APPRAISAL NOTE: PERCEPT LIMITED

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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Percept Limited's most recent rating was withdrawn by ICRA on 27-Oct-2014.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 increase in returns, which negatively impacts the company's profitability and potential for expansion.

• The further decrease of 8.15% in Revenue Growth from 2019-2020 suggests a continued trend of declining sales or increased returns, which could indicate a lack of demand for the company's products or services.

• The drastic decline of 83.45% in Revenue Growth from 2020-2021 could be due to the impact of the COVID-19 pandemic, which has severely affected the company's ability to generate revenue and sustain growth.

• The projected increase of 78.92% in Revenue Growth from 2021-2022 and a further 226.6% in 2022-2023 may be due to expected recovery from the pandemic and strategic business decisions to boost sales, which could significantly improve the company's financial performance.

• **Financial Risk:** The company's volatile Revenue Growth, with significant decreases and projected increases, presents a high financial risk. The projected growth may not materialize if the company's recovery strategies fail or if there are further market disruptions. This uncertainty could affect the bank's decision to provide a loan.

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

• The increase in EBITDA Margin from 0% in 2021-2022 to 4.24% in 2022-2023 may be caused by improved operational efficiency or increased revenue, and it positively affects the company's profitability.

• The consistent EBITDA Margin of 0% from 2018-2019 to 2021-2022 may be due to low operational profitability or high costs, which negatively impacts the company's ability to generate earnings before interest, taxes, depreciation, and amortization.

• The sudden rise in EBITDA Margin in 2022-2023 may be due to a significant change in the company's operations or market conditions, which could affect the sustainability of this profitability level.

• **Financial Risk:** The historical trend of zero EBITDA Margins until 2022 indicates potential financial risk. If the company cannot maintain or improve the 4.24% margin, it may struggle to service any debt, posing a risk to lenders.

### **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 either low revenue, high depreciation, depletion, and amortization expenses, or a combination of both. This affects the company's ability to generate profit before tax, indicating poor financial performance during these years.

• The sudden increase in EBT Margin in 2022-2023 may be due to a significant increase in revenue or a substantial decrease in expenses. This affects the company's profitability positively, indicating a potential turnaround in its financial performance.

• **Financial Risk:** The sudden increase in EBT Margin in 2022-2023, after consistent zero margins in previous years, raises concerns about the sustainability of this improvement. If the increase is due to temporary factors, such as a one-time surge in revenue or a temporary reduction in expenses, the company may not be able to maintain this level of profitability in the future. This poses a risk to the bank in terms of the borrower's ability to service the loan in the long term.

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

• The change from '0%' to '11.04%' in PAT Margin from 2021-2022 to 2022-2023 may be caused by an increase in net profitability after tax and affects the company's ability to generate profit from its revenue.

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

• The sudden increase in PAT Margin in 2022-2023 may be caused by a significant improvement in the company's operations or a reduction in costs, which affects the company's overall profitability and its attractiveness to potential investors.

• **Financial Risk:** The sudden increase in PAT Margin in 2022-2023, after four years of zero profitability, may indicate a potential risk of financial instability or inconsistency in the company's operations. This could affect the company's ability to sustain this profitability in the long term.

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

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

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

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

• **Financial Risk:** The sudden increase in ROE in 2022-2023 after four years of 0% ROE presents a financial risk as it may indicate a volatile financial performance, which could lead to uncertainty for potential investors and lenders. It's also possible that the increase is due to a decrease in shareholders' equity, which could indicate financial instability.

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

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

• The lack of change in 'Return on Fixed Assets (ROFA) (%)' from 2018 to 2023 might be due to 'the company's inability to effectively utilize its fixed assets for profit generation' and this affects 'the overall profitability and financial health of the company'.

• The '0%' in 'Return on Fixed Assets (ROFA) (%)' across all years could be caused by 'a lack of investment in fixed assets or poor management of existing ones' and this affects 'the company's potential for growth and expansion'.

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

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

• The change from '0%' in ROCE from 2018-2022 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 the company's inefficiency in generating profits from its total capital during this period.

• The sudden increase in ROCE in 2022-2023 may be caused by 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 efficiently generate profits from its total capital. This, coupled with the sudden increase in 2022-2023, may suggest volatility and unpredictability in the company's financial performance, posing a risk for potential lenders.

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

• The decrease in the Current Ratio from 0.48 in 2018-2019 to 0.46 in 2019-2020 may 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 continued increase in short-term liabilities or a decrease in short-term assets, which further weakens the company's liquidity position.

• The stagnation of the Current Ratio at 0.35 from 2021-2022 to 2022-2023 may be 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 liquidity risk. The company may face difficulties in meeting its short-term obligations, which could lead to operational disruptions and potential solvency issues.

