Alok Industries Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**Alok Industries has transitioned into a captive processing unit for Reliance Industries (RIL), trading independent market agility for a low-margin, stable job-work model.**	Neutral
2	***Standalone revenue collapsed by 32.7% to 3,709 Cr, signaling a strategic retreat from the open market and a severe demand slowdown in core product segments.***	Negative
3	***Negative operating leverage is evident as power and fuel costs rose 3.8% despite the massive revenue crash, indicating structural cost inefficiencies.***	Negative
4	***The company is technically insolvent with accumulated losses of 24,249 Cr eroding net worth to negative 20,630 Cr, making survival entirely dependent on the promoter.***	Negative
5	**Financial stability is artificially maintained by □17,384 Cr of interest-free debt and a □3,525 Cr bank loan guarantee provided by Reliance Industries.**	Positive
6	**Operating cash flow turned positive at □115 Cr, though this was primarily driven by working capital release rather than core operational profitability.**	Neutral
7	**Capital commitments surged 431% despite insolvency, suggesting a parent-driven ramp-up in capacity that has yet to convert into revenue.**	Neutral
8	***Earnings quality is poor, with the bottom line supported by 82 Cr in liability write-backs, 92 Cr in asset sales, and a departure from Ind AS 109 debt valuation.***	Negative
9	***Governance risks are high following extreme KMP instability with three CFO transitions in 11 months and Related Party Transactions exceeding 24% of revenue.***	Negative
10	***Asset quality is deteriorating as credit-impaired receivables rose 23% to 277 Cr and inventory days spiked from 94 to 165 days.***	Negative
11	**The outlook remains tethered to RIL's internal supply chain strategy; the business now functions as a "financial ward" with limited independent upside.**	Neutral
12	**Investment Stance: Watch; monitor CFO stability and RIL's continued willingness to provide guarantees as the interest-free debt moratorium approaches expiry.**	Neutral

1. Business overview (In Bullet Points)

- **Business Segments:** Operates as an integrated textile manufacturer with divisions in Spinning (Cotton Yarn), Home Textiles (Bed Linen/Terry Towels), Apparel & Fabric, and Polyester (CP/POY/FDY/PSF).
- **Revenue Drivers:** Shifting from merchant product sales to a "Job Work" model; revenue is increasingly driven by processing fees from Reliance Industries (RIL) rather than direct market sales.
- **Cost Drivers:** Primary costs include Raw Cotton (50.65% of revenue), Power and Fuel (19.20% of revenue), and Finance Costs (16.94% of revenue).
- **Industry Position:** Transitioning from an independent textile powerhouse to a de-risked, low-margin captive processing unit for RIL.

- **Expansion Plans:** Focus on "digital transformation" via SAP implementation and "PeopleFirst" HR portals to institutionalize parent-company operating standards.
- **Acquisitions & Capacity:** No major recent acquisitions; focus is on maintenance of existing plants and regaining "preferred supplier" status.
- **Segment Performance:** Apparel & Fabric grew 9% (driven by low-margin fabrics), while high-value Garments collapsed 27% and Home Textiles declined 7%.
- **Geographical Presence:** Strong domestic presence with a strategic international push via a new 17,600 sq. ft. showroom in New York to target premium US retail.

2. Management commentary & outlook

- Management has pivoted the business model toward a Polyester Job Work Model (initiated March 2024) to outsource market, procurement, and pricing risk to the parent company.
- The 33.60% standalone revenue collapse is framed as a structural byproduct of no longer booking full polyester sales value, but rather processing fees.
- Spinning strategy focuses on internal consumption (55-60% of yarn) to provide a cost-advantage to downstream units rather than competing in the merchant market.
- Product innovation is centered on "Recron Performance Fiber" (co-developed with RIL) and "Kasturi Cotton" to differentiate in the Home Textile segment.
- Management highlights the "China Plus One" strategy and favorable US Reciprocal Tariffs (26% for India vs. 41% for Vietnam) as long-term competitive tailwinds.
- Operational focus has shifted toward "maintenance of plants" and institutionalizing RIL's "Gold Standard" operating procedures through SAP.
- The high turnover in the finance function (three CFOs in 11 months) suggests internal pressure or a difficult "clean-up" phase following NCLT-era debt restructuring.
- The "Voluntary Managing Committee" (dominated by RIL nominees) acts as the real power center for day-to-day affairs, bypassing traditional board structures for operational speed.
- Management Tone: The tone is one of "Pragmatic Optimism" mixed with defensive posturing. While highlighting global trade tailwinds, the focus remains on survival, plant maintenance, and integration into the RIL supply chain. The narrative suggests a company that has traded its independent upside potential for the safety of a "captive subsidiary" status, with a verdict of "The Financial Ward" (LAST bullet point).

