# 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Percept Limited's most recent rating was withdrawn by ICRA on 27-Oct-2014.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.

# **Ratios Analysis**

# **Ratios**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial Term** | **2018-2019** | **2019-2020** | **2020-2021** | **2021-2022** | **2022-2023** |
| Revenue Growth (%) | -41.35 | -8.15 | -83.45 | 78.92 | 226.6 |
| EBITDA Margins (%) | 0 | 0 | 0 | 0 | 4.24 |
| EBT Margins (%) | 0 | 0 | 0 | 0 | 11.04 |
| PAT Margins (%) | 0 | 0 | 0 | 0 | 11.04 |
| Return on Equity (%) | 0 | 0 | 0 | 0 | 11.73 |
| Return on Fixed Assets (%) | 0 | 0 | 0 | 0 | 0 |
| Return on Capital Employed (%) | 0 | 0 | 0 | 0 | 3.58 |
| Current Ratio | 0.48 | 0.46 | 0.39 | 0.35 | 0.35 |
| Quick Ratio | 0.48 | 0.46 | 0.39 | 0.35 | 0.35 |
| Interest Coverage Ratio | 0 | 0 | 0 | 0 | 140.38 |
| Long-term Debt/Equity | 0 | 0 | 0 | 0.28 | 0.22 |
| Total Assets/Equity | 3.5 | 3.73 | 3.93 | 3.57 | 3.13 |
| Total Debt/Equity | 0.92 | 1.05 | 1.22 | 1.17 | 0.95 |
| Total Debt/Total Assets | 0.26 | 0.28 | 0.31 | 0.33 | 0.3 |
| Total Debt/EBITDA | 0 | 0 | 0 | 0 | 21.08 |
| Fixed Assets Turnover | 201.28 | 204.76 | 12.08 | 62.97 | 339.77 |
| Total Asset Turnover | 0.34 | 0.3 | 0.06 | 0.14 | 0.36 |
| Working Capital Turnover | -3 | -2 | 0 | -1 | -2 |
| Inventory Days | 0 | 0 | 0 | 0 | 0 |
| Receivables Days | 0 | 0 | 0 | 0 | 0 |
| Payable Days | 0 | 0 | 0 | 0 | 0 |
| Cash Conversion Cycle | 0 | 0 | 0 | 0 | 0 |
| Raw Material Consumption (% of Sales) | 0 | 0 | 0 | 0 | 0 |
| Total Employee Cost (% of Sales) | 27.04 | 24.94 | 66.58 | 29.47 | 14.18 |
| Finance Cost (% of Sales) | 3.38 | 2.65 | 14.94 | 7.63 | 0.03 |
| Total Other Expenses (% of Sales) | 95.33 | 87.21 | 106.55 | 102.83 | 81.59 |

## **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 negatively impacts the company's profitability and financial stability.

• The further decrease of 8.15% in Revenue Growth from 2019-2020 suggests a continued downward trend, possibly due to market conditions or internal issues, which could affect investor confidence and the company's ability to secure future funding.

• The drastic decline of 83.45% in Revenue Growth from 2020-2021 indicates a severe contraction in the company's business operations, potentially due to the impact of the COVID-19 pandemic, which significantly affects the company's financial health and sustainability.

• The rebound of 78.92% in Revenue Growth from 2021-2022 may be due to a recovery in the market or successful business strategies, which positively impacts the company's financial performance and prospects.

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

• Financial Risk: The company's volatile Revenue Growth, with significant fluctuations over the years, presents a high financial risk. The projected high growth for 2022-2023, while promising, should be viewed with caution as it may not materialize if the company's business environment or strategies do not perform as expected.

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

• The consistent EBITDA Margin of 0% from 2018-2019 to 2021-2022 may be caused by the company's inability to generate operational profits, which affects its ability to service any potential debt.

