time event or anomaly rather than a consistent improvement in operations, posing a risk to the bank in terms of the borrower's ability to maintain this level of profitability in the future.

### **Analysis of PAT Margins (%):**

• The change from '0%' in PAT Margins from 2018-2022 to '11.04%' in 2022-2023 may be caused by an increase in net profitability after tax deductions. This affects the company's ability to generate profit from its revenue, indicating improved financial performance.

• The consistent '0%' PAT Margins from 2018-2022 may be caused by the company's inability to generate profit after tax deductions during these years. This affects the company's financial health, indicating a lack of profitability.

• The sudden increase in PAT Margins to '11.04%' in 2022-2023 may be caused by significant changes in the company's operations, such as cost reduction or revenue increase. This affects the company's future financial prospects, indicating potential for growth and profitability.

• **Financial Risk:** The sudden increase in PAT Margins in 2022-2023, after a consistent zero margin in previous years, presents a financial risk. This abrupt change may indicate instability in the company's operations or financial management, which could potentially lead to unpredictable future performance.

### **Analysis of Return on Equity (%):**

• The change from 0% to 11.73% in Return on Equity (ROE) from 2021-2022 to 2022-2023 may be caused by an increase in net profit or a decrease in shareholders' equity, and it affects the company's financial efficiency positively as it indicates better use of shareholders' equity to generate profit.

• The consistent 0% ROE from 2018-2019 to 2021-2022 may be caused by the company not generating any net profit or having negative shareholders' equity during these years, and it affects the company's financial performance negatively as it suggests the company was not able to effectively use shareholders' equity to generate profit.

• The sudden increase in ROE in 2022-2023 may be caused by a significant improvement in the company's profitability or a substantial reduction in shareholders' equity, and it affects the company's attractiveness to potential investors as it indicates a higher return on their investment.

• **Financial Risk:** The sudden increase in ROE in 2022-2023, after four years of 0% ROE, presents a financial risk as it may indicate a volatile financial performance or a significant reduction in shareholders' equity, which could potentially lead to financial instability in the future.

### **Analysis of Return on Fixed Assets (%):**

• The consistent '0%' in parameter 'Return on Fixed Assets (ROFA) (%)' over the years 2018-2023 may be caused by 'non-performing or non-existent fixed assets' and affects 'the company's ability to generate profits from its fixed assets'.

• The lack of change in parameter 'Return on Fixed Assets (ROFA) (%)' from 2018 to 2023 may be caused by 'a lack of investment in or poor management of fixed assets' and affects 'the company's overall profitability and financial health'.

• The stagnant '0%' in parameter 'Return on Fixed Assets (ROFA) (%)' over the years 2018-2023 may be caused by 'the company's inability to effectively utilize its fixed assets to generate earnings before interest and taxes (EBIT)' and affects 'the company's operational efficiency and potential for growth'.

• **Financial Risk:** The persistent 0% ROFA over the years indicates a significant financial risk. It suggests that the company is either not investing in fixed assets or is unable to generate profits from them. This could potentially lead to liquidity issues and impact the company's ability to repay a loan.

### **Analysis of Return on Capital Employed (%):**

• The change from '0%' in ROCE from 2018-2021 to '3.58%' in 2022-2023 may be caused by an increase in EBIT or a decrease in capital employed, and affects the company's efficiency in generating profits from its total capital.

• The consistent '0%' ROCE from 2018-2021 indicates that the company was not generating any profits from its total capital during this period, which may have been caused by low EBIT or high capital employed, and affects the company's ability to attract investors.

• The sudden increase in ROCE to '3.58%' in 2022-2023 may be due to a significant improvement in the company's operational efficiency or a reduction in capital employed, and affects the company's potential for growth and profitability.

• **Financial Risk:** The low ROCE of '3.58%' in 2022-2023, despite an improvement from previous years, indicates a potential risk in the company's ability to generate sufficient returns on its capital employed. This could impact the company's ability to service its debts and may pose a risk to potential lenders.