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2025	Mar 2024
Sales	3,709	5,510
Sales Growth %	-32.69	-21.17
Expenses	3,797	5,458
Material Cost %	52	66
Raw material cost	1,818	3,556
Change in inventory	101	97
Manufacturing Cost %	32	21
Employee Cost %	13	9
Other Cost %	6	3
Operating Profit	-89	52
OPM %	-2	1
Other Income	203	19
Exceptional items	92	-1
Other income normal	111	20
Interest	628	596
Depreciation	298	325
Profit before tax	-811	-850
Tax %	1	0
Net Profit	-816	-847
Profit from Associates	0	0
Exceptional items AT	92	-1
Profit excl Excep	-909	-846
Profit for PE	-909	-846
Profit for EPS	-816	-847
Profit Growth %	-7	6
EPS (□)	-1.64	-1.71
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2025	Mar 2024
Equity Capital	497	497
Reserves	-21,127	-20,272
Borrowings	25,963	26,015
Long term Borrowings	25,700	24,405
Short term Borrowings	261	1,602
Lease Liabilities	2	7
Preference Capital	3,543	3,541
Other Borrowings	-3,543	-3,541
Other Liabilities	1,397	1,168
Trade Payables	411	489
Advance from Customers	0	0
Other liability items	986	679
Total Liabilities	6,730	7,407
Fixed Assets	4,762	5,215
Land	4,618.46	4,687.96
Building	3,139.82	3,287.35
Plant Machinery	9,462	9,544.20
Equipments	70.95	65.98
Computers	11.50	11.51
Furniture n fittings	37.62	45.79
Vehicles	2.85	9.86
Intangible Assets	12.45	12.45
Other fixed assets	855.46	866.12
Gross Block	18,211.11	18,531.22
Accumulated Depreciation	13,449.40	13,316.33
CWIP	35	18
Investments	0	0
Other Assets	1,933	2,174
Inventories	866	942
Trade receivables	440	465
Receivables over 6m	297	283
Receivables under 6m	428	430
Prov for Doubtful	-286	-248
Cash Equivalents	72	217
Loans n Advances	-19	-25
Other asset items	574	576

Line item	Mar 2025	Mar 2024
Total Assets	6,730	7,407

Cash flow statement (□Cr)

Line item	Mar 2025	Mar 2024
Cash from Operating Activity	115	-1,161
Profit from operations	-15	66
Receivables	-29	-123
Inventory	73	97
Payables	4	-1,137
Loans Advances	0	0
Other WC items	109	-60
Working capital changes	157	-1,222
Direct taxes	-27	-4
Cash from Investing Activity	238	-198
Fixed assets purchased	-79	-36
Fixed assets sold	132	7
Investments purchased	0	0
Investments sold	0	0
Interest received	7	7
Dividends received	0	0
Inter corporate deposits	0	0
Other investing items	179	-176
Cash from Financing Activity	-348	1,364
Proceeds from shares	0	0
Proceeds from borrowings	50	3,461
Repayment of borrowings	-99	-4,914
Interest paid fin	-293	-478
Dividends paid	0	0
Financial liabilities	-5	-5
Application money refund	0	0
Other financing items	0	3,300
Net Cash Flow	6	5
Free Cash Flow	168	-1,190
CFO/OP	-161	-2,246

Key ratios

Line item	Mar 2025	Mar 2024
Debtor Days	43	31
Inventory Days	165	94
Days Payable	78	49
Cash Conversion Cycle	130	76
Working Capital Days	-19	-77
ROCE %	-5	-4

