Sumeet Industries Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**Sumeet Industries is a distressed textile commodity player currently in terminal insolvency under the Corporate Insolvency Resolution Process (CIRP).**	Negative
2	***Revenue contracted 4.67% to 985.00 Cr, driven by a near-total collapse in export sales which plummeted 92% to a negligible 0.36 Cr.***	Negative
3	***The business model is fundamentally broken with raw material costs of 986.11 Cr exceeding total revenue, resulting in negative gross margins.***	Negative
4	***Operating losses reached - 40.00 Cr, while ROCE deteriorated to -18.00%, reflecting severe value destruction across all operational metrics.***	Negative
5	***Financial health is critical with a deeply negative net worth of - 176.00 Cr and a D/E ratio of -2.78x, signaling total equity erosion.***	Negative
6	**Reported CFO of □15.00 Cr is low-quality, driven entirely by the liquidation of □23.00 Cr in trade receivables rather than operational profitability.**	Neutral
7	***Maintenance capex has effectively ceased at just 0.01 Cr (a 98.8% decline), leading to rapid asset degradation and zero growth visibility.***	Negative
8	***Earnings quality is compromised by the non-provisioning of 139.39 Cr in MSME interest and the non-accrual of finance costs to mask the 59.00 Cr loss.***	Negative
9	***Governance risks are extreme, featuring a 5th consecutive qualified audit opinion and suspicious revenue concentration where the top 3 customers exceed 100% of reported sales.***	Negative
10	***Proposed Related Party Transactions (RPTs) of 600 Cr represent 61% of revenue, suggesting the company may be repurposed as a captive unit for the new promoters.***	Negative
11	***The outlook remains bleak as the resolution plan by Eagle Group focuses on high management remuneration despite the ongoing insolvency and asset risk.***	Negative
12	***Investment View: Avoid; the high probability of a total equity wipeout during the NCLT process makes the shares fundamentally worthless for minority holders.***	Negative

1. Business overview (In Bullet Points)

- **Product Profile:** Sumeet Industries Ltd (SIL) is a commoditized manufacturer of Polyester Chips and Yarns, including POY, FDY, and Texturized yarns.
- **Segmental Collapse:** Export revenue has effectively evaporated, plummeting from □4.54 Cr in FY23 to a negligible **□0.35 Cr** in FY24, indicating a total loss of international competitiveness and quality certifications.
- **Revenue Drivers:** The business is now entirely dependent on the domestic Surat textile cluster, acting as a local commodity price-taker.
- **Cost Drivers:** Operations are severely hampered by high energy dependency and raw material costs; notably, **Cost of Materials Consumed** (□986.11 Cr) exceeded total Revenue (□984.86 Cr) in FY24.

- **Industry Position:** The company is in the terminal phase of insolvency, with plant and machinery aging against more efficient competitors like Reliance and Shubhalakshmi.
- **Expansion & Capacity:** Capex is restricted to "essential maintenance" only. Plans for solar/hybrid plants remain theoretical with no allocated budget due to insolvency constraints.
- **Acquisitions/Resolution:** The **Eagle Group** has entered as the Successful Resolution Applicant (SRA) following the NCLT-approved resolution plan (Order dated July 16, 2024).
- **Geographical Presence:** Transitioned from a global exporter to a purely domestic player focused on the proximity of the Surat market.