• The increase in EBITDA Margin to 4.24% in 2022-2023 may be due to improved operational efficiency or increased revenue, which could enhance the company's profitability and its ability to repay loans.

• The sudden jump in EBITDA Margin from 0% to 4.24% within a year could be due to a significant change in the company's operations or market conditions, which may impact the sustainability of this profitability level.

• Financial Risk: The historical lack of operational profitability and sudden increase in EBITDA Margin raises concerns about the company's financial stability and the sustainability of its recent performance, posing a risk to the bank in terms of loan repayment.

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

• The change from '0%' in EBT Margin from 2018-2021 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 2018-2021 may be caused by the company's inability to generate pre-tax profits, possibly due to high operational costs or depreciation expenses, and it affects the company's financial health negatively.

• The projected increase in EBT Margin to '11.04%' in 2022-2023 may be caused by expected improvements in revenue generation or cost management, and it affects the company's future profitability outlook positively.

• Financial Risk: The sudden jump in EBT Margin from '0%' to '11.04%' in 2022-2023 raises concerns about the reliability of the projections. If the company fails to achieve this projected increase, it could indicate underlying operational or financial issues that could pose a risk to the bank's investment.

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

• The change from 0% to 11.04% in PAT Margin from 2021-2022 to 2022-2023 may be caused by an increase in net profitability or a reduction in expenses and taxes, and it affects the company's ability to generate profit from its revenue.

• The consistent 0% PAT Margin from 2018-2019 to 2021-2022 may be caused by the company's inability to generate profit after tax or high expenses and taxes, and it affects the company's financial health and its ability to attract investors.

• The sudden increase in PAT Margin in 2022-2023 may be caused by a significant change in the company's operations, such as cost-cutting measures or a surge in revenue, and it affects the company's profitability and potential for growth.

• **Financial Risk:** The sudden increase in PAT Margin in 2022-2023, after four years of 0% PAT Margin, presents a financial risk as it may indicate an unsustainable surge in profitability or a temporary reduction in expenses, which may not be maintainable in the long term.

## **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%' Return on Equity (ROE) from 2018-2019 to 2021-2022 may be caused by a lack of net profit or a high level of shareholders' equity, and it affects the company's financial performance negatively as it suggests the company was not generating profit from its shareholders' equity during these years.

• The sudden increase in Return on Equity (ROE) in 2022-2023 may be caused by a significant improvement in the company's profitability or a 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 no return could indicate a potential risk of financial instability or inconsistency in the company's performance. It's crucial to investigate the underlying causes of this sudden change to ensure it's not due to one-off events or unsustainable practices.

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

• The consistent '0%' in ROFA from 2018-2019 to 2022-2023 may be caused by a lack of earnings before interest and taxes (EBIT) or a lack of investment in fixed assets, and this affects the company's ability to generate profits from its fixed assets.

• The unchanged '0%' in ROFA over the five-year period may be due to the company's inability to effectively utilize its fixed assets to generate profits, which affects the company's overall profitability and financial health.

• The persistent '0%' in ROFA from 2018-2019 to 2022-2023 could be a result of the company's strategy to not invest in fixed assets or its inability to generate EBIT, which affects the company's potential for growth and profitability.

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

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

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

• The consistent 0% ROCE from 2018-2019 to 2021-2022 may be due to the company's inability to generate profits from its capital employed, which could be a result of poor operational efficiency or high capital costs.

• The sudden rise in ROCE in 2022-2023 after four years of no returns may be due to a significant improvement in operational efficiency or a reduction in capital costs, which could potentially signal a positive turnaround for the company's financial performance.

• Financial Risk: The historical 0% ROCE poses a significant financial risk as it indicates the company's inefficiency in generating profits from its capital. This could potentially lead to difficulties in repaying the loan, especially if the company fails to maintain or improve its current ROCE of 3.58%.