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

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

• The further decrease of 0.07 in Quick Ratio from 0.46 in 2019-2020 to 0.39 in 2020-2021 suggests a continued increase in current liabilities or decrease in liquid assets, which further impacts the company's ability to meet its short-term obligations.

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

• **Financial Risk:** The consistent decrease and subsequent stagnation of the Quick Ratio below 1 over the years indicates a potential liquidity risk. This suggests that the company may struggle to meet its short-term obligations without 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 (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 profit from the sale of an asset or a significant reduction in debt. This affects the reliability of the ratio as a measure of the company's ongoing ability to service its debt.

• **Financial Risk:** The dramatic increase in the Interest Coverage Ratio in 2022-2023, following four years of zero ratios, presents a risk of volatility in the company's financial performance. If the increase is due to a one-time event, the company may not sustain this level of debt-servicing ability in the future. Additionally, the previous years of zero ratios indicate potential financial instability that could resurface.

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

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

• The decrease from 0.28 to 0.22 in the Long-term Debt/Equity ratio from 2021-2022 to 2022-2023 may be due to the company reducing its long-term debt or increasing its shareholders' equity, and this affects the company's financial risk, indicating a lower financial risk compared to the previous year.

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

• **Financial Risk:** The sudden increase in the Long-term Debt/Equity ratio in 2021-2022 indicates a higher financial risk for the company, as it suggests the company may be relying more on debt financing. This could potentially lead to difficulties in meeting its financial obligations if the company's earnings decrease.

### **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 increase the risk of insolvency if the company is unable to meet its financial obligations.

• The decrease in the Total Assets/Equity ratio from 3.93 in 2020-2021 to 3.13 in 2022-2023 may be due to a decrease in total assets or an increase in shareholders' equity. This suggests a reduction in financial leverage, which could potentially decrease the risk of insolvency.

• The fluctuation in the Total Assets/Equity ratio from 3.73 in 2019-2020 to 3.57 in 2021-2022 and then back to 3.13 in 2022-2023 may be caused by inconsistent changes in total assets and shareholders' equity. This inconsistency could affect the company's financial stability and predictability.

• **Financial Risk:** The fluctuating Total Assets/Equity ratio over the years indicates a varying degree of financial leverage, which could lead to increased financial risk. If the company's assets are primarily financed by debt rather than equity, it could face higher interest expenses and potential insolvency risk.

### **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 practices. This inconsistency can affect the company's ability to secure future financing.

• **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 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 this affects the company's ability to repay its debt.

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

• The drastic change in the Total Debt/EBITDA ratio between 2021-2022 and 2022-2023 suggests a significant shift in the company's financial strategy or performance, impacting its debt repayment capacity.

• **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, indicating potential financial stress and a higher 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 during this period.

• The subsequent increase in Fixed Assets Turnover from 12.08 in 2020-2021 to 62.97 in 2021-2022 suggests an improvement in the company's ability to generate revenue from its fixed assets, possibly due to 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, 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 inconsistency poses a financial risk as it may lead to unpredictability in future performance.

### **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 substantial decrease in revenue or a significant increase in total assets, which impacts the company's ability to generate revenue from its assets.

• 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 efficiency in generating 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 generate revenue from its assets, which could pose a financial risk for potential lenders.

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

• The increase from -3 to 0 in Working Capital Turnover from 2018-2019 to 2020-2021 may be 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 Working Capital Turnover from 2020-2021 to 2021-2022 may be 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 Working Capital Turnover from 2021-2022 to 2022-2023 may be 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 that the company is not efficiently using its working capital to generate revenue, which poses a significant financial risk. This inefficiency could lead to cash flow problems and may affect the company's ability to repay the loan.

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

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

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

• Apologies, but it's not possible to provide any insights or analysis based on the provided data as the Receivables Days value is zero for all the years. This means there is no change in the parameter over the years, and thus, no cause or effect can be identified. Also, it's not possible to highlight any financial risks as there is no data variation.

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

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

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

• Apologies, but the data provided does not show any changes in the Cash Conversion Cycle (CCC) over the years 2018-2023. The CCC has remained constant at 0 throughout this period. Therefore, it's not possible to provide insights following the requested format or identify any financial risks based on this data.

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

• Apologies, but the data provided does not allow for any meaningful analysis or insights. The Raw Material Consumption (% of Sales) has remained at 0% for all the years from 2018-2019 to 2022-2023. This could be due to a lack of raw material costs or no sales revenue, but without additional context, it's impossible to provide a detailed analysis or identify any financial risks.

### **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 subsequent decrease in Total Employee Cost (% of Sales) from 66.58% in 2020-2021 to 29.47% in 2021-2022 could be due to cost-cutting measures or an increase in sales, improving the company's cost efficiency.