2. Management commentary & outlook

- The appointment of **Mr. Radheshyam B. Jaju** (Chairman) and Mr. Pratik R. Jaju (MD) signals the formal takeover by the Eagle Group following the resolution process.
- Management strategy is shifting toward "organizational and operating efficiencies," though this currently lacks a detailed deleveraging roadmap.
- A massive strategic pivot is underway to integrate SIL into the Eagle Group’s supply chain, evidenced by the request for shareholder approval for □**600 Cr in Related Party Transactions (RPTs)** with entities like Eagle Fibers and Eagle Fashion.
- Management has proposed a salary of up to □**8 Lakhs per month** each for the new Chairman and MD, despite the company reporting a loss of □59 Cr and having a negative Net Worth.
- The "future plan" includes setting up solar/hybrid plants to address power cost bottlenecks, though these are currently paper-statements without financial backing.
- The demand environment is being addressed through "domestic resilience," which appears to be a function of local market proximity rather than competitive pricing power.
- The long-term vision involves SIL functioning as a captive processing unit for the Eagle Group's existing textile interests.
- Management Tone: The tone has shifted from the "distress and survival" narrative of the previous promoters to an **"aggressive integration"** narrative by the Jaju family. However, the lack of a roadmap to restore the Net Worth (currently -□92 Cr) and the immediate focus on securing high remuneration and RPT channels makes the optimism feel hollow and opportunistic.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Sales	985	1,033
Sales Growth %	-4.67	15.63
Expenses	1,025	1,073
Material Cost %	85	85
Raw material cost	840	831
Change in inventory	-2	48
Manufacturing Cost %	15	15
Employee Cost %	3	2
Other Cost %	1	1
Operating Profit	-40	-39
OPM %	-4	-4
Other Income	1	10
Exceptional items	0	-0.02
Other income normal	0.85	10.22
Interest	0	7
Depreciation	24	27
Profit before tax	-63	-64
Tax %	-7	-8
Net Profit	-59	-59
Profit from Associates	0	0
Exceptional items AT	0	0
Profit excl Excep	-59	-59
Profit for PE	-59	-59
Profit for EPS	-59	-59
Profit Growth %	-1	-2,090
EPS (□)	-1.14	-1.13
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	104	104
Reserves	-280	-220
Borrowings	490	489
Long term Borrowings	41	41
Short term Borrowings	449	448
Lease Liabilities	0	0
Preference Capital	30	30
Other Borrowings	-30	-30
Other Liabilities	114	82
Trade Payables	53	38
Advance from Customers	0	0
Other liability items	62	44
Total Liabilities	428	455
Fixed Assets	161	185
Land	0.50	0.50
Building	29.57	29.57
Plant Machinery	551.62	551.61
Furniture n fittings	2.65	2.64
Vehicles	2.44	2.46
Other fixed assets	0	0.01
Gross Block	586.78	586.79
Accumulated Depreciation	425.82	401.93
CWIP	0	0
Investments	0	0
Other Assets	267	270
Inventories	103	103
Trade receivables	82	105
Cash Equivalents	21	5
Loans n Advances	0	0
Other asset items	61	58
Total Assets	428	455

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	15	73
Profit from operations	-42	-35
Receivables	23	12
Inventory	0	53
Payables	14	-11
Other WC items	19	55
Working capital changes	56	108
Interest paid	0	0
Direct taxes	0	0
Other operating items	0	0
Cash from Investing Activity	1	-1
Fixed assets purchased	-0.01	-0.86
Fixed assets sold	0	0
Capital WIP	0	0
Investments purchased	-0.02	0
Investments sold	0	0.08
Interest received	0.75	0.01
Dividends received	0	0
Loans to subsidiaries	0	0
Other investing items	0	0
Cash from Financing Activity	1	-68
Proceeds from shares	0	0
Proceeds from borrowings	1	0
Repayment of borrowings	0	-62
Interest paid fin	0	-6
Other financing items	0	0
Net Cash Flow	16	4
Free Cash Flow	15	72
CFO/OP	-37	-185

Key ratios

Line item	Mar 2024	Mar 2023
Debtor Days	30	37
Inventory Days	45	43
Days Payable	23	16
Cash Conversion Cycle	52	64
Working Capital Days	-111	-86
ROCE %	-18	-13

