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Percept Limited's most recent rating was withdrawn by ICRA on 27-Oct-2014.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

## **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 sharp rebound of 78.92% in Revenue Growth from 2021-2022 indicates a strong recovery, potentially due to successful business strategies or favorable market conditions, positively affecting the company's financial health and growth prospects.

• **Financial Risk:** The projected increase of 226.6% in Revenue Growth for 2022-2023, while optimistic, carries significant risk. If the company fails to meet these high growth expectations, it could lead to a loss of investor confidence and potential financial instability. It's crucial to validate the underlying assumptions driving this projection to ensure they are realistic and achievable.

### **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 revenue growth, and it affects the company's profitability positively.

• The consistent '0%' EBITDA Margin from 2018-2021 may be caused by high operational costs, low revenue, or a combination of both, and it affects the company's ability to generate profit from its operations.

• The projected increase in EBITDA Margin to '4.24%' in 2022-2023 may be caused by expected improvements in operational efficiency or revenue growth, and it affects the company's future profitability positively.

• **Financial Risk:** The historical lack of EBITDA Margin indicates a potential risk in the company's ability to generate operational profits. If the projected increase in EBITDA Margin does not materialize, it could indicate ongoing operational inefficiencies or revenue challenges, posing a risk to the company's financial health and its ability to service a loan.

### **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. This affects the company's financial health positively as it indicates improved profitability before tax.

• The consistent '0%' EBT Margin from 2018-2022 may be caused by the company's inability to generate profit before tax, possibly due to high operational costs or depreciation expenses. This affects the company's financial performance negatively, indicating a lack of operational efficiency during this period.

• The sudden increase in EBT Margin in 2022-2023 may be caused by a significant increase in total revenue or a substantial decrease in operational costs. This affects the company's potential for future growth positively, indicating a potential turnaround in financial performance.

• **Financial Risk:** The sudden increase in EBT Margin in 2022-2023, after a consistent '0%' in previous years, raises concerns about the sustainability of this profitability. It's crucial to investigate the factors contributing to this sudden change to assess if it's a one-time event or a sign of consistent future performance.

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

• The change from '0%' in PAT Margin from 2018-2022 to '11.04%' in 2022-2023 may be caused by an increase in net profitability after tax deductions. This indicates that the company has become more efficient in managing its expenses and taxes, leading to higher profits.

• The consistent '0%' PAT Margin from 2018-2022 may be due to the company not generating any net profit after tax deductions during these years. This could be a result of high operational costs, tax liabilities, or low revenue generation, affecting the company's ability to generate profits.

• The sudden increase in PAT Margin to '11.04%' in 2022-2023 may be due to a significant increase in revenue or a substantial decrease in expenses and taxes. This sudden change affects the company's financial health positively, indicating improved profitability.

• **Financial Risk:** The company showed no profitability for four consecutive years, which is a significant financial risk. While the sudden increase in PAT Margin in 2022-2023 is a positive sign, it's crucial to investigate the reasons behind this change to assess if this profitability is sustainable or a one-time occurrence.

### **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 efficiency in generating profit from shareholders' equity.

• 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 ability to provide returns to its shareholders.

• The sudden increase in 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.

• **Financial Risk:** The sudden increase in ROE in 2022-2023 after four years of 0% ROE presents a financial risk as it may indicate volatility in the company's financial performance or a significant reduction in shareholders' equity, which could affect the company's financial stability and its ability to repay the loan.

### **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 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 impacts the company's overall profitability.

• 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 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 change from '0%' in ROCE from 2018-2022 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 2018-2022 may be caused by a lack of EBIT or an excess of capital employed, indicating that the company was not generating profits efficiently from its total capital during this period.

• The sudden increase in ROCE in 2022-2023 may be due to a significant improvement in the company's operational efficiency or a reduction in capital employed, suggesting a potential turnaround in the company's financial performance.

• **Financial Risk:** The historical trend of '0%' ROCE from 2018-2022 indicates a potential risk in the company's ability to generate profits from its total capital. Despite the improvement in 2022-2023, the bank should be cautious in considering the loan due to the company's previous years of poor performance.

### **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 indicates a slight deterioration in the company's liquidity position.

• The further drop 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 ability to cover its short-term obligations.

• 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 assets and liabilities, but it still reflects a poor liquidity position as the ratio is consistently below 1.

• **Financial Risk:** The consistently low Current Ratio, below the threshold of 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 promptly.