### **Analysis of Current Ratio:**

• The decrease in the Current Ratio from 0.48 in 2018-2019 to 0.46 in 2019-2020 may have been caused by an increase in short-term liabilities or a decrease in short-term assets, and this affects the company's ability to cover its short-term obligations.

• The further decrease in the Current Ratio from 0.46 in 2019-2020 to 0.39 in 2020-2021 suggests a continued increase in short-term liabilities or a decrease in short-term assets, which further weakens the company's liquidity position.

• The stagnation of the Current Ratio at 0.35 from 2021-2022 to 2022-2023 may be due to a balance in the growth of short-term liabilities and assets, but it still indicates a weak liquidity position as the ratio is below 1.

• **Financial Risk:** The consistently low Current Ratio, below 1, over the years indicates a significant liquidity risk. The company may face difficulties in meeting its short-term obligations, which could lead to operational disruptions and potential solvency issues if not addressed.

### **Analysis of Quick Ratio:**

• The decrease of 0.02 in Quick Ratio from 0.48 in 2018-2019 to 0.46 in 2019-2020 may have been caused by an increase in current liabilities or a decrease in liquid assets, and this affects the company's short-term liquidity, making it slightly more difficult to meet its immediate obligations.

• The further decrease of 0.07 in Quick Ratio from 0.46 in 2019-2020 to 0.39 in 2020-2021 suggests a continued increase in current liabilities or decrease in liquid assets, which further impacts the company's ability to meet its short-term obligations without selling inventory.

• The stagnation of Quick Ratio at 0.35 from 2021-2022 to 2022-2023 indicates that the company's financial situation has not improved, maintaining the same level of difficulty in meeting its short-term obligations.

• **Financial Risk:** The consistent decrease and subsequent stagnation of the Quick Ratio below 1 over the years indicates a potential liquidity risk. This suggests that the company may struggle to meet its short-term liabilities using its most liquid assets, which could lead to financial instability if not addressed.

### **Analysis of Interest Coverage Ratio:**

• The change from '0' to '140.38' in the Interest Coverage Ratio from 2021-2022 to 2022-2023 may be caused by a significant increase in the company's EBIT or a substantial decrease in its interest expense. This affects the company's ability to service its debt, indicating a strong financial position.

• The consistent '0' Interest Coverage Ratio from 2018-2019 to 2021-2022 may be caused by the company's inability to generate sufficient earnings (EBIT) to cover its interest expenses. This affects the company's financial stability, indicating potential financial distress during these years.

• The sudden increase in the Interest Coverage Ratio in 2022-2023 may be caused by a one-time event such as a large profit or a significant reduction in debt. This affects the sustainability of the company's debt-servicing ability, which may not be as strong in the following years if the event is non-recurring.

• **Financial Risk:** The drastic change in the Interest Coverage Ratio from 0 to 140.38 within a year indicates potential volatility in the company's earnings or debt levels. This unpredictability poses a financial risk, as it may lead to uncertainty in the company's ability to consistently meet its interest obligations in the future.

### **Analysis of Long-term Debt/Equity:**

• The change from '0' to '0.28' in the Long-term Debt/Equity ratio between 2020-2021 and 2021-2022 may be caused by an increase in long-term debt or a decrease in shareholders' equity, and it affects the company's financial leverage, indicating a higher financial risk.

• The change from '0.28' to '0.22' in the Long-term Debt/Equity ratio between 2021-2022 and 2022-2023 may be caused by a decrease in long-term debt or an increase in shareholders' equity, and it affects the company's financial leverage, indicating a lower financial risk compared to the previous year.

• The consistent '0' in the Long-term Debt/Equity ratio from 2018-2019 to 2020-2021 indicates that the company had no long-term debt or a very high shareholders' equity during these years, which suggests a low financial risk during this period.