## **Analysis of Current Ratio:**

• The decrease in the Current Ratio from 0.48 in 2018-2019 to 0.46 in 2019-2020 may be caused by an increase in short-term liabilities or a decrease in short-term assets, and it 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 continuing trend of increasing short-term liabilities or decreasing 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 caused by a balance in the growth of short-term assets and liabilities, 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 financial risk. The company may face liquidity problems and struggle to meet its short-term obligations, which could lead to solvency issues in the long run.

## **Analysis of Quick Ratio:**

• The decrease in Quick Ratio from 0.48 in 2018-2019 to 0.46 in 2019-2020 may be caused by an increase in current liabilities or a decrease in liquid assets, and it affects the company's short-term liquidity, indicating a slightly reduced ability to cover immediate obligations.

• The further decrease 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 may be due to a balance between the company's liquid assets and current liabilities, but it still indicates a potential liquidity issue as the ratio remains below 1.

• 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 obligations without relying on the sale of inventory, which could lead to financial instability and potential insolvency 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 earnings before interest and taxes (EBIT) or a decrease in interest expenses. 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 to cover its interest expenses, or it might be due to the absence of any interest-bearing debt during these periods. This affects the company's perceived financial stability and its attractiveness to potential lenders.

• The sudden increase in the Interest Coverage Ratio in 2022-2023 may be caused by a one-time event such as the sale of a business division or asset, leading to a temporary boost in earnings. This affects the sustainability of the company's debt-servicing ability in the long term.

• **Financial Risk:** The drastic change in the Interest Coverage Ratio from 0 to 140.38 within a year raises concerns about the consistency and reliability of the company's earnings. If the high ratio is due to a one-time event, the company may face difficulties in meeting its interest obligations in the future, posing a potential financial risk.

## **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 have been caused by the company taking on more long-term debt or a decrease in shareholders' equity. This increase in the ratio indicates a higher financial risk as the company is relying more on debt for its operations.

• The subsequent decrease from '0.28' to '0.22' in the Long-term Debt/Equity ratio between 2021-2022 and 2022-2023 may have been caused by the company reducing its long-term debt or an increase in shareholders' equity. This decrease in the ratio indicates a reduction in financial risk as the company is less reliant on debt.

• The consistent '0' 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. This suggests that the company had 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. If the company continues to increase its reliance on long-term debt, it may face difficulties in meeting its financial obligations, especially if its equity decreases or if it faces a downturn in its operations.

## **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, indicating a higher financial leverage.

• 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, suggesting a reduction in financial leverage.

• The fluctuation in the Total Assets/Equity ratio from 3.5 in 2018-2019 to 3.93 in 2020-2021, and then down to 3.13 in 2022-2023, may be caused by inconsistent financial management, affecting the company's financial stability.

• Financial Risk: The fluctuating Total Assets/Equity ratio indicates inconsistent financial leverage, which could pose a risk to the bank in terms of the borrower's ability to manage their assets and equity effectively. This inconsistency may lead to potential instability in the borrower's financial situation, increasing the risk of loan default.

## **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, and it indicates a higher financial risk as the company is more leveraged.

• 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, and it suggests a decrease in financial risk as the company is less leveraged.

• The fluctuation in Total Debt/Equity over the years, with a peak in 2020-2021, may be due to inconsistent financial management, and it affects the predictability and stability of the company's financial performance.

• Financial Risk: The company's fluctuating Total Debt/Equity ratio over the years indicates inconsistent financial leverage, which could pose a risk to potential lenders due to the uncertainty in the company's ability to manage its debt effectively.

## **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 the company's debt or a decrease in total assets, and this affects the company's financial risk as it indicates a higher proportion of assets 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 this affects the company's financial stability as it indicates a lower proportion of assets 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 the company's increasing reliance on debt for financing its assets, and this affects the company's financial risk as it indicates a higher level of financial leverage.