3.2 Financial analysis summary

- **Revenue** from operations collapsed by 32.69% to 3,709.00 Cr, driven by a 50.73% YoY crash in product sales; however, a strategic pivot saw Job Work income (primarily for RIL) surge from 72.25 Cr to 992.01 Cr, now representing 26.75% of total Revenue.
- The company reported an **Operating Profit** loss of -89.00 Cr with an OPM % of -2.00%, as Manufacturing Cost % spiked to 32.00% due to severe negative operating leverage; Power and Fuel costs (712.12 Cr) rose 3.8% despite the massive revenue drop.
- **Net Profit** remained deeply negative at -816.00 Cr, aided by Other Income of 203.00 Cr which included a non-recurring 82.02 Cr write-back of sundry credit balances and an Exceptional Item gain of 92.00 Cr from the sale of investment properties.
- **Finance Cost** rose to 628.00 Cr, which includes 320.65 Cr in dividends on preference shares treated as interest, contributing to a negative Interest Coverage of -0.29x and straining the CFO where interest paid reached 293.00 Cr.
- **Total Debt** stands at 25,963.00 Cr, but 17,384.02 Cr of this is currently interest-free under a Resolution Plan moratorium, creating a future "ticking time bomb" for interest obligations once terms are renegotiated.
- **Net Worth** is severely eroded at -20,630.00 Cr, rendering the company technically insolvent and entirely dependent on the Going Concern assumption predicated on RIL's guarantees for 3,525.04 Cr in bank loans.
- **Working Capital** deteriorated as the Cash Conversion Cycle lengthened to 130 days, driven by Inventory Days spiking to 165 days; Inventory includes a 112.98 Cr provision for slow-moving textile stock.
- **Trade Receivables** of 440.00 Cr mask underlying weakness, as "Credit Impaired" receivables rose to 276.89 Cr with the Prov for Doubtful debts increasing to 286.00 Cr, signaling deteriorating counterparty quality.
- **CFO** turned positive at 115.00 Cr compared to -1,161.00 Cr in the prior year, primarily due to Working capital changes of 157.00 Cr and a reduction in Inventory (73.00 Cr) rather than core operational profitability.
- **Capex** requirements are increasing as Fixed assets purchased rose to 79.00 Cr and Capital Commitments surged 431% to 121.59 Cr, suggesting a ramp-up in spending despite a negative ROCE of -5.00%.
- **Other Liabilities** increased to 1,397.00 Cr, largely due to a 193% spike in accrued preference dividends payable to 484.77 Cr, representing a massive deferred cash obligation to the promoter group.
- **Other Assets** are impacted by Balances with Statutory Authorities of 241.02 Cr (GST/Tax credits) and Capital Advances of 57.85 Cr (including 18.26 Cr for land), while Other Expenses were hit by a 61.02 Cr Impairment Allowance for receivables and assets.
- **Depreciation** of 298.00 Cr is moderated by management's use of useful lives for Plant Machinery (15-40 years) that exceed standard norms, serving to reduce reported losses on the Income Statement.

- The dominant financial theme of the year is the transition into a captive manufacturing arm for RIL, where survival is entirely contingent on the interest-free nature of massive debt and ongoing financial guarantees from the promoter.