### **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, making it slightly more difficult to meet 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 a continued decrease in liquid assets, which further impacts the company's ability to meet its short-term obligations.

• The stagnation of the Quick Ratio at 0.35 from 2021-2022 to 2022-2023 may be caused by a balance between the company's liquid assets and current liabilities, but it still affects the company's liquidity as it remains below the ideal ratio of 1.

• **Financial Risk:** The consistently low Quick Ratio over the years indicates a potential liquidity risk. The company may struggle to meet its short-term obligations without selling inventory, which could lead to operational disruptions and financial instability.

### **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 before interest and taxes (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 or anomaly such as a large sale, debt restructuring, or significant cost reductions. This affects the sustainability of the company's debt-servicing ability, which may not be as strong in subsequent 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 raises concerns about the consistency and reliability of the company's financial performance. If the high ratio is due to a one-time event, the company may face difficulties in maintaining its debt-servicing ability in the future. Additionally, the previous years of zero Interest Coverage Ratio indicate potential financial instability that needs to be thoroughly investigated.

### **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 an increase in long-term debt or a decrease in shareholders' equity, and it indicates a higher financial risk.

• 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 a reduction in long-term debt or an increase in shareholders' equity, and it suggests a slight reduction in financial risk.

• The overall trend from '0' to '0.22' in the Long-term Debt/Equity ratio from 2018-2019 to 2022-2023 indicates that the company has started to take on long-term debt or has seen a decrease in shareholders' equity, which increases the company's financial leverage.

• **Financial Risk:** The introduction of long-term debt in the company's financial structure from 2021 onwards increases the company's financial risk, as it indicates a higher reliance on borrowed funds. This could potentially lead to higher interest expenses and could strain the company's cash flows in the future.

### **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, which could mean the company is relying more 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 that the company is reducing its financial leverage, possibly by paying off debt or increasing equity through retained earnings or additional capital contributions.

• 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 indicate instability in the company's financial structure. This could affect the company's ability to secure additional financing or impact its credit rating.

• **Financial Risk:** The fluctuating Total Assets/Equity ratio indicates a varying degree of financial risk. A higher ratio suggests higher financial leverage and potentially higher risk, as the company may struggle to meet its debt obligations if its assets do not generate sufficient returns. Conversely, a lower ratio may indicate a safer financial position but could also suggest the company is not fully utilizing its borrowing capacity to maximize returns.

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

• The increase in Total Debt/Equity from 0.92 in 2018-2019 to 1.22 in 2020-2021 may have been caused by an increase in total debt or a decrease in shareholders' equity. This indicates a higher financial risk as the company is becoming more reliant on debt to finance 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. This suggests that the company is reducing its financial risk by relying less 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 strategies. This inconsistency can affect the company's long-term financial stability and growth.

• **Financial Risk:** The company's increasing reliance on debt, as indicated by the peak Total Debt/Equity ratio of 1.22 in 2020-2021, presents a financial risk. If the company's earnings are not sufficient to service its debt, it could lead to financial distress or bankruptcy.

### **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 borrowing or a decrease in total assets, and this affects the company's financial risk as it indicates a higher proportion of 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 this affects the company's financial stability as it indicates a lower proportion of 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 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 payments and potential difficulties in meeting these obligations, especially if the company's income or asset values decrease.

### **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 health 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 financial events, and this affects 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 poses a significant financial risk, as it indicates that the company would take over 21 years of EBITDA to repay its total debt, suggesting 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 increased sales or a reduction 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, possibly due to a surge in revenue or a 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 significant decrease in revenue or a substantial increase in total assets, indicating a severe decline in the company's efficiency in using its assets to generate revenue.

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

• **Financial Risk:** The fluctuating Total Asset Turnover ratio over the years indicates inconsistency in the company's efficiency in generating 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 an error in data recording. Without additional context or data, it is not possible to generate insights or assess financial risks.

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

• Apologies, but it's not possible to provide any insights or analysis based on the provided data. The Receivables Days value is zero for all the years, which doesn't provide any meaningful information for analysis.

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

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

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

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

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

• The consistent '0%' in parameter 'Raw Material Consumption (% of Sales)' over the years 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)' from 2018 to 2023 might be due to the company's business model not involving raw materials, which impacts the nature of its expenses and profitability.

• The '0%' in 'Raw Material Consumption (% of Sales)' could be due to the company's operations being service-based or digital, which affects the company's cost structure and margins.