• Financial Risk: The increasing trend in the Total Debt/Total Assets ratio over the years indicates a growing financial risk for the company. This is because a higher ratio means a larger proportion of the company's assets are financed by debt, which could lead to higher interest expenses and potential difficulties in meeting its debt obligations.

## **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 have been caused by the absence of debt or high EBITDA, indicating a strong financial health during these years.

• The drastic change in the Total Debt/EBITDA ratio in 2022-2023 compared to previous years may be due to a change in the company's financial strategy or unexpected financial events, impacting the company's financial stability.

• **Financial Risk:** The sudden spike in the Total Debt/EBITDA ratio to 21.08 in 2022-2023 poses a significant financial risk, as it 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 drastic decrease in Fixed Assets Turnover from 204.76 in 2019-2020 to 12.08 in 2020-2021 may have been caused by a significant drop in revenue or an increase in fixed assets, indicating a less efficient use of fixed assets during this period.

• 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 decrease in fixed assets.

• Financial Risk: The extreme 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 inconsistency poses a financial risk as it makes future performance difficult to predict and could potentially impact the company's ability to service a loan.

## **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 suggests a drastic decrease in revenue or a substantial increase in total assets, which impacts the company's ability to efficiently utilize its assets to generate revenue.

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

• Financial Risk: The fluctuating Total Asset Turnover ratio over the years indicates inconsistency in the company's ability to efficiently utilize its assets to generate revenue. This inconsistency poses a financial risk as it may lead to unpredictability in the company's future financial performance.

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

• The increase from -3 in 2018-2019 to 0 in 2020-2021 in the Working Capital Turnover ratio may be caused by an increase in revenue or a decrease in working capital, and it affects the company's efficiency in generating revenue from its working capital.

• The decrease from 0 in 2020-2021 to -1 in 2021-2022 in the Working Capital Turnover ratio may be caused by a decrease in revenue or an increase in working capital, and it affects the company's ability to generate revenue from its working capital.

• The constant negative Working Capital Turnover ratio from 2018-2019 to 2022-2023 may be caused by the company's consistent inability to generate sufficient revenue from its working capital, and it affects the company's overall financial performance and stability.

• Financial Risk: The persistent negative Working Capital Turnover ratio indicates a significant financial risk. It suggests that the company is not efficiently using its working capital to generate revenue, which could lead to liquidity issues and potential insolvency if not addressed.

## **Analysis of Inventory Days:**

• The constant '0' in Inventory Days from 2018-2019 to 2022-2023 may be caused by the company not holding any inventory, and this affects the company's ability to meet sudden increases in demand.

• The lack of change in Inventory Days over the years may be due to a consistent just-in-time inventory management strategy, which affects the company's operational efficiency by reducing storage and holding costs.

• The consistent '0' Inventory Days across all years could be due to the company's business model, such as a service-based or digital product company, which affects the company's need for physical inventory management.

• **Financial Risk:** The absence of inventory could pose a risk in situations where there is a sudden surge in demand, potentially leading to lost sales and customer dissatisfaction if the company cannot quickly source and deliver the required products.

## **Analysis of Receivables Days:**

• The constant '0' in Receivables Days from 2018-2019 to 2022-2023 may be caused by immediate payments from customers and affects the company's cash flow positively.

• The absence of change in Receivables Days over the years may be due to a consistent credit policy or customer base, which maintains the company's liquidity.

• The '0' value in Receivables Days throughout the years may be due to the company's business model, possibly indicating that it operates on a cash basis, which reduces the risk of bad debts.

• **Financial Risk:** While a '0' Receivables Days is generally positive, it may also indicate a lack of credit sales, which could limit the company's customer base and growth potential. It's important to ensure that this isn't restricting the company's market reach and revenue generation.

## **Analysis of Payable Days:**

• The constant '0' in parameter 'Payable Days' from 2018 to 2023 may be caused by the company not having any outstanding payments to suppliers, and this affects the company's cash flow management as it indicates immediate payment upon purchase.