3.2 Financial analysis summary

- **Revenue** from operations declined by 4.67% to □985.00 Cr, with Domestic Sales accounting for 99.96% of the total, while Export Sales collapsed by 92.07% to a negligible □0.36 Cr, signaling a near-total loss of international competitiveness.
- The company's **Operating Profit** of -□40.00 Cr is fundamentally impaired as the Cost of Materials Consumed reached □986.11 Cr, which exceeds the total Revenue of □984.86 Cr, resulting in a negative contribution margin before accounting for Power & Fuel costs of □112.25 Cr.
- **Net Profit** remained deeply negative at -□59.00 Cr, but this figure is artificially supported by the drop in Finance Cost from □7.00 Cr to □0.00 Cr, due to the non-accrual of interest on defaulted bank loans during the CIRP.
- **Total Debt** reported on the Balance Sheet is □490.00 Cr, yet the Resolution Professional has admitted claims of □583.48 Cr from secured financial creditors, indicating that the actual liability is significantly higher than recorded.
- **Working Capital** management shows Trade Receivables decreasing to □82.00 Cr, but significant ageing risk exists with □4.46 Cr outstanding for over 3 years and no allowance for expected credit loss (ECL) being made, threatening the quality of future CFO.
- **Inventory** levels are stagnant at □103.00 Cr, but a high 40.70% (□41.73 Cr) is held as "Stores, Spares and Consumables," suggesting potential technical obsolescence that could lead to further write-downs of the already negative Net Worth.
- **Cash from Operating Activity** was positive at □15.00 Cr, but this was entirely driven by Working Capital changes of □56.00 Cr (primarily from a □23.00 Cr reduction in Receivables) rather than core earnings, as the Profit from operations was a loss of -□42.00 Cr.
- **Other Liabilities** surged to □114.00 Cr, including □20.00 Cr in "Bidder Margin Money" and a massive unprovided contingent liability of □139.39 Cr for interest on MSME dues, which would decimate the remaining asset base if recognized.
- **Fixed Assets** (Net Block) declined to □161.00 Cr as Depreciation of □24.00 Cr far outpaced a negligible Capex of □0.01 Cr, reflecting a total halt in capital allocation and maintenance of the aging Plant Machinery which has an Accumulated Depreciation of □425.82 Cr.
- **ROCE** deteriorated further to -18.00% from -13.00% YoY, as the company continues to generate negative returns on its Total Assets of □428.00 Cr.
- **Other Assets** include □40.49 Cr in "Balance with Revenue Authorities," representing 4.1% of Revenue, consisting of trapped GST credits that are difficult to realize given the insolvency status, further straining liquidity.
- **Other Expenses** include □2.03 Cr in Legal & Professional fees and □1.11 Cr for Restructuring Services, reflecting the high cost of the ongoing insolvency process.

- The company continues to report on a "Going Concern" basis despite the NCLT rejecting the resolution plan on April 5, 2024, and the presence of ₹**14.92 Cr** in questionable Loans to Related Parties which may represent value leakage.
- The dominant financial theme of the year is one of severe financial collapse, characterized by negative gross margins where raw material costs exceed revenue, a completely eroded net worth, and the use of non-accrual of interest to mask the true extent of terminal losses.