• **Financial Risk:** The absence of raw material costs might indicate a lack of diversification in the company's revenue streams, which could pose a risk if the company's primary source of income faces a downturn.

### **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, and this affects the company's cost efficiency negatively.

• The decrease in Total Employee Cost (% of Sales) from 66.58% in 2020-2021 to 29.47% in 2021-2022 may have been due to cost-cutting measures or an increase in sales, and this improves the company's cost efficiency.

• The further decrease in Total Employee Cost (% of Sales) from 29.47% in 2021-2022 to 14.18% in 2022-2023 may indicate a continued focus on cost efficiency or a significant increase in sales, and this further improves the company's cost efficiency.

• **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 poses a financial risk as it may impact the company's profitability and ability to repay the 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 significantly affects the company's financial efficiency.

• The decrease in Finance Cost (% of Sales) from 14.94% in 2020-2021 to 7.63% in 2021-2022 may have been due to a reduction in finance-related expenses or an increase in total revenue, improving the company's financial efficiency.

• The drastic drop in Finance Cost (% of Sales) from 7.63% in 2021-2022 to 0.03% in 2022-2023 may have been caused by a significant reduction in finance-related expenses or a substantial increase in total revenue, indicating a highly efficient financial performance.

• **Financial Risk:** The extreme fluctuations in the Finance Cost (% of Sales) over the years indicate a potential risk of financial instability. The company's ability to manage its finance-related expenses in relation to its total revenue needs to be closely monitored to ensure sustainable financial health.

### **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 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 in Total Other Expenses (% of Sales) from 87.21% in 2019-2020 to 106.55% in 2020-2021 suggests a rise in operational costs, possibly due to unforeseen expenses or inefficient cost control, negatively impacting the company's profit margins.

• The significant drop in Total Other Expenses (% of Sales) from 102.83% in 2021-2022 to 81.59% in 2022-2023 may be due to stringent cost-cutting measures or a surge in sales, which could enhance the company's profitability if sustained.

• **Financial Risk:** The fluctuating Total Other Expenses (% of Sales) ratio over the years indicates inconsistent cost management, posing a risk to the company's financial stability and predictability. If the company cannot maintain a steady and low ratio, it may struggle to generate consistent profits, potentially affecting its ability to repay a loan.

## **Analysis of Balance Sheet**

## **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 |

### **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 improve the company's financial stability and attract investor confidence.

• **Financial Risk:** The projected net worth of zero for 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:**

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

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

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

### **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 are zero.

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

• The data provided does not allow for any meaningful analysis as the values for FIXED ASSET are consistently zero across all years. Therefore, no insights can be generated.

### **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 provided data does not allow for any meaningful analysis or insights as the total assets value for all the years is zero. Therefore, it's not possible to generate insights or assess financial risk based on the given data.

## **Analysis of Profit & Loss**

## **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 significantly by 84.5% from 5251.76 in 2019-2020 to 869.28 in 2020-2021. This drastic drop could be due to a significant reduction in operations or loss of major clients, which would have a severe impact on the company's profitability and ability to cover its expenses.

• The gross sales showed a remarkable recovery in 2022-2023, increasing by 226% from 1555.29 in 2021-2022 to 5079.62. This could be due to the company regaining its market position or launching new successful products or services, which would positively affect the company's profit margins.

• There is a noticeable fluctuation in gross sales from 6782.7 in 2023-24 to 4263.55 in Nov-2024, and then a significant increase to 7500 in Mar-2025. These fluctuations could be due to seasonal variations in sales or the impact of specific events, which could affect the predictability of the company's revenues and financial stability.

• **Financial Risk:** The significant fluctuations in gross sales 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 plan for its expenses and investments effectively. The bank should consider this risk when deciding on the loan.

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

• The total revenue from operations saw a significant drop of 84.4% 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 of 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 5079.62 in 2022-2023. 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 financial health.

• The total revenue from operations peaked at 6782.7 in 2023-24, but then dropped to 4263.55 in Nov-2024. This 37% decrease could be due to seasonal fluctuations or a decrease in demand for the company's products or services, which could affect its future profitability.

• **Financial Risk:** The significant fluctuations in the 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 saw a significant decrease of 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 drastic drop in total revenue by 82.3% in 2020-2021. This could be due to the impact of the COVID-19 pandemic, which affected many businesses globally. This sharp decline could have serious implications on the company's ability to cover its expenses and remain profitable.