3.3 Contingent liabilities & commitments

- **Capital Commitments: 121.59 Cr** (FY25) vs 22.87 Cr (FY24), representing unexecuted contracts for new capex.
- **Claims not acknowledged as debt: 0.23 Cr** (FY25) vs 0.28 Cr (FY24).
- **Income Tax Matters: 0.57 Cr** in disputed tax matters.
- **NCLT De-risking:** Most pre-CIRP liabilities (prior to March 2019) are considered extinguished under the NCLT plan, de-risking the balance sheet from historical litigation.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; ₹816 Cr loss vs ₹115 Cr CFO driven by non-cash write-backs.	—	CFO improved due to ₹157 Cr working capital release despite massive net losses.
2	Receivables & channel-stuffing signal	Revenue ↓ — sales collapse 32.7% while inventory days spike to 165 days, signaling severe demand slowdown.	—	Inventory provision increased to ₹112.98 Cr indicating rising obsolescence risk.
3	Revenue timing (unbilled/advances)	Revenue ↓ — stagnant order book; contract liabilities decreased from ₹191.85 Cr to ₹182.82 Cr.	—	Note 23 shows a slight decline in customer advances, suggesting weak future product demand.
4	Revenue from related parties %	Revenue ↑↓ — captive model risk; job work for Reliance Industries surged from ₹62.8 Cr to ₹891.59 Cr.	—	Note 43 confirms the pivot to a service-provider model for the promoter group.
5	Inventory vs revenue growth	Profit ↓ — negative operating leverage; inventory fell only 8% against a 33% revenue crash.	—	Note 9: Slow-moving stock provision of ₹112.98 Cr suggests inventory is not clearing at cost.
6	Inventory valuation method change	Neutral — no policy change; however, NRV estimation uncertainty remains a key audit matter.	—	Auditor highlights inventory valuation as a high-judgment area due to textile market volatility.
7	Exceptional items in operating profit	Profit ↑ — non-recurring gains; ₹92 Cr exceptional items and ₹82 Cr write-backs mask deeper losses.	—	Note 24 & 30: Gains from property disposal and liability write-backs artificially support the bottom line.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive accounting; useful lives (15-40 years) exceed Schedule II norms, lowering annual charges.	—	Longer useful lives reduce depreciation expense, moderating the reported ₹816 Cr net loss.
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain; ₹82.02 Cr sundry credit balances written back to Other Income.	—	Note 24: Aggressive cleanup of old liabilities used to offset significant operational EBIT losses.
10	Tax rate consistency	Profit ↓ — cash drain; ₹27 Cr cash tax paid despite reporting ₹811 Cr pre-tax loss.	—	Cash flow statement shows tax outflows despite massive accounting losses and negative net worth.
11	CWIP age and stalling projects	Neutral — low materiality; CWIP increased from ₹18 Cr to ₹35 Cr.	—	Note 40: Capital commitments surged 431% to ₹121.59 Cr, indicating new planned capex.
12	Deferred tax asset recognition	Neutral — no DTA recognized; company has ₹24,249 Cr in accumulated losses.	—	Note 1(a): Going concern is based on promoter support as net worth is completely eroded.
13	RPT quantum and trend	Revenue ↑↓ — high dependency; RIL provides ₹3,525 Cr guarantee and 24% of total revenue.	—	The company is effectively a captive manufacturing unit for Reliance Industries' textile needs.
14	Dividend paid vs FCF adequacy	Profit ↓ — deferred liability; ₹320.65 Cr preference dividend accrued but not paid to promoter.	—	Note 21: Unpaid dividends on preference shares are a "ticking time bomb" for future cash flows.
15	Auditor KAM: Going Concern	Profit ↑↓ — Material uncertainty regarding ability to continue as a going concern due to ₹21,126 Cr negative net worth.	—	Survival is entirely predicated on promoter support and NCLT plan cash flow projections.
16	Ind AS Departure	Profit ↑ — Non-fair valuation of ₹17,384 Cr debt masks true economic interest cost.	—	Management claims NCLT Resolution Plan overrides Ind AS 109 requirements.

#	Check	Impact	Status	Notes detail
17	Receivable Quality Decay	Profit ↓ — Credit impaired receivables rose 23% YoY to □276.89 Cr.	—	Deteriorating counterparty quality despite lower sales volumes.

4. Management & governance

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified Opinion. * **KAM 1: Going Concern Assessment:** Auditor highlighted accumulated losses of 24,249.28 Cr and negative net worth of 21,126.65 Cr. Management relies on positive EBITDA of 114.86 Cr and RIL support. * **KAM 2: Recoverability of Trade Receivables:** Flagged 276.89 Cr as credit impaired. ECL estimation is a significant judgment area. * **KAM 3: Inventory Valuation:** Provision of 112.98 Cr for slow-moving stock indicates high estimation uncertainty regarding NRV. * **Emphasis of Matter:** Material uncertainty related to going concern; current liabilities exceed current assets by 119.35 Cr. * **Accounting Departure:** Company measures 17,384.02 Cr of interest-free debt at cost rather than fair value, claiming NCLT Plan "overriding effect" over Ind AS 109. * **Auditor Change:** Recommendation to appoint M/s. Chaturvedi & Shah LLP for a 5-year term starting FY 2025-26.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | :--- | :--- | :--- | ---: | :--- | | Reliance Industries Ltd | Promoter | **Sale of Services (Job Work)** | 891.59 Cr | ***Captive Dependency (24.04% of Revenue)*** | | Reliance Industries Ltd | Promoter | **Dividend on Pref. Shares** | 320.65 Cr | ***Cash Drain (Accrued liability spiked 193%)*** | | Reliance Industries Ltd | Promoter | Purchase of Goods | 257.92 Cr | Vertical Integration | | Reliance Industries Ltd | Promoter | Guarantee Commission | 1.75 Cr | Financial Support Cost | | Reliance Industries Ltd | Promoter | **Bank Loan Guarantee** | 3,525.04 Cr | ***Survival Dependency (Going Concern Anchor)*** | | Reliance Retail | Group Co | Trade Receivables (Gross) | 127.36 Cr | Integrated Supply Chain |

