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Percept Limited's most recent rating was withdrawn by ICRA on 27-Oct-2014.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

## **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 would have negatively impacted the company's profitability.

• 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 have further strained the company's financial health.

• The drastic decline of 83.45% in Revenue Growth from 2020-2021 could be due to the impact of the COVID-19 pandemic, which would have severely affected the company's operations and sales.

• The sudden increase of 78.92% in Revenue Growth from 2021-2022 and a massive jump of 226.6% from 2022-2023 may be due to a recovery in market conditions or successful business strategies, which would have significantly boosted the company's sales and profitability.

• **Financial Risk:** The extreme fluctuations in Revenue Growth over the years indicate a high level of volatility and uncertainty in the company's performance. This poses a financial risk as it may be challenging for the company to maintain consistent growth and profitability, which could affect its ability to repay a loan.

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

• The change from '0%' in EBITDA Margin from 2018-2021 to '4.24%' in 2022-2023 may be caused by an increase in operational efficiency or a rise in revenue, and this affects the company's profitability positively.

• The consistent '0%' EBITDA Margin from 2018-2021 may be caused by the company's inability to convert revenue into EBITDA, indicating poor operational profitability during these years.

• The projected increase to '4.24%' in EBITDA Margin for 2022-2023 may be caused by anticipated improvements in operations or revenue growth, but this should be viewed with caution as it is a projection and not actual data.

• **Financial Risk:** The company's historical inability to generate EBITDA from its revenue presents a significant financial risk. If the projected improvement in EBITDA Margin does not materialize, the company's financial health could be severely impacted, potentially affecting its ability to repay the loan.

### **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 either low revenue, high depreciation, depletion, and amortization expenses, or a combination of both, and it affects the company's ability to generate pre-tax profits negatively.

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

• **Financial Risk:** The sudden increase in EBT Margin in 2022-2023, after consistent zero margins, may indicate a potential risk of financial instability or inconsistency in the company's operations. It's crucial to investigate the reasons behind this sudden change to ensure it's not due to one-time events or unsustainable practices.

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

• The change from '0%' in PAT Margin from 2018-2021 to '11.04%' in 2022-2023 may be caused by an increase in net profitability, possibly due to cost-cutting measures or increased revenue, and affects the company's ability to generate profit from its operations.

• The consistent '0%' PAT Margin from 2018-2021 indicates that the company was not generating any net profit after tax during these years. This could be due to high operational costs or low revenue, which impacts the company's financial health and ability to repay loans.

• The sudden increase in PAT Margin to '11.04%' in 2022-2023 may be an anomaly or the result of a significant change in the company's operations or market conditions. This sudden change affects the company's financial performance and could indicate a potential for increased profitability in the future.

• **Financial Risk:** The historical lack of profitability and sudden increase in PAT Margin presents a financial risk. If the increase in PAT Margin is not sustainable or based on solid financial practices, the company may struggle to maintain profitability and meet its financial obligations, including loan repayments.

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

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

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

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

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

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

• The consistent '0%' in 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 impacts the company's overall profitability and financial health.

• The persistent '0%' in ROFA could be a result of the company's strategy to not invest in fixed assets or its inability to generate sufficient EBIT, which affects the company's potential for growth and expansion.

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

• The consistent '0%' ROCE from 2018-2021 may be caused by a lack of profitability (EBIT) or excessive capital employed, indicating the company was not effectively utilizing its capital to generate profits during this period.

• The sudden increase in ROCE to '3.58%' in 2022-2023 may be due to a significant improvement in operational efficiency or a reduction in capital employed, suggesting a potential turnaround in the company's financial performance.

• **Financial Risk:** The low ROCE over the years indicates a potential risk in the company's ability to generate sufficient returns on the capital employed. This could impact the company's ability to service its debts and may pose a risk to the bank in terms of loan repayment.

### **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 ability to meet its short-term 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 short-term financial health.

• The stagnation of Quick Ratio at 0.35 from 2021-2022 to 2022-2023 indicates that the company's short-term financial situation has not improved, potentially due to a lack of growth in liquid assets or a continued increase in current liabilities.

• **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 selling inventory, which could lead to financial instability and increased risk for the bank in providing a loan.

### **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 the company might not have any outstanding debt during these periods. This affects the company's perceived financial stability, as it suggests potential financial stress or a lack of debt obligations.