• **Financial Risk:** The sudden increase in the Long-term Debt/Equity ratio in 2021-2022 indicates a potential financial risk. This could be due to the company taking on more long-term debt or a decrease in shareholders' equity, both of which could impact the company's ability to secure future loans.

### **Analysis of Total Assets/Equity:**

• The increase in the Total Assets/Equity ratio from 3.5 in 2018-2019 to 3.93 in 2020-2021 may be caused by an increase in total assets or a decrease in shareholders' equity. This indicates a higher financial leverage, suggesting the company is increasingly relying on debt to finance its assets.

• The decrease in the Total Assets/Equity ratio from 3.93 in 2020-2021 to 3.13 in 2022-2023 may be due to a decrease in total assets or an increase in shareholders' equity. This suggests a reduction in financial leverage, indicating the company is less reliant on debt to finance its assets.

• The fluctuation in the Total Assets/Equity ratio from 3.73 in 2019-2020 to 3.57 in 2021-2022 may be caused by changes in the company's total assets and shareholders' equity. This fluctuation indicates instability in the company's financial structure, which could affect its ability to secure future financing.

• **Financial Risk:** The continuous fluctuation in the Total Assets/Equity ratio over the years indicates a potential risk in the company's financial stability. A higher ratio suggests higher financial leverage, which could increase the company's risk of default if it cannot meet its debt obligations. Conversely, a lower ratio may indicate a lack of sufficient assets to generate profits.

### **Analysis of Total Debt/Equity:**

• The increase in Total Debt/Equity from 0.92 in 2018-2019 to 1.22 in 2020-2021 may be caused by an increase in total debt or a decrease in shareholders' equity, indicating a higher financial risk as the company is relying more on debt for its operations.

• The decrease in Total Debt/Equity from 1.22 in 2020-2021 to 0.95 in 2022-2023 may be due to a reduction in total debt or an increase in shareholders' equity, suggesting that the company has improved its financial stability by reducing its reliance on debt.

• The fluctuation in Total Debt/Equity ratio over the years, from 0.92 in 2018-2019 to 1.22 in 2020-2021 and then down to 0.95 in 2022-2023, may be caused by inconsistent financial management, affecting the company's ability to maintain a stable financial structure.

• **Financial Risk:** The increasing trend in the Total Debt/Equity ratio up to 2020-2021 indicates a growing financial risk, as the company is becoming more reliant on debt. This could potentially lead to difficulties in meeting its financial obligations, especially if the company's earnings are not sufficient to cover its debt repayments.

### **Analysis of Total Debt/Total Assets:**

• The increase in the Total Debt/Total Assets ratio from 0.26 in 2018-2019 to 0.33 in 2021-2022 may be caused by an increase in debt or a decrease in total assets, and it indicates a higher financial risk as a larger proportion of the company's assets are financed by debt.

• The decrease in the Total Debt/Total Assets ratio from 0.33 in 2021-2022 to 0.3 in 2022-2023 may be due to a reduction in total debt or an increase in total assets, and it suggests a slight decrease in financial risk as less of the company's assets are financed by debt.

• The overall upward trend in the Total Debt/Total Assets ratio from 0.26 in 2018-2019 to 0.3 in 2022-2023 may be due to a consistent increase in debt or a decrease in total assets over the years, and it signifies a gradual increase in financial risk as the company is increasingly relying on debt to finance its assets.

• **Financial Risk:** The increasing trend in the Total Debt/Total Assets ratio over the years indicates a growing financial risk. If the company continues to finance a larger proportion of its assets through debt, it may face difficulties in meeting its debt obligations, especially if its assets decrease or do not generate sufficient returns.

### **Analysis of Total Debt/EBITDA:**

• The sudden increase in the Total Debt/EBITDA ratio from 0 to 21.08 in 2022-2023 may be caused by a significant increase in total debt or a decrease in EBITDA, and this affects the company's ability to repay its debt.

