

Common Size and Index Based

	Pioneer Distilleries			
BALANCE SHEET				
Assets Side	FY2006 (12m)	FY2005 (12m)	FY2004 (18m)	FY2002 (18m)
Cash & Bank Balances	0.9	0.7	0.8	0.3
Accounts Receivable	0.3	0.9	0.4	0.6
Loans and Advances	11.9	16.2	10.3	10.1
Inventories	12.1	12.2	8.0	5.2
Current Assets	25.2	29.9	19.4	16.2
Fixed Assets	73.7	69.7	80.0	83.1
Other Assets (includes investments)	1.1	0.4	0.6	0.8
Total Assets	100.0	100.0	100.0	100.0
Liabilities Side	FY2006 (12m)	FY2005 (12m)	FY2004 (18m)	FY2002 (18m)
Accounts Payable	3.9	2.6	0.6	1.5
Other Current Liabilities	0.8	0.8	2.1	1.3
Long-term Liabilities	77.8	79.1	81.4	92.2
Net Worth	17.5	17.4	15.9	5.0
Total Liabilities	100.0	100.0	100.0	100.0
No of Equity Shares	1.7	2.0	2.4	2.3
INCOME STATEMENT				
Total Sales	100.0	100.0	100.0	100.0
Other Income	0.1	0.0	0.1	0.5
Cost of Goods Sold (RM + Other Direct Expenses)	78.8	84.4	79.9	80.2
Gross Profit	21.3	15.7	20.2	20.3
Operating/Other Expenses	7.7	6.9	13.7	14.1
PBDIT	13.6	8.8	6.5	6.3
Interest	4.5	1.0	15.1	18.7
Depreciation	5.2	4.1	9.5	10.5
Tax	0.7	1.6	0.0	0.0
Profit After Tax	3.2	2.0	-18.1	-22.9
Dividend to Shareholders	0.0	0.0	0.0	0.0

Clear turnaround (from negative net margins to positive margins) and they are improving further margins; decreasing operating / other expenses (what is that?), supplies have started giving credit (growing accounts payable %age), high leverage (but slowly decreasing as net worth improves); low cash in business (still there are some liquidity concerns), highly capital intensive game, and finally near zero other income;

Pioneer Distilleries				
Assets Side	FY2006 (12m)	FY2005 (12m)	FY2004 (18m)	FY2002 (18m)
Cash & Bank Balances	392	262	223	100
Accounts Receivable	73	205	68	100
Loans and Advances	174	205	100	100
Inventories	340	297	147	100
Current Assets	228	236	116	100
Fixed Assets	130	107	93	100
Other Assets (includes investments)	203	68	71	100
Total Assets	147	128	97	100
Liabilities Side	FY2006 (12m)	FY2005 (12m)	FY2004 (18m)	FY2002 (18m)
Accounts Payable	375	218	39	100
Other Current Liabilities	94	80	163	100
Long-term Liabilities	124	109	85	100
Net Worth	514	446	308	100
Total Liabilities	147	128	97	100
No of Equity Shares	108	107	100	100
	FY2006 (12m)	FY2005 (12m)	FY2004 (18m)	FY2002 (18m)
Total Sales	159	176	112	100
Other Income	21	14	29	100
Cost of Goods Sold (RM + Other Direct Expenses)	157	185	111	100
Gross Profit	167	136	111	100
Operating/Other Expenses	87	87	109	100
PBDIT	346	246	115	100
Interest	38	10	90	100
Depreciation	79	69	101	100
Tax	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Profit After Tax	-23	-16	88	100
Dividend to Shareholders	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Increasing capex; increasing business and hence increasing inventories (but the new capex is resulting in more margins than increasing sales in other words possible backward integration or forward integration rather than large increase in size of business); growing accounts payable also shows increasing confidence by suppliers; result is increasing networth (also there is a small increase in number of equity shares – possible preference issue or conversion of warrants / etc.); A decrease in accounts receivable indicates a business with large customer demand for the company’s product (is industrial alcohol regulated or are this company’s produce having better quality?); change in financial condition from loss making to profit making results in FY2006 Indexed PAT becoming negative.

Associated Alcohol and Breweries:

	Actual			Common Size			Index Based		
	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05
Sources Of Funds									
Total Share Capital	6.54	6.54	6.54	11.06	11.31	13.79	100.00	100.00	100.00
Equity Share Capital	6.54	6.54	6.54	11.06	11.31	13.79	100.00	100.00	100.00
Preference Share Capital	0	0	0	0.00	0.00	0.00	0.00	0.00	100.00
Reserves	25.9	26.7	22	43.73	46.09	46.31	117.66	121.30	100.00
Revaluation Reserves	0	0	0	0.00	0.00	0.00	0.00	0.00	100.00
Networth	32.4	33.2	28.5	54.80	57.40	60.10	113.61	116.42	100.00
Secured Loans	19.8	17.6	18.3	33.53	30.51	38.58	108.31	96.39	100.00
Unsecured Loans	6.9	6.99	0.63	11.67	12.09	1.33	1095.24	1109.52	100.00
Total Debt	26.7	24.6	18.9	45.20	42.60	39.90	141.15	130.11	100.00
Total Liabilities	59.1	57.8	47.4	100	100	100	124.60	121.88	100.00
	Actual			Common Size			Index Based		
	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05
Application Of Funds									
Gross Block	52.09	52.53	51.8	88.1	90.9	109	170.1	175.4	100
Less: Accum. Depreciation	14.55	16.38	18.6	24.6	28.3	39.2	132.2	152.1	100
Net Block	37.54	36.15	33.2	63.5	62.5	69.9	191.4	188.4	100
Capital Work in Progress	0.51	0	1.87	0.86	0	3.94	46.1	0.0	100
Investments	0.02	0	1.6	0.03	0	3.37	2.1	0.0	100
Inventories	4.94	8.01	6.88	8.36	13.9	14.5	121.5	201.4	100
Sundry Debtors	14.34	13.83	8.66	24.3	23.9	18.3	280.1	276.2	100
Cash and Bank Balance	5.09	2.44	1.65	8.61	4.22	3.48	521.9	255.8	100
Total Current Assets	24.37	24.28	17.2	41.2	42	36.2	239.8	244.3	100