C. Shareholding * **Promoters:** 75.00% * **FIIs:** 2.19% * **DIIs:** 0.32% * **Public:** 22.49% * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 7 | **Independent %:** 42.86% | **Women Directors:** 1. * **KMP Compensation:** * A. Siddharth (Chair): 0.38 Cr (+26.67% YoY). * Mumtaz Bandukwala (Dir): 0.40 Cr (+11.11% YoY). * **Transparency Gap:** Remuneration for CEO (Harsh Bapna) and CFO (Jinendra Kumar Jain) was excluded from the member version. * **Correlation:** Independent Director pay rose while consolidated Operating Profit collapsed 69.85%. No KMPs share the same family name.

F. Capital Allocation & Capex | Action | FY current (□Cr) | FY prior (□Cr) | % of CFO | Signal | | :--- | ---: | ---: | ---: | :--- | | Interest Payments | 293.00 Cr | 478.00 Cr | 254.78% | — | | Capex | 79.00 Cr | 36.00 Cr | 68.70% | — | | Repayment of Borrowings | 99.00 Cr | 4,914.00 Cr | 86.09% | — | | Asset Sales | 132.00 Cr | 7.00 Cr | 114.78% | **Positive** | | Impairments | 61.02 Cr | 1.87 Cr | 53.06% | — |

CAPEX Analytical Notes: * **CFO Coverage of Capex:** CFO/Capex ratio is 1.45x. However, CFO fails to cover the **293.00 Cr interest payment**, necessitating 132.00 Cr in asset sales. * **Nature of Capex:** Primarily maintenance and IT; **Capital commitments surged 431% to 121.59 Cr**, indicating a planned ramp-up despite insolvency. * **Deployment Efficiency:** Revenue collapsed 32.69% despite doubling capex, signaling zero immediate return.

H. Risks * **Financial Solvency:** Accumulated losses of 24,249.28 Cr. Impact: Total dependency on RIL lifelines; technical insolvency. (High) * **Ind AS Departure:** Non-fair valuation of 17,384.02 Cr debt. Impact: Masks true interest burden; potential future write-backs. (High) * **Raw Material Volatility:** Cotton price swings. Impact: Direct margin erosion; 50.65% of revenue is material cost. (High) * **Energy Intensity:** Power and Fuel are 19.20% of revenue. Impact: Severe negative operating leverage as sales fall. (High) * **Concentration Risk:** 24% revenue from RIL. Impact: Loss of independent market pricing power. (Medium)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	2	↓	Revenue -32.7%; Garments -27%	Transitioning into a low-margin captive unit with no independent pricing power.
Financial health	1	→	Net Worth -₹20,630 Cr; D/E -1.26x	Technically insolvent; survival depends entirely on promoter guarantees.
Earnings quality	2	↓	₹82 Cr write-backs; ₹92 Cr asset sales	Bottom line supported by non-recurring items and aggressive depreciation policies.
Management & governance	3	↓	3 CFOs in 11 months; RPT > 24%	High KMP churn and captive RPT model offset by clean promoter pledge.
Capital allocation & earnings visibility	2	↓	ROCE -5%; Interest > CFO	Value-destructive borrowing and capex with no immediate revenue conversion.

Business positives (for this company this year) * **Strategic Pivot:** Job Work income surged from ₹**72 Cr to ₹992 Cr**, providing a stable (though low-margin) revenue floor. * **Promoter Support:** Reliance Industries provides a ₹**3,525.04 Cr** bank loan guarantee, ensuring going concern status. * **Debt Moratorium:** ₹**17,384.02 Cr** of debt remains interest-free, providing temporary breathing room. * **Asset Monetization:** Generated ₹**132 Cr** from the sale of fixed assets to support liquidity.