• The consistent Total Debt/EBITDA ratio of 0 from 2018-2019 to 2021-2022 may be caused by the absence of debt or high EBITDA, indicating a strong financial position during these years.

• The drastic change in the Total Debt/EBITDA ratio in 2022-2023 may be caused by a change in the company's financial strategy or unexpected expenses, affecting the company's financial stability and risk profile.

• **Financial Risk:** The sudden spike in the Total Debt/EBITDA ratio to 21.08 in 2022-2023 indicates a significant financial risk. This high ratio suggests that the company would take over 21 years of EBITDA to repay its total debt, indicating potential financial stress and a high risk for lenders.

### **Analysis of Fixed Assets Turnover:**

• The significant drop in Fixed Assets Turnover from 204.76 in 2019-2020 to 12.08 in 2020-2021 may have been caused by a decrease in revenue or an increase in fixed assets, indicating less efficient use of fixed assets.

• The subsequent increase in Fixed Assets Turnover from 12.08 in 2020-2021 to 62.97 in 2021-2022 suggests an improvement in the company's ability to generate revenue from its fixed assets, possibly due to an increase in revenue or a decrease in fixed assets.

• The sharp rise in Fixed Assets Turnover to 339.77 in 2022-2023, the highest in the observed period, indicates a significant improvement in the company's efficiency in generating revenue from its fixed assets, which could be due to a substantial increase in revenue or a significant decrease in fixed assets.

• **Financial Risk:** The drastic fluctuations in the Fixed Assets Turnover ratio over the years indicate instability in the company's ability to efficiently utilize its fixed assets to generate revenue. This could pose a financial risk as it may impact the company's ability to service its debts, especially if the company relies heavily on fixed assets for its operations.

### **Analysis of Total Asset Turnover:**

• The decrease in Total Asset Turnover from 0.34 in 2018-2019 to 0.3 in 2019-2020 may be caused by a decrease in revenue or an increase in total assets, and it affects the company's efficiency in generating revenue from its assets.

• The significant drop in Total Asset Turnover from 0.3 in 2019-2020 to 0.06 in 2020-2021 may be due to a substantial decrease in revenue or a significant increase in total assets, indicating a severe decline in the company's asset utilization efficiency.

• The increase in Total Asset Turnover from 0.06 in 2020-2021 to 0.36 in 2022-2023 may be caused by an increase in revenue or a decrease in total assets, suggesting an improvement in the company's ability to generate revenue from its assets.

• **Financial Risk:** The fluctuating Total Asset Turnover ratio indicates instability in the company's ability to efficiently generate revenue from its assets, which could pose a financial risk for potential lenders.

### **Analysis of Working Capital Turnover:**

• The increase from -3 to 0 in the Working Capital Turnover from 2018-2019 to 2020-2021 may have been caused by an increase in revenue or a decrease in working capital, and it indicates an improvement in the company's efficiency in using its working capital to generate revenue.

• The decrease from 0 to -1 in the Working Capital Turnover from 2020-2021 to 2021-2022 may have been caused by a decrease in revenue or an increase in working capital, and it suggests a decline in the company's efficiency in using its working capital to generate revenue.

• The increase from -1 to -2 in the Working Capital Turnover from 2021-2022 to 2022-2023 may have been caused by a decrease in revenue or an increase in working capital, and it indicates a further decline in the company's efficiency in using its working capital to generate revenue.

• **Financial Risk:** The consistently negative Working Capital Turnover Ratio over the years indicates a potential financial risk. It suggests that the company is not efficiently using its working capital to generate revenue, which could lead to liquidity issues and impact the company's ability to repay the loan.

### **Analysis of Inventory Days:**

• The data provided does not allow for any meaningful analysis as the Inventory Days value remains at zero for all the years. This could be due to a lack of inventory or missing data. Therefore, no insights can be generated and no financial risks can be identified based on the provided data.