• From 2020-2021 to 2022-2023, the total revenue showed a strong recovery, increasing by 448.7%. This could be due to the easing of pandemic restrictions and a rebound in sales. However, this rapid growth may not be sustainable in the long term.

• The total revenue for Nov-2024 is significantly lower than the annual figures for 2023-24 and 2022-2023. This could be due to seasonal fluctuations in sales or other short-term factors. It's important to consider these fluctuations when projecting future revenues.

• **Financial Risk:** The significant fluctuations in total revenue over the years indicate a high level of volatility and uncertainty. This could pose a financial risk as it may affect the company's ability to plan for the future and make strategic decisions. Additionally, the sharp drop in revenue in 2020-2021 suggests that the company may be vulnerable to external shocks, such as economic downturns or global crises.

### **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 caused by 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 a negative EBITDA, affecting its ability to generate profits and potentially impacting its ability to repay the 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 change in the business model, which could potentially affect the company's revenue generation capacity.

• The total expenses saw a significant increase of 133.2% from 2021-2022 to 2022-2023. This could be due to expansion of operations or increased investment in the business, which could impact the company's short-term profitability but may lead to higher revenues in the future.

• **Financial Risk:** The fluctuating trend in total expenses over the years indicates instability in the company's operations. If not managed properly, this could lead to financial instability and impact the company's 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 expenses or an increase in revenue, which positively impacts the borrower's ability to repay the loan.

• 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 expenses or a decrease in revenue, which could potentially affect the borrower's ability to service the loan in the future.

• The profit before exceptional and extraordinary items and tax increased significantly from 330.87 in Nov-2024 to 708.13 in Mar-2025. This could be due to a substantial increase in revenue or a decrease in expenses, which positively impacts the borrower's financial health.

• **Financial Risk:** The borrower's financial performance has shown significant fluctuations over the years, with periods of losses and profits. This inconsistency in financial performance presents a risk as it may affect the borrower's ability to consistently meet loan repayment obligations.

## Recommendations

**1. Summary of Financial Health:**

The borrower's financial health has shown significant fluctuations over the past few years. The company experienced a significant drop in revenue growth from 2018-2019 to 2019-2020, followed by a further decrease in 2020-2021. However, the company has projected a sharp rebound in revenue growth for 2022-2023.

The company's EBITDA, EBT, and PAT margins have remained at 0% from 2018-2022, indicating a lack of operational profitability. However, these margins are projected to increase in 2022-2023, suggesting potential improvements in operational efficiency and profitability.

The company's Return on Equity (ROE) and Return on Capital Employed (ROCE) have also remained at 0% from 2018-2022, indicating a lack of profitability and efficiency in generating returns from shareholders' equity and total capital. However, these ratios are projected to increase in 2022-2023, suggesting potential improvements in financial performance.

The company's liquidity ratios, including the Current Ratio and Quick Ratio, have consistently remained below 1, indicating potential liquidity risks. The company's debt ratios, including the Long-term Debt/Equity ratio, Total Debt/Equity ratio, and Total Debt/Total Assets ratio, have shown fluctuations over the years, indicating varying degrees of financial risk.

**2. Recommendation:**

The company should focus on improving its revenue growth and profitability by enhancing operational efficiency and cost control. This could involve optimizing business processes, reducing unnecessary expenses, and investing in profitable ventures.

The company should also improve its liquidity management by increasing its current assets or reducing its current liabilities. This could involve improving its accounts receivable collection processes, managing its inventory more efficiently, or renegotiating terms with suppliers to extend payment periods.

The company should also consider reducing its reliance on debt to finance its operations and assets. This could involve increasing its equity through retained earnings or additional capital contributions, or reducing its debt through regular repayments or debt restructuring.

**3. Risk Assessment:**

The company faces potential financial risks due to its high debt levels, revenue fluctuations, and liquidity constraints. These risks could impact the company's financial stability and capacity to meet future obligations.

To mitigate these risks, the company should regularly monitor and manage its debt levels, ensure a steady stream of revenue, and maintain sufficient liquidity to cover its short-term obligations. The company should also consider diversifying its revenue streams to reduce its dependence on a single source of income.

**4. Outcome:**

In conclusion, while the borrower has shown signs of potential recovery and growth in its projected financial data, there are significant financial risks due to its high debt levels, revenue fluctuations, and liquidity constraints. Therefore, it is recommended that the bank officials consider these factors and the company's ability to mitigate these risks before making a decision on the loan application.