• The sudden increase in the Interest Coverage Ratio in 2022-2023 may be caused by a significant improvement in the company's operational efficiency or profitability, or a substantial reduction in its debt levels. This affects the company's creditworthiness, making it a more attractive prospect for lenders.

• **Financial Risk:** The drastic change in the Interest Coverage Ratio from 0 to 140.38 within a year raises concerns about the consistency and sustainability of the company's financial performance. It's crucial to investigate the underlying factors causing this change to assess the potential risk of financial instability or manipulation.

### **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 as the company has started to rely 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 a reduction in long-term debt or an increase in shareholders' equity, and it suggests a slight reduction in financial risk as the company has lessened its reliance on debt.

• The overall trend from '0' to '0.22' in the Long-term Debt/Equity ratio from 2018-2019 to 2022-2023 indicates a shift in the company's financial structure, possibly due to changes in its business strategy or market conditions, and it affects the company's financial stability and risk profile.

• **Financial Risk:** The introduction and subsequent fluctuation of the Long-term Debt/Equity ratio indicates a shift towards a more leveraged financial structure, which increases the company's financial risk as it becomes more susceptible to changes in interest rates and credit conditions.

### **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 have been 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 potential risk in the company's financial stability. A higher ratio suggests higher financial leverage, which could increase the risk of default if the company is unable to meet its debt obligations. Conversely, a lower ratio may indicate a lack of investment in assets, which could limit the company's growth potential.

### **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, indicating a higher financial risk as the company is relying more on debt for its operations.

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

• The fluctuation in Total Debt/Equity from 0.92 in 2018-2019 to 1.22 in 2020-2021, then down to 0.95 in 2022-2023, may indicate inconsistent financial management, which could affect the company's ability to secure future loans.

• **Financial Risk:** The increasing trend in the Total Debt/Equity ratio from 2018-2021 indicates a growing reliance on debt, which increases the financial risk. If the company's earnings are not sufficient to service the 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 debt or a decrease in total assets, and it indicates a higher financial risk as a larger proportion of the company's assets are financed through debt.

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

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

• **Financial Risk:** The increasing trend in the Total Debt/Total Assets ratio over the years indicates a growing financial risk. If the company continues to finance a larger proportion of its assets through debt, it may face difficulties in meeting its debt obligations, especially if its assets decrease in value or its earnings decline.

### **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 it 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, and it indicates a strong financial health during these years.

• The drastic change in the Total Debt/EBITDA ratio between 2021-2022 and 2022-2023 may be caused by a sudden financial event such as a large acquisition or a drop in earnings, and it significantly impacts the company's financial risk profile.

• **Financial Risk:** The Total Debt/EBITDA ratio of 21.08 in 2022-2023 indicates a high financial risk. This suggests that the company would take over 21 years of EBITDA to repay its total debt, which is significantly above the threshold of 3, indicating potential financial stress.

### **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 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 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 is heavily reliant on fixed assets for revenue generation.

### **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, which poses a financial risk for potential lenders. The drastic drop in 2020-2021 is particularly concerning and warrants further investigation.

### **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 constant negative Working Capital Turnover from 2018-2019 to 2022-2023 may be due to the company's consistent inability to generate positive revenue from its working capital, which could be a result of high current liabilities or low current assets.

• **Financial Risk:** The persistent negative Working Capital Turnover Ratio over the years indicates a potential financial risk. It suggests that the company may be struggling to efficiently use 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 constant '0' in parameter 'Inventory Days' from 2018-2019 to 2022-2023 may be caused by the company not holding any inventory, and this affects the company's liquidity as it indicates no goods are available for sale.

• The unchanged '0' in parameter 'Inventory Days' over the years may be caused by the company's business model, possibly a service-based model, and this affects the company's operational efficiency as it doesn't need to manage physical inventory.

• The persistent '0' in parameter 'Inventory Days' could be caused by real-time inventory management or dropshipping model, and this affects the company's working capital as it doesn't need to tie up funds in inventory.

• **Financial Risk:** The constant '0' in Inventory Days over the years could indicate a risk of over-reliance on suppliers or third-party service providers. Any disruption in their operations could significantly impact the company's ability to deliver its products or services.

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

• The constant '0' in Receivables Days from 2018-2023 may be caused by immediate payments from customers, and this affects the company's cash flow positively by ensuring a steady inflow of cash.

• The lack of change in Receivables Days over the years may be due to a consistent credit policy or customer base, and this affects the predictability and stability of the company's cash inflows.