### **Analysis of Receivables Days:**

• Apologies, but it's not possible to provide any insights or analysis on the Receivables Days as the values for all the years are zero. This lack of data prevents any meaningful interpretation or risk assessment.

### **Analysis of Payable Days:**

• Apologies, but it's not possible to provide any insights or financial risks based on the provided data. The Payable Days value is consistently zero across all years, which doesn't allow for any meaningful analysis or interpretation.

### **Analysis of Cash Conversion Cycle:**

• Apologies, but it's not possible to provide any insights or analysis on the Cash Conversion Cycle (CCC) as the values for all the years from 2018 to 2023 are zero. This lack of data prevents any meaningful interpretation or risk assessment.

### **Analysis of Raw Material Consumption (% of Sales):**

• Given the data provided, it is not possible to generate any insights or identify any trends, anomalies, or risks. The Raw Material Consumption (% of Sales) has remained at 0% for all the years from 2018-2019 to 2022-2023. This could be due to a lack of raw material costs or a lack of sales, but without additional context or data, it is impossible to draw any conclusions.

### **Analysis of Total Employee Cost (% of Sales):**

• The significant increase in Total Employee Cost (% of Sales) from 24.94% in 2019-2020 to 66.58% in 2020-2021 may have been caused by an increase in employee wages or a decrease in sales revenue, and this affects the company's cost efficiency, making it more labor-intensive.

• The subsequent decrease in Total Employee Cost (% of Sales) from 66.58% in 2020-2021 to 29.47% in 2021-2022 could be due to cost-cutting measures, such as layoffs or wage reductions, or an increase in sales revenue, and this affects the company's profitability positively by reducing labor costs.

• The continued decrease in Total Employee Cost (% of Sales) to 14.18% in 2022-2023 suggests an ongoing trend of improved cost efficiency, possibly due to increased sales revenue or continued cost-cutting measures, and this affects the company's profitability positively by further reducing labor costs.

• **Financial Risk:** The drastic fluctuations in Total Employee Cost (% of Sales) indicate instability in the company's cost structure or revenue generation, which poses a financial risk. If the company cannot maintain a stable and efficient labor cost, it may struggle to manage its finances effectively, potentially impacting its ability to repay a loan.

### **Analysis of Finance Cost (% of Sales):**

• The increase in Finance Cost (% of Sales) from 2.65% in 2019-2020 to 14.94% in 2020-2021 may have been caused by an increase in finance-related expenses or a decrease in total revenue, and this affects the company's financial efficiency negatively as a higher percentage of revenue is being used to cover finance costs.

• The decrease in Finance Cost (% of Sales) from 14.94% in 2020-2021 to 7.63% in 2021-2022 may have been caused by a decrease in finance-related expenses or an increase in total revenue, and this improves the company's financial efficiency as a lower percentage of revenue is being used to cover finance costs.

• The drastic decrease in Finance Cost (% of Sales) from 7.63% in 2021-2022 to 0.03% in 2022-2023 may have been caused by a significant decrease in finance-related expenses or a significant increase in total revenue, and this greatly improves the company's financial efficiency as a very low percentage of revenue is being used to cover finance costs.

• **Financial Risk:** The drastic fluctuations in the Finance Cost (% of Sales) over the years indicate instability in the company's financial management. This could pose a risk to potential lenders as it may reflect the company's inability to consistently manage its finance-related expenses or maintain steady revenue growth.

### **Analysis of Total Other Expenses (% of Sales):**

• The decrease of 8.12% in Total Other Expenses (% of Sales) from 95.33% in 2018-2019 to 87.21% in 2019-2020 may have been caused by improved cost management and affects the company's profitability positively by reducing the proportion of revenue spent on miscellaneous expenses.

• The increase of 19.34% in Total Other Expenses (% of Sales) from 87.21% in 2019-2020 to 106.55% in 2020-2021 may have been caused by unexpected or unplanned expenses, and it negatively affects the company's profitability as it indicates a higher proportion of revenue is being spent on miscellaneous expenses.

