

#### Pioneer Distilleries

The company is not giving dividends for past 5 years due to carry forward loss. I checked their annual reports for last 5 years. In the director's report it tells about whether dividend will be given or not. Even Bloomberg didn't have any data about pioneer distilleries giving dividend in last 5 year.

But in 2005, 2006 they have got some profits but they have decided to reinvest money into the business instead of giving dividends because at this point of time they need money to make their business stable.

#### Balaji Distilleries

In the absence of profits, the Company has not proposed dividend on Preference Share Capital for the past five years. Since these shares are cumulative, the dividend accumulated up to the current year aggregates to Rs.22, 05, 31,932 in 2006.

Last time they declare dividend in 2000 of Rs .50

#### RESTRUCTURING PACKAGE:

- The Secured creditors viz. ICICI Bank Ltd, IFCI Ltd, L&T Finance Ltd, Sundaram Finance Ltd, Indian Overseas Bank Ltd and Bank of Baroda have restructured the outstanding loans. As a part of the restructuring package, balaji distilleries has allotted Optionally Convertible Cumulative Redeemable Preference Shares and has been adopting concessional rate of interest for the restructured outstanding loans wherever applicable. Not much detail was provided on this.

#### UNSECURED LOANS:

- During the year, an outstanding loan of Rs.46.52 crores (including interest) due to a financial institution has been settled in full through payment of Rs.4.00 crores in cash and **allotment of 40 lakhs equity shares** of Rs.10/- each of the company at par.

#### Observation

Since balaji distilleries are not able to pay back the loans hence they are restructuring their loan structure and are giving banks stock options.

From 1996 to 2000 balaji was giving dividends. But after 2000 their financial health is not so good, hence they are not been able to give dividends. Same is the case with pioneer distilleries. Because of accumulated losses they are not giving dividends.

#### Sources

- 1) [www.bseindia.com](http://www.bseindia.com)
- 2) [www.myiris.com](http://www.myiris.com)
- 3) [www.icicidirect.com](http://www.icicidirect.com)
- 4) 2002-2003, 2003-2004, 2004-2005, 2005-2006 balance sheet of Balaji Distilleries
- 5) 2002-2003, 2003-2004, 2004-2005, 2005-2006 balance sheet of Pioneer Distilleries