Loans and Advances	13.15	13.78	10.5	22.2	23.8	22.2	211.1	226.1	100
Total CA, Loans & Advances	37.52	38.06	27.7	63.5	65.8	58.5	228.9	237.4	100
Deffered Credit	9.04	6.63	5.7	15.3	11.5	12	268.3	201.2	100
Fixed Deposits	0	0	0	0	0	0	0.0	0.0	100
Current Liabilities	16.42	16.35	16.9	27.8	28.3	35.7	164.0	166.9	100
Provisions	0.17	0.04	0	0.29	0.07	0	0.0	0.0	100
Total CL & Provisions	16.59	16.39	16.9	28.1	28.3	35.7	165.7	167.3	100
Net Current Assets	20.93	21.67	10.8	35.4	37.5	22.7	328.2	347.3	100
Miscellaneous Expenses	0.11	0	0	0.19	0	0	0.0	0.0	100
Total Assets	59.11	57.82	47.4	100	100	100	210.8	210.8	100

	Actual			Common Size			Index Based		
	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05	Mar '03	Mar '04	Mar '05
Income									
Sales Turnover	71	64	56	100.0	100.0	100.0	177.2	177.2	100.0
Excise Duty	0	0	0	0.0	0.0	0.0	0.0	0.0	100.0
Net Sales	71	64	56	100.0	100.0	100.0	177.2	177.2	100.0
Other Income	1.5	0.8	1.7	2.1	1.3	3.1	123.9	75.2	100.0
Stock Adjustments	-0.2	0.3	-0.5	-0.3	0.5	-0.9	59.3	-102.5	100.0
Total Income	73	65	58	101.8	101.8	102.1	176.6	176.6	100.0
Expenditure									
Raw Materials	37	29	39	52.2	45.0	69.4	133.4	114.9	100.0
Power & Fuel Cost	2.3	1.9	1.8	3.3	3.0	3.2	181.1	168.0	100.0
Employee Cost	1.5	1.6	1.2	2.1	2.5	2.2	172.8	199.7	100.0
Other Manufacturing Expenses	7	4.5	4.6	9.9	7.1	8.2	213.4	153.0	100.0

Selling and Admin Expenses	11	12	2.2	15.4	18.8	4.0	687.2	841.1	100.0
Miscellaneous Expenses	6.5	11	9.2	9.1	16.9	16.3	98.8	183.4	100.0
Preoperative Exp Capitalised	0	0	0	0.0	0.0	0.0	0.0	0.0	100.0
Total Expenses	66	60	58	92.0	93.3	103.3	157.9	160.1	100.0
Operating Profit	5.5	4.6	-2.4	7.7	7.2	-4.2	-325.3	-305.5	100.0
PBDIT	7	5.4	-0.6	9.8	8.5	-1.1	-1558.6	-1350.9	100.0
Interest	3.2	2.3	2.4	4.4	3.7	4.2	189.0	155.4	100.0
PBDT	3.8	3.1	-3	5.4	4.9	-5.3	-180.5	-163.1	100.0
Depreciation	2.6	2.6	2.6	3.6	4.0	4.7	138.0	153.2	100.0
Profit Before Tax	1.2	0.5	-5.6	1.7	0.8	-10.0	-30.9	-14.5	100.0
Extra-ordinary items	0	0	0	0.0	0.0	0.0	0.0	0.0	100.0
PBT (Post Extra-ord Items)	1.2	0.5	-5.6	1.7	0.8	-10.0	-30.9	-14.5	100.0
Tax	1	-0.3	-0.9	1.3	-0.5	-1.7	-141.6	48.4	100.0
Net Profit	0.3	0.8	-4.7	0.4	1.3	-8.3	-8.7	-27.1	100.0

Comments:

- ✚ Pioneer Distilleries suffered a major loss of Rs 73754956 in 2002-2003. Because of this the reserves was highly negative. The company has turned around. Therefore the reserves are moving up. For the above reason, the networth is also increasing.
- ✚ Almost all indicators for the company have turned positive. In fact, they are better than for the competition (in terms of improvement).
- ✚ They have taken a lot of unsecured loans for their expansion projects i.e., business has just turned around and yet the firm is desperately sourcing funds to expand (probably the gut feel of the promoters that there is upside in business OR these unsecured loans are due to sales tax deferral given by the government).
- ✚ Inventories have increased. This is because they have set up a new inventory store in this period and also increased the amount of inventory. This is to suffice the growing demand.
- ✚ All these years it was a loss making company, so they have not paid any tax. This year they have made enough profit to not only cash in on the carry forward of losses but also pay tax.
- ✚ There is a drastic difference between the net worth of the companies. This may be because Associate is relishing its profit.