• The decrease of 21.24% in Total Other Expenses (% of Sales) from 102.83% in 2021-2022 to 81.59% in 2022-2023 may have been caused by a combination of increased revenue and effective cost control, positively affecting the company's profitability by reducing the proportion of revenue spent on miscellaneous expenses.

• **Financial Risk:** The fluctuating Total Other Expenses (% of Sales) ratio over the years indicates inconsistent cost management, which poses a financial risk as it can lead to unpredictable profitability and may affect the company's ability to service a loan.

## **Analysis of Balance Sheet**

### **Analysis of Networth:**

• The decrease of ₹439.29 in net worth from 2018-2019 to 2019-2020 may have been caused by increased liabilities or capital outflows, and this affects the company's financial strength and investor confidence.

• The further decrease of ₹648.05 in net worth from 2019-2020 to 2020-2021 suggests a continuation of the same issues, potentially indicating a trend of declining profitability and financial health.

• The increase of ₹560.65 in net worth from 2021-2022 to 2022-2023 may be due to effective reinvestment of profits or reduction in liabilities, which could signal a potential recovery and improved investor confidence.

• **Financial Risk:** The projected net worth of 0 in 2023-2024 indicates a significant financial risk. This could be due to a total depletion of assets or an overwhelming increase in liabilities, which would severely impact the company's ability to sustain operations and repay loans.

### **Analysis of Total Non Current Liabilities:**

• Given the data provided, there are no changes in Total Non Current Liabilities from 2018-2019 to 2023-2024 as the values remain at 0. Therefore, it's not possible to generate insights following the requested format or identify any financial risk.

### **Analysis of Total Current Liabilities:**

• Given the data provided, there are no changes in Total Current Liabilities from 2018-2019 to 2023-2024. The value remains at 0 throughout these years. Therefore, it's not possible to generate insights following the requested format or identify any financial risk.

### **Analysis of Total Equity & Liabilities:**

• Apologies, but it's not possible to provide any insights or analysis based on the provided data as the Total Equity & Liabilities for all the years from 2018-2019 to 2023-2024 are zero. This lack of data does not allow for any meaningful interpretation or risk assessment.

### **Analysis of FIXED ASSET:**

• Apologies, but it's not possible to provide any insights or financial risks as the Fixed Asset value is zero for all the years provided.

### **Analysis of Total Current Assets:**

• The data provided does not contain any changes in the Total Current Assets over the years 2018-2024 as all values are zero. Therefore, it is not possible to generate any insights or assess any financial risk based on this data.

### **Analysis of TOTAL ASSETS:**

• The data provided does not allow for any meaningful analysis or insights as the total assets for all the years are zero. Therefore, it's not possible to generate insights following the requested format or identify any financial risk.

## **Analysis of Profit & Loss**

### **Analysis of Gross Sales:**

• The Gross Sales decreased by 8.15% from 2018-2019 to 2019-2020. This could be due to a decrease in the sale of products or services or other operating revenues, which could negatively impact the Total Revenue.

• There was a significant drop of 83.4% in Gross Sales from 2019-2020 to 2020-2021. This drastic decrease might be due to a significant reduction in operations or a loss of major clients, which would have a severe impact on the EBITDA and Total Revenue.

• Gross Sales showed a recovery trend from 2020-2021 to 2023-2024, with an increase of 680.3% in 2022-2023 and 33.5% in 2023-2024. This could be due to the recovery of operations or acquisition of new clients, which would positively affect the EBITDA and Total Revenue.

• **Financial Risk:** The fluctuating Gross Sales figures indicate instability in the company's operations. The significant drop in 2020-2021 followed by a recovery suggests potential vulnerability to external factors, which could pose a risk to the bank in terms of loan repayment capacity.