• The '0' Receivables Days throughout the years could be due to the company's business model, possibly indicating that it operates on a cash basis, and this affects the company's dependency on credit sales, which is non-existent in this case.

• **Financial Risk:** The constant '0' Receivables Days, while positive for cash flow, may indicate a lack of credit sales which could limit the company's customer base and potential for growth. It also raises questions about the diversity of the company's revenue streams, which could pose a risk if the current model is disrupted.

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

• The constant '0' in parameter 'Payable Days' from 2018 to 2023 may be caused by the company paying its suppliers immediately upon receiving goods or services, and this affects the company's cash flow as it does not take advantage of credit terms offered by suppliers.

• The unchanged '0' in parameter 'Payable Days' over the years could also be due to the company not having any suppliers or not recording its payables, which affects the accuracy and reliability of the financial statements.

• The persistent '0' in parameter 'Payable Days' might be caused by an error in the calculation or recording of the company's accounts payable and cost of goods sold, which affects the credibility of the company's financial data.

• **Financial Risk:** The constant '0' in Payable Days over multiple years indicates a potential risk in the company's cash flow management, as it may not be utilizing credit terms effectively. This could also signal potential inaccuracies in financial reporting, which poses a risk to the reliability of the company's financial data.

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

• The constant '0' in the Cash Conversion Cycle (CCC) from 2018 to 2023 may be caused by the company's ability to immediately convert its inventory into cash, which indicates highly efficient working capital management.

• The lack of change in the CCC over the years may be due to the company maintaining a consistent operational strategy, which results in a stable cash flow.

• The constant '0' in the CCC could also be a result of the company not holding any inventory, having no receivables, or paying its payables instantly, which affects the company's liquidity and operational efficiency.

• **Financial Risk:** The constant '0' in the CCC, while indicating efficiency, may also suggest a lack of growth or expansion in the company's operations. This could potentially limit the company's ability to generate higher profits in the future.

### **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 spending on raw materials, which affects the cost efficiency of the company positively.

• The unchanged '0%' in parameter 'Raw Material Consumption (% of Sales)' over the years could be due to the company's business model, which might not involve the use of raw materials, impacting the company's operational structure.

• The constant '0%' in parameter 'Raw Material Consumption (% of Sales)' could be a result of the company's potential outsourcing of production or use of digital products, affecting the company's cost structure and profitability.

• **Financial Risk:** The persistent '0%' in Raw Material Consumption (% of Sales) could indicate a lack of diversification in the company's operations, which may pose a risk in terms of dependency on a single source or method of production. This could potentially impact the company's resilience to market changes or disruptions in the supply chain.

### **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, indicating a labor-intensive operation during this period.

• The decrease in Total Employee Cost (% of Sales) from 66.58% in 2020-2021 to 29.47% in 2021-2022 may have been caused by a reduction in employee costs or an increase in sales, and this affects the company's cost efficiency, suggesting improved operational efficiency during this period.

• The further decrease in Total Employee Cost (% of Sales) from 29.47% in 2021-2022 to 14.18% in 2022-2023 may have been caused by continued cost control measures or increased sales, and this affects the company's cost efficiency, indicating a strong focus on cost management and efficiency in 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 poses a financial risk. The bank should consider this volatility when assessing the borrower's ability to manage costs and generate consistent revenue.

### **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. This affects the company's financial efficiency, indicating a higher burden of financial costs on sales.

• 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. This improves the company's financial efficiency, reducing the burden of financial costs on sales.

• 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 decrease in finance-related expenses or a substantial increase in total revenue. This indicates a significant improvement in the company's financial efficiency.

• **Financial Risk:** The extreme fluctuations in the Finance Cost (% of Sales) over the years indicate potential instability in the company's financial management. This could pose a risk to the bank in terms of the borrower's ability to manage their financial obligations effectively.

### **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 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 suggests a rise in operational costs, possibly due to unforeseen expenses or inefficient management, 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 instability in the company's cost management, posing a risk to its financial health and potential loan repayment capacity. The bank should consider this volatility when assessing the borrower's creditworthiness.

## **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 |

### **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 it 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 lack of profitability or effective reinvestment of profits.

• The projected increase of 560.65 in net worth from 2021-2022 to 2022-2023 may be due to improved profitability or effective reinvestment of profits, but this needs to be viewed with caution given the overall declining trend.