• The unchanged '0' in parameter 'Payable Days' over the years may be caused by the company's policy or ability to pay suppliers immediately, and this affects the company's relationship with suppliers, potentially strengthening it due to prompt payments.

• The persistent '0' in parameter 'Payable Days' could be caused by the company's operational model, perhaps not requiring any goods or services from suppliers, and this affects the company's cost structure, possibly indicating a service-based or digital business model.

• **Financial Risk:** The constant '0' Payable Days over multiple years could indicate a lack of flexibility in cash flow management. If the company faces any financial difficulties, it may not have the cushion of delaying payments to suppliers, potentially leading to liquidity issues.

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

• The constant '0' in the Cash Conversion Cycle (CCC) from 2018 to 2023 may be caused by an immediate conversion of inventory into cash or an equal number of inventory, receivable, and payable days, and it affects the company's working capital management by indicating extreme efficiency.

• The lack of change in the CCC over five years may be due to a consistent operational strategy, which affects the company's financial stability by demonstrating a predictable cash flow pattern.

• The sustained '0' in the CCC could be caused by the company's business model, such as a cash-and-carry or prepayment model, which affects the company's liquidity by ensuring immediate cash inflow without the need for credit management.

• **Financial Risk:** The constant '0' in the CCC, while indicating efficiency, may also suggest a lack of credit sales, which could limit the company's customer base and growth potential. Additionally, it could indicate a high dependency on cash transactions, which may pose a risk in times of cash flow disruptions.

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

• The consistent '0%' in parameter 'Raw Material Consumption (% of Sales)' from 2018 to 2023 may be caused by the company not having any raw material costs, which affects the company's cost efficiency positively.

• The lack of change in 'Raw Material Consumption (% of Sales)' over the years may be due to the company's business model or industry, which might not require raw materials for its operations, thus affecting its cost structure.

• The '0%' in 'Raw Material Consumption (% of Sales)' could also be due to the company outsourcing its production or using digital products/services, which impacts the company's operational strategy.

• Financial Risk: The absence of raw material costs could indicate a lack of direct control over production quality, which may pose a risk to the company's product quality and reputation.

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

• The increase in Total Employee Cost (% of Sales) from 24.94% in 2019-2020 to 66.58% in 2020-2021 may have been caused by a significant rise in employee costs or a decrease in sales, indicating a labor-intensive operation during this period.

• 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, improved sales, or a combination of both, suggesting better cost efficiency.

• The continued decrease in Total Employee Cost (% of Sales) to 14.18% in 2022-2023 indicates a further improvement in cost efficiency, possibly due to increased sales, reduced labor costs, or more efficient operations.

• Financial Risk: The significant fluctuation in Total Employee Cost (% of Sales) over the years indicates instability in the company's cost management or revenue generation, which could pose a financial risk for potential lenders.

## **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 Finance Cost (% of Sales) over the years indicate instability in the company's financial management, which could pose a risk to potential lenders. The sudden drop to 0.03% in 2022-2023 may also be an anomaly that needs further investigation.

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

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

• The increase in Total Other Expenses (% of Sales) from 87.21% in 2019-2020 to 106.55% in 2020-2021 may be due to unexpected or unplanned expenses, negatively impacting the company's profit margins as a larger portion of revenue is being spent on non-core business operations.

• The decrease in Total Other Expenses (% of Sales) from 102.83% in 2021-2022 to 81.59% in 2022-2023 may be due to a combination of increased revenue and effective cost management, positively affecting the company's bottom line by reducing the proportion of revenue spent on other expenses.

• Financial Risk: The fluctuating Total Other Expenses (% of Sales) ratio over the years indicates inconsistent cost management, which poses a financial risk. If the company cannot maintain a stable and low ratio, it may struggle to generate sufficient profits, potentially affecting its ability to repay a loan.