Business negatives / concerns (for this company this year) * **Revenue Collapse:** Standalone revenue crashed **33.60%**, signaling a retreat from the open market. * **Technical Insolvency:** Accumulated losses of ₹**24,249.28 Cr** have completely eroded the net worth. * **KMP Instability:** The company saw **three CFO transitions** in less than 12 months, a major governance red flag. * **Negative Operating Leverage:** Power and Fuel costs rose **3.8%** despite a 32.7% drop in revenue. * **Deteriorating Asset Quality:** Credit impaired receivables rose **23%** to ₹276.89 Cr.

Overall scorecard summary Alok Industries is currently in a state of technical insolvency, with its survival entirely decoupled from its operational performance and tethered to the financial support of Reliance Industries. While the shift to a job-work model de-risks the business from commodity volatility, it simultaneously caps margin potential and removes independent market agility. Governance is clouded by extreme CFO turnover and a departure from standard Ind AS debt valuation. The business is on a stable but "utility-like" trajectory as a captive unit, with no clear path to independent financial health.

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	—

Total: 6/10 — Governance Rating: 3

Part c: investor verdict

Thesis: Alok Industries has evolved into a captive, low-margin synthetic processing hedge for Reliance Industries, trading its independent growth potential for promoter-backed survival.

Overall stance: Watch

Rationale: The company is technically insolvent and functions as a department of RIL; any investment is a bet on RIL's internal supply chain strategy rather than the textile market. Re-evaluate when: Interest-free debt moratorium ends or RPT revenue exceeds 50%. BULL CASE: RIL injects fresh equity to clean the balance sheet or shifts higher-margin garmenting mandates to Alok. BEAR CASE: RIL withdraws loan guarantees or renegotiates job-work margins lower, leading to immediate liquidity crisis. Key monitorable: CFO Stability: Current CFO tenure → Watch for 12-month mark.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Business Model Pivot	Transitioning to Job Work for RIL (□72 Cr income).	Job Work income surged 1,273% to □992 Cr (26.7% of revenue).	The company has completed its transformation from an independent market player into a de-risked, low-margin captive processing arm for the promoter.
Working Capital Efficiency	Inventory days at 94; Receivables rose 34% against falling sales.	Inventory days spiked to 165; Credit-impaired receivables rose 23% to □276.9 Cr.	Severe demand-side pressure and deteriorating counterparty quality are leading to a massive buildup of slow-moving stock and risky assets.
Cash Flow Composition	Negative CFO (-□1,161 Cr) due to massive trade payable settlements.	Positive CFO (□115 Cr) driven by inventory liquidation and non-cash write-backs.	Positive cash flow is a result of balance sheet contraction and accounting adjustments rather than a recovery in core operational profitability.
Capital Allocation	Maintenance capex of □36 Cr; focus on survival via promoter funding.	Capex rose to □79 Cr; Capital commitments surged 431% to □121.6 Cr.	Management is aggressively ramping up capital commitments for modernization despite technical insolvency and a negative 5% ROCE.
Management Stability	High KMP churn noted (2 CEOs/2 CFOs).	Extreme instability with 3 CFO transitions in 11 months.	Chronic turnover in the finance function is a major governance red flag suggesting internal distress or friction regarding the company's complex debt accounting.
Earnings Quality	Other income at □19 Cr; OPM positive at 1%.	Other income at □203 Cr; OPM fell to -2%.	Non-recurring asset sales and liability write-backs are being used to mask a deepening collapse in core operating margins.

7.2 Persistent patterns

- **Technical Insolvency**: The company maintains a **massive negative net worth (exceeding □20,000 Cr)**, with accumulated losses continuing to grow each year.
- **Ind AS Non-Compliance**: Persistent **departure from Ind AS 109** by measuring □17,384 Cr of interest-free debt at cost, which continues to mask the true economic interest burden.
- **Promoter Umbilical Cord**: Total and **sustained reliance on Reliance Industries** for financial guarantees (□3,525 Cr), raw material supply, and now the majority of its order book.
- **Going Concern Uncertainty**: Auditors consistently issue an **Emphasis of Matter regarding material uncertainty** over the company's ability to survive without parent support.
- **Structural Energy Drag**: Power and fuel costs remain a **volatile and disproportionate burden**, consistently consuming a double-digit percentage of revenue regardless of sales volume.
- **Value-Destructive Returns**: Capital deployment remains **consistently value-destructive**, with ROCE trapped in negative territory across both reporting periods.
- **Aggressive Depreciation**: Management continues to use **extended useful life estimates for machinery (up to 40 years)** to suppress annual depreciation charges and moderate reported losses.