• **Financial Risk:** The projected net worth of 0 in 2023-2024 indicates a significant financial risk, as it suggests the company may become insolvent, unable to meet its liabilities, which could lead to a loss for the bank if a loan is granted.

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

• The consistent '0' value in 'Total Non Current Liabilities' from 2018-2024 may be caused by the absence of long-term borrowings, deferred tax liabilities, and other long-term financial commitments, and this affects the company's financial leverage, which appears to be minimal.

• The lack of change in 'Total Non Current Liabilities' over the years may be due to the company's strategy of not relying on long-term financing, which impacts the company's financial structure, making it less leveraged.

• The '0' value in 'Total Non Current Liabilities' throughout the years could be a result of the company's consistent repayment of any long-term obligations, which affects the company's financial stability, indicating a strong position.

• **Financial Risk:** The absence of Total Non Current Liabilities over the years suggests a low financial risk from long-term obligations. However, it also raises questions about the company's growth strategy and whether it is missing out on potential investment opportunities by not leveraging long-term financing.

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

• The constant '0' in Total Current Liabilities from 2018-2019 to 2023-2024 may be caused by the absence of short-term borrowings, trade payables, other current liabilities, and short-term provisions, and affects the company's financial stability positively.

• The lack of change in Total Current Liabilities over the years may be due to the company's ability to manage its financial obligations effectively, which positively impacts the company's creditworthiness.

• The sustained '0' in Total Current Liabilities through 2023-2024 could be a result of the company's strategic financial management, which may lead to a strong balance sheet and improved financial health.

• **Financial Risk:** The absence of Total Current Liabilities over multiple years, while positive, may also indicate a lack of business activity or growth, which could pose a risk to the bank in terms of the borrower's ability to generate revenue and repay the loan.

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

• The constant '0' in Total Equity & Liabilities from 2018-2019 to 2023-2024 may be caused by the absence of any net worth, liabilities, or other equity, and affects the company's ability to finance its assets.

• The lack of change in Total Equity & Liabilities over the years may be due to the company not generating any profits or incurring any debts, which affects the company's growth and expansion potential.

• The persistent '0' in Total Equity & Liabilities could be caused by the company not being operational or having any financial activities, which affects its creditworthiness and financial stability.

• **Financial Risk:** The constant '0' in Total Equity & Liabilities over multiple years indicates a significant financial risk as it suggests the company may not be operational, profitable, or able to repay any potential loans.

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

• The consistent '0' value in parameter 'Fixed Asset' from 2018-2019 to 2023-24 may be caused by 'lack of investment in long-term assets' and affects the 'company's ability to generate long-term value and sustain operations'.

• The absence of change in parameter 'Fixed Asset' over multiple years may be caused by 'no capital investment in infrastructure, technology, or expansion' and affects the 'potential growth and stability of the business'.

• The constant '0' in parameter 'Fixed Asset' may be caused by 'possible financial restructuring or divestment' and affects the 'company's long-term financial health and operational capacity'.

• **Financial Risk:** The absence of any fixed assets over a prolonged period indicates a significant financial risk, as it suggests the company may lack the necessary infrastructure or resources for long-term growth and sustainability. This could potentially lead to financial instability and a higher risk of default on loan repayments.

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

• The constant '0' in Total Current Assets from 2018-2019 to 2023-2024 may be caused by a lack of operational activity and affects the company's ability to meet short-term obligations.

• The absence of change in Total Current Assets over multiple years may be due to the company not having any current investments, inventories, trade receivables, cash & cash equivalents, short-term loans & advances, and other current assets, which impacts the company's liquidity and operational flexibility.

• The sustained '0' value in Total Current Assets through 2023-2024 could be a result of the company's inability to generate revenue or maintain inventory, which affects the company's financial stability and day-to-day operations.

• **Financial Risk:** The persistent lack of Total Current Assets over several years indicates a severe liquidity risk, suggesting the company may struggle to cover short-term liabilities, potentially leading to insolvency.

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

• The constant '0' in Total Assets from 2018-2019 to 2023-2024 may be caused by a lack of operations or investment in the company, and affects the company's ability to generate revenue and sustain operations.

• The absence of growth in Total Assets over multiple years may be due to the company's inability to acquire new assets, which affects the company's potential for expansion and infrastructure development.

• The stagnant Total Assets value may be indicative of financial stress or divestment, impacting the company's overall financial strength and capacity for growth.