# **Balance Sheet Analysis**

# **Balance Sheet**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Financial Term** | **2018-2019** | **2019-2020** | **2020-2021** | **2021-2022** | **2022-2023** | **2023-24** |
| Share Capital | 441.47 | 441.47 | 441.47 | 441.47 | 441.47 | 0 |
| Reserves & Surplus | 4996.24 | 4556.94 | 3908.9 | 3778.4 | 4339.05 | 0 |
| Money Received against Warrants | 0 | 0 | 0 | 0 | 0 | 0 |
| Networth | 5437.7 | 4998.41 | 4350.36 | 4219.87 | 4780.52 | 0 |
| Share Application Money Pending Allotment | 0 | 0 | 0 | 0 | 0 | 0 |
| Deffered Government Grants | 0 | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term Borrowings | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| Secured Long-term Borrowings | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| Unsecured Long-term Borrowings (A)+ (B)+ (C) +(D) | 0 | 0 | 0 | 0 | 0 | 0 |
| Bonds/ Debentures (A) | 0 | 0 | 0 | 0 | 0 | 0 |
| Term Loans (B) | 0 | 0 | 0 | 0 | 0 | 0 |
| From banks | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| From other parties | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| Loans and advances from related parties (C) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Unsecured Long-term Borrowings (D) | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Tax Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Non Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term Provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Short-term Borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| Secured Short-term Borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| Unsecured Short-term Borrowings (A)+ (B)+ (C) | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans repayable on demand (A) | 0 | 0 | 0 | 0 | 0 | 0 |
| From banks | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| From other parties | 6.1 | 5.15 | 3.47 | 1202.48 | 1066.64 | 0 |
| Loans and advances from related parties (B) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Unsecured Short-term Borrowings (C) | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade Payables | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Short-term Provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Equity & Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Equity & Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| FIXED ASSET | 0 | 0 | 0 | 0 | 0 | 0 |
| Tangible Assets | 4988.63 | 5268.48 | 5291.91 | 3731.92 | 3471.97 | 0 |
| Intangible Assets | 1134.94 | 1398.76 | 1424.26 | 0.75 | 133.33 | 0 |
| Net Block of Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Work in Progress | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangible Asset under Development | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fixed Asset | 1134.94 | 1398.76 | 0 | 0 | 0 | 0 |
| Non Current Investment | 1134.94 | 1398.76 | 0 | 0 | 0 | 0 |
| Deferred Tax Assets (Net) | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term Loans & Advances | 0 | 0 | 1424.26 | 0.75 | 133.33 | 0 |
| Other Non Current Assets | 0 | 0 | 1424.26 | 0.75 | 133.33 | 0 |
| Total Non Current Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Investment | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 3850.36 | 3868.06 | 3867.65 | 3731.17 | 3338.64 | 0 |
| Trade Receivables | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash & Cash Equivalents | 0 | 0 | 0 | 0 | 0 | 0 |
| Short-term Loans & Advances | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Total Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | 0 | 0 | 0 | 0 | 0 | 0 |