3.3 Contingent liabilities & commitments

- **Corporate Guarantee:** The company has provided a corporate guarantee of $7.81 million (₹**64.18 Cr**) to Bank of Baroda, Singapore, for a loan to its 100% subsidiary, Sumeet Global PTE Ltd. This represents a high probability of invocation as the subsidiary has NIL assets.
- **Unprovided MSME Interest:** A critical unprovided liability of ₹**139.39 Cr** exists towards interest on delayed payments to MSMEs, a direct violation of the MSMED Act, 2006.
- **Tax Disputes:** A GST penalty of ₹**0.01 Cr** is currently under appeal.
- **Capital Commitments:** There are no significant capital commitments as the company has halted all major capex.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — CFO of ₹15 Cr exceeds PAT loss due to receivable liquidation.	—	CFO is positive primarily due to ₹23 Cr reduction in trade receivables.
2	Receivables & channel-stuffing signal	Revenue ↓ — receivables down 21% vs sales down 4.6%; ageing shows collection risks.	—	Note 4: ₹8.37 Cr of receivables are >6 months; no ECL provision made.
3	Revenue timing	Neutral — zero customer advances and simple recognition policy suggest no timing manipulation.	—	Revenue recognized when control transfers; no unbilled revenue or contract assets reported.
4	Revenue from related parties %	Revenue ↑↓ — extreme customer concentration and potential circular trading via top three clients.	—	Note M: Aadhidev Polytex, Pallas Fincap, and Tirupati Textile show suspicious revenue concentration.
5	Inventory vs revenue growth	Profit ↓ — stagnant inventory (₹103 Cr) amid falling sales risks obsolescence and write-downs.	—	Note 8: 40.7% of inventory is "Stores and Spares," indicating slow-moving technical stock.
6	Inventory valuation method change	Profit ↓ — raw material costs exceed revenue; inventory valuation at cost likely overstates assets.	—	Note 18: Negative contribution margin suggests inventory NRV is likely below reported cost.
7	Exceptional items in operating profit	Neutral — no reported exceptional items in FY24; restructuring costs kept in operations.	—	CIRP-related "Restructuring Services" of ₹1.11 Cr are correctly classified in Other Expenses.
8	Depreciation rate vs useful life policy	Profit ↓ — high depreciation (₹24 Cr) on ₹161 Cr net block reflects aging machinery.	—	Note 2: Company uses WDV method; high rate reflects the aging nature of plant.
9	Provision reversals boosting PAT	Profit ↑ — non-provisioning of ₹139.39 Cr MSME interest artificially suppresses reported net loss.	—	Note 27: Auditor qualified the report for failure to provide for massive interest liabilities.
10	Tax rate consistency	Profit ↑ — tax credit of ₹4 Cr recognized on losses despite uncertainty of recovery.	—	Tax credit recognized on losses; cash tax is zero due to insolvency status.
11	CWIP age and stalling projects	Neutral — zero CWIP balance indicates no stalled projects or aggressive capitalization of expenses.	—	No new capital expenditure undertaken; company is in maintenance mode during CIRP.
12	Deferred tax asset recognition adequacy	Profit ↑ — aggressive going concern assumption allows carrying tax assets despite NCLT plan rejection.	—	Note 31f: Financials prepared as "Going Concern" despite NCLT rejecting the resolution plan.
13	RPT quantum and trend	Profit ↓ — ₹14.92 Cr loans to related parties are likely impaired and unrecoverable.	—	Note 5: Outstanding loans to related parties represent potential value leakage during insolvency.
14	Dividend paid vs FCF adequacy	Neutral — zero dividend payout is consistent with negative reserves and ongoing insolvency.	—	No dividends declared due to accumulated losses of ₹280 Cr and CIRP status.
15	Auditor KAM - Claim Discrepancies	Profit ↑ — Variation between book debt and admitted claims of ₹583.48 Cr.	—	Understatement of liabilities due to unaccrued interest and charges during CIRP.
16	Subsidiary Impairment	Profit ↑ — Non-impairment of ₹22.74 Cr investment in Sumeet Global PTE.	—	Management refusal to recognize impairment in a shell subsidiary with zero assets.
17	Interest Suppression		—	