• The continued decrease in Total Employee Cost (% of Sales) to 14.18% in 2022-2023 suggests a sustained improvement in cost efficiency, possibly due to continued growth in sales or further cost management efforts.

• **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, posing a risk to its financial stability and potential for loan repayment.

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

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

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

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

• **Financial Risk:** The drastic fluctuations in Finance Cost (% of Sales) over the years indicate instability in the company's financial management, which poses a risk to potential lenders as it may affect the company's ability to service its debts.

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

• The decrease of 8.12% in Total Other Expenses (% of Sales) from 95.33% in 2018-2019 to 87.21% in 2019-2020 may have been caused by improved cost control measures and affects the company's profitability positively.

• The increase of 19.34% in Total Other Expenses (% of Sales) from 87.21% in 2019-2020 to 106.55% in 2020-2021 could be due to unexpected or unplanned expenses, negatively impacting the company's net profit margin.

• The decrease of 21.24% in Total Other Expenses (% of Sales) from 102.83% in 2021-2022 to 81.59% in 2022-2023 might be due to a reduction in non-essential expenses or increased sales, which could enhance the company's overall financial health.

• **Financial Risk:** The fluctuating Total Other Expenses (% of Sales) ratio over the years indicates inconsistent cost management, which could pose a risk to the company's financial stability and its ability to repay the 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 signal a potential recovery in the company's financial health.

• **Financial Risk:** The projected net worth of zero for 2023-2024 indicates a significant financial risk. This could mean the company is expected to have no equity left after liabilities are deducted from total assets, suggesting potential insolvency or bankruptcy.

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

• The data provided does not allow for any meaningful insights or analysis as the Total Non Current Liabilities for all the years from 2018-2019 to 2023-2024 are zero.

### **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 provided data.

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

• Apologies, but it's not possible to provide any insights or analysis on this data as the Total Equity & Liabilities for all the years provided is zero. This does not provide any meaningful information for analysis.

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

• Given the data provided, it is not possible to generate any insights as the Fixed Asset value remains at zero for all the years. This also means that there is no financial risk to highlight as per the instructions.

### **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 the provided data.

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

• The provided data does not show any changes in the Total Assets over the years 2018-2024 as the value remains at 0. Therefore, it is not possible to generate any insights or identify any financial risks 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 by 8.14% from 2018-2019 to 2019-2020. This could be due to a decrease in the sale of products or services or other operating revenues, which could negatively impact the total revenue.

• There was a significant drop of 83.4% in gross sales from 2019-2020 to 2020-2021. This drastic decrease might be due to a significant reduction in operations or a major market downturn, which could have a severe impact on the EBITDA and overall profitability.

• The gross sales showed a recovery trend from 2020-2021 to 2022-2023, with an increase of 484.7% in 2021-2022 and a further increase of 226.6% in 2022-2023. This could be due to a recovery in operations or market conditions, which would positively impact the total revenue and profitability.

• However, there was a decrease of 37.1% in gross sales from 2023-2024 to Nov-2024. This could be due to seasonal fluctuations or operational changes, which could affect the total revenue and EBITDA.

• **Financial Risk:** The significant fluctuations in gross sales over the years indicate a high level of volatility and uncertainty in the borrower's operations. This could pose a financial risk as it may affect the borrower's ability to generate consistent revenue and maintain profitability, which could impact their ability to repay the loan.

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

• The significant drop of 79% in total revenue from operations from 2019-2020 to 2020-2021 may be caused by a major disruption in operations, such as the impact of the COVID-19 pandemic, and affects the overall profitability of the company.

• The steady increase in total revenue from operations from 2020-2021 to 2023-2024, with a peak in 2023-2024 at 6782.7, may be due to the recovery and expansion of operations, positively impacting the company's financial health.

• The sudden decrease in total revenue from operations from 6782.7 in 2023-2024 to 4263.55 in Nov-2024 may be due to seasonal fluctuations or a significant event, affecting the company's short-term financial performance.

• **Financial Risk:** The volatility in the total revenue from operations over the years indicates a potential risk in the company's ability to maintain consistent revenue streams, which could impact its ability to service any potential loans.

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

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

• There was a significant drop of 82.3% in total revenue from 2019-2020 to 2020-2021. This drastic decrease might be due to a significant reduction in operations or a substantial increase in duties. This could severely affect the company's ability to cover its expenses and maintain profitability.

• The total revenue showed a steady increase from 2020-2021 to 2023-2024, with the highest increase of 164.7% from 2021-2022 to 2022-2023. This could be due to an increase in gross sales or a decrease in duties, which would positively impact the company's profitability.