# **Profit and Loss Analysis**

# **Profit and Loss**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Financial Term** | **2018-2019** | **2019-2020** | **2020-2021** | **2021-2022** | **2022-2023** | **2023-24** | **Nov-2024** | **Mar-2025** |
| Revenue from Sale of Products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue from Sale of Services | 5717.67 | 5251.76 | 869.28 | 1555.29 | 5079.62 | 6782.7 | 4263.55 | 7500 |
| Other Operating Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Sales | 5717.67 | 5251.76 | 869.28 | 1555.29 | 5079.62 | 6782.7 | 4263.55 | 7500 |
| Less:Duties | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue from Operations | 5717.67 | 5251.76 | 869.28 | 1555.29 | 5079.62 | 6782.7 | 4263.55 | 7500 |
| Other Income | 679.42 | 345.13 | 120.99 | 497.3 | 352.96 | 851.3 | 39.17 | 500 |
| Total Revenue | 6397.08 | 5596.89 | 990.26 | 2052.59 | 5432.58 | 7634 | 4302.72 | 8000 |
| Cost of Materials Consumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchases of Stock in Trade | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Inventories of Finished Goods, Work In Progress and Stock In Trade | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Employee Benefit Expense | 1546.25 | 1309.98 | 578.74 | 458.38 | 720.05 | 1005.41 | 711.9 | 1050 |
| Managerial Remuneration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Employee Benefit Expense | 1546.25 | 1309.98 | 578.74 | 458.38 | 720.05 | 0 | 0 | 0 |
| Total Other Expenses | 5450.68 | 4580.32 | 926.21 | 1599.31 | 4144.28 | 6023.45 | 3259.95 | 6235.37 |
| Payment to Auditors | 0 | 8 | 3 | 3 | 4 | 0 | 0 | 0 |
| Insurance Expenses | 13.67 | 0.99 | 0.46 | 0.11 | 0.15 | 0 | 0 | 0 |
| Power and Fuel | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Expenses | 5437.01 | 4571.33 | 922.75 | 1596.2 | 4140.13 | 0 | 0 | 0 |
| EBITDA | -1279.26 | -638.55 | -635.68 | -502.4 | 215.29 | 605.14 | 330.87 | 714.63 |
| EBITDA % | 0 | 0 | 0 | 0 | 4.24 | 0 | 0 | 0 |
| Finance Costs | 193.32 | 139 | 129.9 | 118.66 | 1.49 | 1.17 | 0 | 0 |
| Total Depreciation, Depletion and Amortization Expense | 6.71 | 6.88 | 3.46 | 6.74 | 6.12 | 5.65 | 0 | 6.5 |
| Total Expenses | 7196.96 | 6036.18 | 1638.31 | 2183.09 | 4871.94 | 7035.68 | 3971.85 | 7291.87 |
| Profit before Exceptional and Extraordinary Items and Tax | -799.87 | -439.29 | -648.05 | -130.5 | 560.64 | 598.32 | 330.87 | 708.13 |
| Prior Period Items before Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exceptional Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit before Extraordinary Items and Tax | -799.87 | -439.29 | -648.05 | -130.5 | 560.64 | 598.32 | 330.87 | 708.13 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit before Tax | -799.87 | -439.29 | -648.05 | -130.5 | 560.64 | 598.32 | 330.87 | 708.13 |
| Current Tax | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Tax | 3251.09 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Movement in Regulatory Deferral Account Balances related to Profit or Loss and the Related Deferred Tax Movement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(Loss) for the Period from Continuing Operations | -4050.96 | -439.29 | -648.05 | -130.5 | 560.64 | 598.32 | 0 | 0 |
| Profit/(Loss) from Discontinuing Operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax Expense of Discontinuing Operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(Loss) from Discontinuing Operations (After Tax) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(Loss) | -4050.96 | -439.29 | -648.05 | -130.5 | 560.64 | 598.32 | 0 | 0 |

## **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 and EBITDA.

• 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 could lead to a substantial decrease in total revenue and EBITDA.

• From 2020-2021 to 2021-2022, the gross sales increased by 78.9%. This could be due to an increase in the sale of products or services or other operating revenues, which could positively impact the total revenue and EBITDA.

• The gross sales show a fluctuating trend from 2021-2022 to Mar-2025, with an overall increase. This inconsistency might be due to the instability in the operations or market conditions, which could lead to unpredictable total revenue and EBITDA.

• **Financial Risk:** The significant fluctuations in gross sales over the years indicate a high level of volatility in the borrower's operations. This could lead to unpredictable financial performance in the future, posing a risk to the bank in terms of loan repayment.

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

• The total revenue from operations saw a significant drop of 83.4% 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 in sales, which could negatively impact the company's profitability and cash flow.