#	Check	Impact	Status	Notes detail
		Profit ↑ — Finance cost reported at ₹0.02 Cr despite ₹470 Cr+ debt.		P&L does not reflect the true cost of capital, understating the actual net loss.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion: Qualified Opinion.** The auditor has modified the report due to significant accounting departures and material uncertainties.
- **KAM - Going Concern Uncertainty:** The company is under Corporate Insolvency Resolution Process (CIRP). The Hon'ble NCLT rejected the initial resolution plan on April 5, 2024. Survival is contingent on a pending appeal at NCLAT, creating material uncertainty regarding the "Going Concern" assumption.
- **KAM - Non-Provision of Interest:** Management failed to provide for interest on bank loans and financial institutions for FY 2024. The impact is unquantifiable as banks have stopped sending statements post-NPA, but it significantly understates the reported loss.
- **KAM - MSME Interest Liability:** The company has not provided for interest on delayed payments to MSMEs amounting to **₹139.39 Cr**. This is a direct violation of the MSMED Act, 2006, and results in a material overstatement of profit/understatement of loss.
- **KAM - Investment & Receivable Impairment:** Management has not carried out impairment testing for the **₹22.74 Cr** investment in and ₹4.46 Cr receivable from its Singapore subsidiary (Sumeet Global PTE Ltd), despite the subsidiary having NIL assets and questionable business continuity.
- **Emphasis of Matter:** Admitted claims by the Resolution Professional (RP) stand at **₹583.48 Cr** (Secured) and ₹107.61 Cr (Unsecured), which significantly exceed the debt recorded on the balance sheet due to unaccrued interest and charges.
- **Auditor Fees:** Statutory audit fee remains exceptionally low relative to the **₹984.86 Cr** revenue and insolvency complexity, raising concerns about audit depth and independence.

B. Related party transactions

Party	Relationship	Nature	Amount (₹ Cr)	Concern
Related Parties (Unspecified)	Promoter Group	Loans Given (Asset)	14.92 Cr	***Potential value leakage; recoverability doubtful in CIRP***
Sumeet Global PTE Ltd	100% Subsidiary	Trade Receivables	4.46 Cr	***Overdue >3 years; subsidiary has NIL assets***
Sumeet Global PTE Ltd	100% Subsidiary	Corporate Guarantee	64.18 Cr	***High probability of invocation by Bank of Baroda***
Eagle Fibers Limited	New Management	Proposed Sales/ Purchases	400.00 Cr	Material future RPT dependency under new resolution plan
KMPs	Management	Remuneration	0.27 Cr	Paid despite technical insolvency and operating losses
Gangadevi Somani	Relative of KMP	Unsecured Loan	0.16 Cr	Continued transaction despite financial distress

RPT Risk Checks: * **% of Revenue:** 0.03% (Current Remuneration) | 40.61% (Proposed future transactions with Eagle Group). * **% of CFO:** Loans to related parties (**₹14.92 Cr**) represent 99.47% of FY24 CFO (₹15.00

Cr). * **Trend:** Loans to related parties remained stagnant at ₹**14.92 Cr**, indicating no recovery efforts during the insolvency period.

C. Shareholding

- **Promoters:** 21.04% (Stagnant YoY)
- **FIIs:** 2.48%
- **DIIs:** 0.00%
- **Public:** 76.48%
- **Promoter Pledging:** Not explicitly disclosed, but low holding and CIRP suggest limited promoter skin-in-the-game.

D. Board composition + KMP compensation

- **Total Directors:** 6 (Independent: 66.67%)
- **Women Directors:** 1 (Ms. Zeel Sureshkumar Modi - resigned post-FY24).
- **KMP Compensation:**
  - **Anil Kumar Jain (CS):** ₹0.18 Cr (12.50% YoY growth)
  - **Abhishek Prasad (CFO):** ₹0.09 Cr (12.50% YoY growth)
  - **Sumeet K. Somani (MD):** NIL (Related to Chairman Shankarlal Somani).
- **Analysis:** KMP remuneration for the CS and CFO increased by 12.50% despite an operating loss of ₹**40.00 Cr** and active insolvency.

F. Capital allocation & capex

Action	FY current (₹Cr)	FY prior (₹Cr)	% of CFO	Signal
Capex	0.01 Cr	0.86 Cr	0.07%	—
Net Debt Change	1.00 Cr	-62.00 Cr	6.67%	—
Interest Payments	0.00 Cr	6.00 Cr	0.00%	—

CAPEX Analytical Notes: * **CFO Coverage of Capex:** Meaningless as **Capex** is near zero (₹0.01 Cr). * **Nature of Capex:** Minimal maintenance only; assets are being sweated without replacement. * **Deployment Efficiency:** **Revenue** fell 4.67% while Capex was slashed by 98.8%. * **Key Takeaways:** The total halt in **Capex** and the unprovided ₹139.39 Cr MSME interest indicate the company is a hollow shell. Accumulated Depreciation now stands at 72.5% of Gross Block.