• The total revenue decreased by 43.6% from 2023-2024 to Nov-2024, but it is projected to increase by 86% to 8000 by Mar-2025. This fluctuation might be due to seasonal variations in sales or changes in operations, which could affect the company's cash flow and profitability.

• **Financial Risk:** The significant fluctuations in total revenue, especially the drastic decrease in 2020-2021, indicate a high level of financial risk. This instability in revenue could make it difficult for the company to plan for the future, cover its expenses, and maintain profitability. The projected increase in revenue in Mar-2025 should be viewed with caution, as it is based on future events that may not occur as expected.

### **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, which positively affects the company's operating profitability.

• The EBITDA value has been negative for four consecutive years from 2018-2019 to 2021-2022, indicating that the company's operating expenses were higher than its gross sales. This could be due to high employee benefit expenses or other operational costs, which negatively impacts the company's profitability.

• The EBITDA turned positive in 2022-2023 and has been increasing since then, indicating an improvement in the company's operational efficiency. This could be due to an increase in gross sales or a decrease in operational expenses, which positively impacts the company's profitability.

• **Financial Risk:** Despite the recent improvement in EBITDA, the company's history of negative EBITDA values for four consecutive years poses a financial risk. This indicates that the company has struggled with profitability in the past, which could potentially impact its ability to service a loan. The bank should therefore consider this risk when making a lending decision.

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

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

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

• The total expenses increased by 33.2% from 2020-2021 to 2021-2022, and further increased by 123.2% from 2021-2022 to 2022-2023. This could be due to expansion of operations or increased costs, which could negatively impact the profit margins.

• There was a significant increase in total expenses by 44.3% from 2022-2023 to 2023-2024, followed by a decrease by 43.5% in Nov-2024, and then an increase by 83.6% in Mar-2025. These fluctuations could be due to seasonal variations or irregular expenses, which could lead to instability in the profit before tax.

• **Financial Risk:** The significant fluctuations in total expenses over the years could indicate instability in the company's operations or 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 an increase in revenue or a decrease in expenses, indicating a positive trend in the borrower's financial health.

• 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 during this period. This sudden drop may affect the borrower's ability to service the loan in the short term.

• The profit before exceptional and extraordinary items and tax again increased to 708.13 in Mar-2025. This indicates a recovery from the previous drop and suggests that the borrower has the potential to manage their finances effectively.

• **Financial Risk:** The significant fluctuations in the borrower's profit before exceptional and extraordinary items and tax over the years indicate a potential risk. The borrower's ability to maintain a consistent profit margin is crucial for loan repayment. The bank should further investigate the reasons behind these fluctuations to assess the borrower's financial stability and ability to repay the loan.

## Recommendations

**1. Summary of Financial Health:**

The borrower's financial health has been unstable over the past few years, with significant fluctuations in key financial indicators. The company experienced a significant drop in revenue growth from 2018 to 2021, with a drastic decline of 83.45% in 2020-2021, likely due to the impact of the COVID-19 pandemic. However, the company projects a recovery with an increase of 78.92% in 2021-2022 and a further 226.6% in 2022-2023.

The company's profitability, as indicated by EBITDA, EBT, and PAT margins, remained at 0% from 2018 to 2021, suggesting low operational profitability or high costs. However, these margins are projected to increase significantly in 2022-2023, indicating potential improvements in operational efficiency or market conditions.

The company's liquidity, as indicated by the current and quick ratios, has been consistently low, suggesting potential difficulties in meeting short-term obligations. The company's debt levels, as indicated by the long-term debt/equity, total debt/equity, and total debt/EBITDA ratios, have fluctuated over the years, indicating varying degrees of financial risk.

**2. Recommendation:**

The company should focus on improving its revenue growth and profitability. This could be achieved by increasing sales, reducing returns, and improving operational efficiency. The company should also consider reducing its costs, particularly employee and finance costs, to improve its EBITDA, EBT, and PAT margins.

The company should also improve its liquidity management. This could involve increasing its short-term assets or reducing its short-term liabilities to improve its current and quick ratios. The company should also consider reducing its reliance on debt financing to lower its long-term debt/equity and total debt/equity ratios.

**3. Risk Assessment:**

The company faces several financial risks, including high debt levels, revenue fluctuations, and liquidity constraints. These risks could impact the company's financial stability and capacity to meet future obligations. The company should consider implementing risk mitigation strategies, such as diversifying its revenue streams, implementing cost control measures, and maintaining a sufficient liquidity buffer.

**4. Outcome:**

Overall, the borrower's financial health has been unstable, with significant fluctuations in key financial indicators. However, the company projects a recovery in the coming years. The company faces several financial risks, but these could be mitigated with appropriate strategies. The bank should consider these factors when deciding whether to provide a loan to the borrower.