• **Financial Risk:** The persistent zero value in Total Assets over multiple years indicates a significant financial risk, as it suggests the company has no resources to generate revenue, sustain operations, or repay a potential loan.

## **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 significantly by 84% 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.

• The gross sales showed a significant recovery in 2022-2023, reaching 5079.62, almost back to the 2019-2020 level. This could be due to the company regaining its market position or launching new products/services, positively impacting the company's financial health.

• The gross sales are projected to increase by 11% from 6782.7 in 2023-24 to 7500 in Mar-2025. This suggests that the company expects to continue its growth trajectory, which could lead to increased profitability if costs are managed effectively.

• **Financial Risk:** The significant fluctuations in gross sales over the years indicate a potential risk in the company's revenue generation capability. The drastic drop in 2020-2021 and the subsequent recovery suggest instability in the company's operations or market conditions. If these fluctuations continue, it could impact the company's ability to service its debt, posing a risk to potential lenders.

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

• The total revenue from operations saw a significant drop of 84% from 5251.76 in 2019-2020 to 869.28 in 2020-2021. This could be due to a decrease in gross sales or an increase in duties, which could negatively impact the company's profitability.

• The total revenue from operations then increased by 79% from 869.28 in 2020-2021 to 1555.29 in 2021-2022, and further increased by 227% to 5079.62 in 2022-2023. This could be due to an increase in gross sales or a decrease in duties, which could positively impact the company's profitability.

• The total revenue from operations saw a decrease of 37% from 6782.7 in 2023-24 to 4263.55 in Nov-2024. This could be due to a decrease in gross sales or an increase in duties, which could negatively impact the company's profitability.

• **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.

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

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

• The total revenue plummeted drastically by 82.3% to 990.26 in 2020-2021. This could be due to a significant decrease in both the revenue from operations and other income. This sharp decline could have a severe impact on the company's profitability and cash flow.

• The total revenue has been showing a recovery trend since 2020-2021, with a significant increase of 107.3% in 2021-2022 and 164.7% in 2022-2023. This could be due to an increase in gross sales or a decrease in duties, which would positively impact the total revenue from operations. However, the total revenue in 2022-2023 is still 15% less than that in 2018-2019.

• **Financial Risk:** The drastic fluctuations in total revenue over the years indicate a high level of financial risk. The company's ability to generate consistent revenue is crucial for its financial stability and growth. The sharp decline in 2020-2021 suggests potential issues in the company's operations or market conditions. The recovery trend since then is a positive sign, but the future projections should be viewed with caution given the past volatility.

### **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, positively impacting the company's operating profitability.

• The EBITDA value has been consistently negative from 2018-2019 to 2021-2022, indicating that the company's operating expenses and employee benefit expenses were higher than its gross sales. This could have negatively affected the company's ability to generate profits from its operations.

• The EBITDA turned positive in 2022-2023 and has been increasing since then, suggesting an improvement in the company's operational efficiency and profitability. This could be due to an increase in revenue from operations or a decrease in total expenses, positively affecting the company's financial health.

• **Financial Risk:** Despite the recent positive trend, the company's historical negative EBITDA values indicate a potential risk in its ability to generate sufficient profits from its operations. This could impact its ability to service any potential loans, posing a financial risk to the bank.

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

• The total expenses decreased significantly by 77.2% from 2019-2020 to 2020-2021. This could be due to cost-cutting measures or a decrease in operations, which could potentially impact the company's ability to generate revenue.

• There was a significant increase in total expenses by 123.5% from 2021-2022 to 2022-2023. This could be due to expansion of operations or increased investment in the business, which could potentially lead to higher revenue in the future.

• The total expenses in Nov-2024 are significantly lower than the expenses in the previous fiscal year 2023-24 by 43.5%. This could be due to seasonal variations in expenses or a reduction in operations, which could impact the company's profitability.

• **Financial Risk:** The fluctuating total expenses year over year, with significant decreases and increases, indicate instability in the company's operations and financial management. This could pose a risk to the bank in terms of the borrower's ability to manage their finances effectively and 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 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 potentially affect the borrower's ability to service the loan.

• 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, which positively impacts the borrower's financial health.

• **Financial Risk:** Despite the overall improvement in financial performance, the fluctuation in profit, especially the dip in November 2024, indicates potential instability in the borrower's operations. This could pose a risk to the bank in terms of loan repayment. It is recommended to further investigate the reasons behind these fluctuations before making a loan decision.

## Recommendations

Unable to generate recommendations at this time.