H. Risks

- **Insolvency (CIRP):** NCLT rejected the resolution plan on 05/04/2024. **Impact:** Total loss of equity value if liquidation is ordered. (Severity: High)
- **MSME Interest:** Unprovided liability of ₹**139.39 Cr**. **Impact:** Would wipe out 49.7% of remaining (negative) reserves. (Severity: High)
- **Negative Margin:** RM Cost (₹**986.11 Cr**) > Revenue (₹984.86 Cr). **Impact:** Gross loss on every unit produced; unsustainable operations. (Severity: High)
- **Subsidiary Default:** ₹**64.18 Cr** guarantee for Sumeet Global PTE. **Impact:** Immediate cash outflow if invoked; subsidiary has zero assets. (Severity: High)
- **Customer Concentration:** Top 3 customers account for revenue figures exceeding total reported revenue. **Impact:** High risk of revenue circularity and counterparty default. (Severity: High)

- **Forex Exposure: ₹31.16 Cr** in foreign loans with NIL export hedge. **Impact:** 1% INR depreciation adds ₹0.31 Cr to losses. (Severity: Medium)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	1	→	Export collapse to ₹0.36 Cr; RM Cost > Revenue	Commoditized business with negative gross margins and zero moat.
Financial health	1	→	D/E -2.78x; Net Worth -₹176 Cr; CIRP status	Terminal financial distress with completely eroded equity.
Earnings quality	1	→	Unprovided ₹139.39 Cr MSME interest; CFO from WC liquidation	Aggressive accounting and non-provisioning mask the true scale of losses.
Management & governance	1	↓	Massive RPT approvals (₹600 Cr); High pay in insolvency	Governance red flags including SEBI issues and suspicious customer concentration.
Capital allocation & earnings visibility	1	↓	Capex ₹0.01 Cr; ROCE -18%	Value-destructive operations with no growth investment and zero visibility.

Business positives (for this company this year) * **Resolution Progress:** Entry of Eagle Group as Successful Resolution Applicant provides a theoretical path for survival. * **Working Capital Liquidation: Trade Receivables** reduction of ₹23.00 Cr helped generate a positive CFO of ₹15.00 Cr. * **Debt Reduction (Prior Year):** Repayment of **₹62.00 Cr** in borrowings in FY23, though fresh borrowing of ₹1.00 Cr occurred in FY24.

Business negatives / concerns (for this company this year) * **Negative Gross Margin: Cost of Materials Consumed** (₹986.11 Cr) exceeds total Revenue (₹984.86 Cr). * **Export Collapse: Export Sales** plummeted by 92.07% to just ₹0.36 Cr. * **Massive Off-Balance Sheet Risk:** Unprovided MSME interest liability of **₹139.39 Cr** and ₹64.18 Cr subsidiary guarantee. * **Equity Erosion: Net Worth** is deeply negative at -₹176.00 Cr (calculated) with accumulated losses of ₹280.00 Cr. * **Governance Red Flags:** Top 3 customers show revenue concentration exceeding 100% of reported consolidated revenue. * **Audit Qualifications:** 5th consecutive year of qualified opinions with significant accounting departures. * **Asset Degradation: Capex** slashed by 98.8% to ₹0.01 Cr, leaving the plant to age without maintenance.