### **Analysis of Total Revenue from Operations:**

• The total revenue from operations saw a significant drop of 81.6% from 5251.76 in 2019-2020 to 869.28 in 2020-2021. This drastic decrease could be due to a major disruption in operations or a significant loss of customers, which would have a severe impact on the company's profitability.

• The total revenue from operations rebounded in 2021-2022, increasing by 78.9% to 1555.29, and continued to grow significantly in 2022-2023 to 5079.62. This recovery suggests that the company was able to overcome the challenges faced in 2020-2021 and restore its operations, positively impacting its financial performance.

• The total revenue from operations peaked in 2023-24 at 6782.7, but then dropped by 37.1% to 4263.55 in Nov-2024. This sudden decrease could be due to seasonal fluctuations or a temporary setback in operations, which could affect the company's short-term financial stability.

• **Financial Risk:** The significant fluctuations in total revenue from operations over the years indicate a high level of financial risk. The company's ability to maintain consistent revenue growth is uncertain, which could impact its ability to meet financial obligations and potentially affect its creditworthiness for a loan.

### **Analysis of Total Revenue:**

• The total revenue saw a significant decrease of 12.5% from 6397.08 in 2018-2019 to 5596.89 in 2019-2020. This could be due to a decrease in gross sales or an increase in duties, which would negatively impact the company's profitability.

• The total revenue drastically dropped by 82.3% to 990.26 in 2020-2021. This could be due to the impact of the COVID-19 pandemic, which might have led to a decrease in both product and service sales, thereby affecting the company's overall financial health.

• The total revenue showed a strong recovery in 2022-2023, increasing by 163.9% to 5432.58 from 2052.59 in 2021-2022. This could be due to the recovery of the market and the company's operations post-pandemic, positively impacting the company's financial performance.

• The projected total revenue for Mar-2025 is 8000, which is an 85.9% increase from Nov-2024. This optimistic projection should be viewed with caution as it assumes a significant increase in gross sales or other income, which may not materialize.

• **Financial Risk:** The company's total revenue has shown significant volatility over the years, with a drastic drop in 2020-2021 and a strong recovery in 2022-2023. This indicates a high level of financial risk due to market uncertainties and operational challenges. The optimistic revenue projection for Mar-2025 also poses a risk if the company fails to achieve the expected increase in sales or other income.

### **Analysis of EBITDA:**

• The EBITDA has shown a significant improvement from a negative value of -1279.26 in 2018-2019 to a positive value of 714.63 by Mar-2025. This change in EBITDA may be caused by an increase in gross sales or a decrease in total employee benefit expense and total other expenses, and it affects the company's operating profitability positively.

• The EBITDA has been negative for the years 2018-2019 to 2021-2022, indicating that the company's operating expenses and employee benefit expenses were higher than its gross sales. This could be due to high operational costs or low revenue generation, affecting the company's ability to generate profits from its operations.

• The EBITDA turned positive in 2022-2023 and has been increasing since then, indicating an improvement in the company's operational efficiency or an increase in gross sales. This change may be due to cost-cutting measures, increased revenue, or both, and it positively impacts the company's profitability.

• **Financial Risk:** Despite the recent positive trend, the company's history of negative EBITDA poses a financial risk. If the company is unable to maintain its current operational efficiency or increase its gross sales, it may return to negative EBITDA, affecting its profitability and ability to service any potential loans.

### **Analysis of Total Expenses:**

• The total expenses decreased significantly by 16.1% from 2018-2019 to 2019-2020. This could be due to cost-cutting measures or increased operational efficiency, which could positively impact the profit before tax.

• There was a drastic drop in total expenses by 72.8% from 2019-2020 to 2020-2021. This could be due to a reduction in operations or a significant decrease in costs, which could lead to an increase in EBITDA.

• Total expenses saw a significant increase of 198% from 2020-2021 to 2022-2023. This could be due to expansion of operations or increased costs, which could negatively impact the profit before tax.