• The total revenue from operations rebounded in 2021-2022, increasing by 79% to 1555.29, and continued to grow to 6782.7 by 2023-24. This recovery suggests that the company was able to overcome the challenges faced in 2020-2021 and restore its operations, which could positively impact its profitability.

• There was a sudden decrease in total revenue from operations from 6782.7 in 2023-24 to 4263.55 in Nov-2024, a drop of 37.1%. This could be due to seasonal fluctuations or a temporary setback in operations, which could affect the company's short-term financial performance.

• Financial Risk: The significant fluctuations in total revenue from operations over the years indicate a high level of volatility and uncertainty in the company's operations. This could pose a financial risk as it may affect the company's ability to meet its financial obligations and could potentially impact its creditworthiness for a loan.

## **Analysis of Total Revenue:**

• The total revenue decreased by 12.5% from 2018-2019 to 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.

• There was a significant drop in total revenue by 82.3% from 2019-2020 to 2020-2021. This drastic change could be due to a decrease in operations or a significant increase in duties. This could severely impact the company's ability to cover its expenses and could lead to a loss.

• From 2020-2021 to 2022-2023, there was a steady increase in total revenue, with a peak in 2023-24 at 7634. This could be due to an increase in gross sales or a decrease in duties, which would positively impact the company's profitability.

• However, there was a decrease in total revenue by 43.6% from 2023-24 to Nov-2024. This could be due to a decrease in operations or an increase in duties, which could negatively impact the company's profitability.

• Financial Risk: The significant fluctuations in total revenue over the years indicate a potential financial risk. The company's revenue stream appears to be unstable, which could impact its ability to service a loan. The bank should further investigate the reasons behind these fluctuations before making a loan decision.

## **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 could be due to a reduction in total expenses or an increase in gross sales, indicating a better operational efficiency.

• The EBITDA turned positive in 2022-2023 with a value of 215.29, after being negative for the previous four years. This could be due to a significant increase in total revenue or a substantial decrease in total expenses, suggesting a potential turnaround in the company's operations.

• The EBITDA value dipped from 605.14 in 2023-24 to 330.87 in Nov-2024, before rising again to 714.63 in Mar-2025. This fluctuation could be due to seasonal variations in revenue or expenses, or one-off exceptional items, affecting the company's short-term profitability.

• Financial Risk: The historical data shows a significant improvement in EBITDA over the years, but the projections should be viewed with caution. The company has shown volatility in its EBITDA, with a significant dip in Nov-2024. This indicates potential instability in the company's operations or financial management, posing a risk for the bank in providing a loan.

## **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 margins.

• 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 the profit before tax.

• The total expenses show an increasing trend from 2020-2021 to 2023-2024, with a significant jump of 42.9% from 2022-2023 to 2023-2024. This could be due to expansion of operations or increased costs, which could negatively impact the profit margins.

• Financial Risk: The fluctuating trend in total expenses, especially the sharp decrease in 2020-2021 followed by a steady increase, indicates potential instability in cost management. This could pose a risk to the financial health of the borrower, affecting their ability to repay the loan.

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

• The borrower's financial performance has shown a significant improvement from 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 could be due to a reduction in total expenses or an increase in total revenue, which positively impacts the borrower's ability to service the loan.

• There is a noticeable dip in profit in November 2024 to 330.87 from 598.32 in 2023-24. This could be due to an increase in expenses or a decrease in revenue during this period, which could affect the borrower's short-term financial stability.

• The profit before exceptional and extraordinary items and tax again increases to 708.13 in March 2025. This could be due to a decrease in expenses or an increase in revenue, indicating a recovery in the borrower's financial performance.

• Financial Risk: The borrower's financial performance shows volatility with periods of losses and profits. This inconsistency could pose a risk to the bank in terms of the borrower's ability to consistently meet loan repayments. The bank should further investigate the reasons behind these fluctuations to assess the borrower's financial stability and risk level.