Overall scorecard summary Sumeet Industries is in a state of terminal financial and operational collapse, with a completely eroded net worth and negative gross margins. Earnings quality is exceptionally poor, characterized by the non-provisioning of massive MSME interest liabilities and the non-accrual of finance costs to mask losses. Governance is a critical concern, marked by suspicious customer concentration, massive proposed related-party transactions, and a management team seeking high remuneration despite insolvency. The business is on a deteriorating trajectory, likely serving only as a captive processing unit for the new promoters with little to no value remaining for minority shareholders.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Final line: "Total: 3/10 — Governance Rating: 1"

Part c: investor verdict

Thesis: Sumeet Industries is a distressed textile commodity player in terminal insolvency, likely to be repurposed as a captive unit for the new promoters with total equity wipeout risk.

Overall stance: Avoid

Rationale: Negative gross margins, massive unprovided liabilities (□139 Cr+), and a negative net worth make the equity fundamentally worthless. Re-evaluate when: Net Worth turns positive AND Gross Margins exceed 10% for four consecutive quarters. BULL CASE: Successful NCLT resolution with massive equity infusion and zero dilution to minority shareholders (highly improbable). BEAR CASE: NCLT orders liquidation or the resolution plan extinguishes existing equity, leading to a 100% loss for current shareholders. Key monitorable: Implementation of Resolution Plan: Equity Infusion → Watch for □100 Cr+ fresh capital.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Margin Trajectory	RM costs at 85% of sales; operating loss of □39 Cr.	RM costs (□986 Cr) exceed total Revenue (□985 Cr).	The business has transitioned to a fundamentally broken model where it loses money on every unit produced before even accounting for power or labor.
Capital Allocation	Minimal maintenance capex of □0.86 Cr.	Capex effectively zeroed out at □0.01 Cr.	Management has completely abandoned asset maintenance, suggesting the plant is being "sweated" to exhaustion during the insolvency transition.
Working Capital Anomalies	CFO of □73 Cr driven by □53 Cr inventory liquidation ("fire sale").	CFO of □15 Cr driven by □23 Cr reduction in receivables.	Positive cash flow is an artificial byproduct of balance sheet contraction and asset harvesting rather than operational efficiency.
Management Tone	Distress and survival narrative under the Resolution Professional.	Aggressive integration narrative by Eagle Group with focus on high executive pay.	The new promoters are prioritizing the establishment of high-value RPT channels and personal remuneration over restoring the company's solvency.
Liability Masking	Unprovided MSME interest of □0.70 Cr.	Unprovided MSME interest exploded to □139.39 Cr.	The scale of off-balance-sheet liabilities has reached a level that would likely wipe out any remaining recovery value for unsecured creditors and equity holders.
Interest Accrual	Finance costs reported at □7 Cr (Qualified).	Finance costs suppressed to near-zero (□0.02 Cr).	Management has ceased recognizing the cost of debt entirely, using non-accrual to prevent the reported net loss from doubling.

7.2 Persistent patterns

- **Technical Insolvency:** The company maintains a **deeply negative net worth** (deteriorating from -□116 Cr to -□176 Cr), confirming total equity erosion.
- **Audit Qualifications:** A **recurring qualified opinion** persists for the 5th consecutive year, specifically regarding the non-provision of interest and failure to impair the Singapore subsidiary.
- **Subsidiary Value Leakage:** The **□22.7 Cr investment and □64 Cr guarantee** for Sumeet Global PTE (Singapore) remain unaddressed despite the subsidiary having NIL assets.
- **KMP Compensation Paradox:** KMPs (CS and CFO) received **consistent 12.5% salary increases** in both years despite the company being in terminal financial collapse.
- **Export Irrelevance:** A **sustained collapse in international competitiveness**, with export revenue falling from an already low □4.54 Cr to a negligible □0.36 Cr.
- **Forensic Revenue Concentration:** Extreme dependency on a **handful of counterparties** (Aadhidev, Pallas, etc.) where transaction volumes often appear circular or highly concentrated.
- **Going Concern Doubt:** Material uncertainty regarding the **"Going Concern" status** remains the dominant theme, exacerbated by the NCLT's rejection of the initial resolution plan. No material persistent pattern identified.