• **Financial Risk:** The fluctuating total expenses, especially the sharp decrease in 2020-2021 followed by a significant increase in 2022-2023, indicate instability in the company's operations or cost management. This could pose a risk to the company's profitability and financial health in the long term.

### **Analysis of Profit before Exceptional and Extraordinary Items and Tax:**

• The borrower's financial performance has shown a significant improvement from the fiscal year 2018-2019 to 2022-2023. The profit before exceptional and extraordinary items and tax has increased from a loss of -799.87 in 2018-2019 to a profit of 560.64 in 2022-2023. This positive shift could be due to a reduction in total expenses or an increase in total revenue.

• There was a significant drop in profit from 598.32 in 2023-24 to 330.87 in Nov-2024. This could be due to an increase in total expenses or a decrease in total revenue during this period. This drop affects the borrower's ability to generate consistent profits.

• The profit before exceptional and extraordinary items and tax again increased to 708.13 in Mar-2025. This indicates a recovery in the borrower's financial performance, possibly due to a decrease in total expenses or an increase in total revenue.

• **Financial Risk:** The borrower's financial performance has shown significant fluctuations over the years. This inconsistency in generating profits presents a financial risk. The bank should further investigate the reasons behind these fluctuations before making a loan decision.

## Recommendations

**1. Summary of Financial Health:**

The borrower's financial health has shown significant volatility over the past few years. Revenue growth has fluctuated drastically, with a significant drop of 41.35% from 2018-2019, a further decrease of 8.15% from 2019-2020, and a drastic decline of 83.45% from 2020-2021. However, there was a rebound of 78.92% from 2021-2022 and a projected surge of 226.6% from 2022-2023.

The EBITDA, EBT, and PAT margins remained at 0% from 2018-2022, indicating poor operational profitability. However, these margins are projected to increase to 4.24%, 11.04%, and 11.04% respectively in 2022-2023, suggesting potential improvement in profitability.

The company's liquidity position is weak, with a consistently low Current Ratio and Quick Ratio below 1. The Total Debt/Equity ratio has fluctuated over the years, indicating inconsistent financial management. The company's ability to generate revenue from its assets, as indicated by the Total Asset Turnover ratio, has also been unstable.

**2. Recommendation:**

The company should focus on improving its revenue growth and profitability. This could be achieved by implementing effective sales strategies, improving operational efficiency, and controlling costs. The company should also aim to improve its liquidity management by increasing its current and quick ratios. This could be done by managing its short-term liabilities and increasing its most liquid assets.

The company should also aim to stabilize its financial management, as indicated by the fluctuating Total Debt/Equity ratio. This could be achieved by maintaining a balance between debt and equity financing. The company should also aim to improve its asset utilization efficiency, as indicated by the Total Asset Turnover ratio. This could be done by effectively managing its assets to generate more revenue.

**3. Risk Assessment:**

The company faces several financial risks, including high debt levels, revenue fluctuations, and liquidity constraints. The high volatility in revenue growth indicates instability in the company's revenue generation. The consistently low Current Ratio and Quick Ratio indicate potential liquidity risks. The fluctuating Total Debt/Equity ratio indicates potential risks in the company's financial stability.

To mitigate these risks, the company should implement effective revenue growth strategies, improve its liquidity management, and stabilize its financial management. The company should also regularly monitor and manage its financial risks to ensure its financial stability and capacity to meet future obligations.

**4. Outcome:**

The borrower's financial health has shown significant volatility over the past few years, with fluctuations in revenue growth, profitability, and financial management. However, there are signs of potential improvement in profitability in the projected period. The company faces several financial risks, including high debt levels, revenue fluctuations, and liquidity constraints.

To improve its financial health, the company should focus on improving its revenue growth and profitability, improving its liquidity management, and stabilizing its financial management. The company should also regularly monitor and manage its financial risks to ensure its financial stability and capacity to meet future obligations.