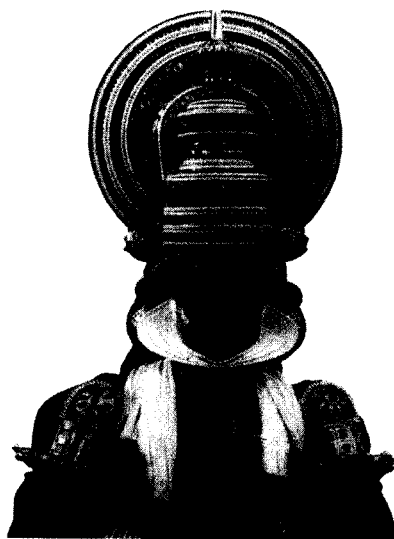




15th
Annual Report
2004-2005



SDF Industries Limited**Board of Directors**

Mr. K.V. Mohan Menon Chairman
 Dr. G.S. Keshavamurthy
 Mr. Ranjit Ramjee
 Mr. M.P. Gopalakrishnan
 Mr. N. Krishnan Nair -Nominee of State Bank of Travancore

Management

Mr. K. Chandrabhanu
 General Manager (Commercial & Productivity)
 Mr. A. Gopikrishnan
 Manager (Admin. & Corporate Affairs)
 Maj. P.G. Nair (Retd.)
 Advisor

Bankers

State Bank of Travancore
 The Federal Bank Ltd.
 The Catholic Syrian Bank Ltd.
 Union Bank of India

Statutory Auditors

Ms. Varma & Varma
 Chartered Accountants
 Calicut.

Internal Auditors

Ms. Mohan & Venkataramanan
 Chartered Accountants
 Coimbatore.

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound
 LBS Marg, Bhandup West
 Mumbai - 400 078

Branch Office

Intime Spectrum Registry Ltd.
 "Surya", 35, Mayflower Avenue
 Behind Senthil Nagar
 Sowripalayalam Road
 Coimbatore - 641 028.

**Registered Office :**

"SDF House",
 7/352, NH Bypass Road
 Chandranagar
 Palakkad - 678 007
 Kerala.

Factory :

"SDF Industrial Complex"
 7/628, Pampadi
 Thiruvilwamala
 Thrissur - 680 597
 Kerala.

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SDF Industries Limited**NOTICE OF THE ANNUAL GENERAL MEETING**

To all Members,

Notice is hereby given that the 15th Annual General Meeting of the Members of the Company will be held on Thursday, the 29th September 2005 at 10.00 A.M. at the Conference Hall of Rotary Paul Harris Hall, N.H. Bypass Road, Karingarapully Post, Palakkad - 678 559 to transact the following businesses.

AGENDA**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31.03.2005 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K.V. Mohan Menon who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. M.P. Gopalakrishnan who retires by rotation and is eligible for reappointment.
4. To appoint Statutory Auditors and fix their Remuneration.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. Pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 the members are informed that the Company has not declared any dividend in the past and hence transfer of unclaimed dividends to Government account does not arise.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 27.09.2005 to 29.09.2005 both days inclusive.
5. Reappointment of Directors

The information required by Corporate Governance Code is given below.

1. Name : Mr. K.V. Mohan Menon
Age : 55
Qualifications : Fellow (British Institute of Management)
Expertise : Ex-Investment Banker
Former Member, Consultative Committee (NRI), Ministry of Finance, Govt. of India.

Other Directorships:

Name of the Company	Position held
1. Gomovious Impex (P) Ltd.	Director
2. Puma Tours & Travels (P) Ltd.	Director

II. Name : Mr. M.P. Gopalakrishnan
Age : 50
Qualifications : B.Com., FCA
Expertise : 23 Years of experiences as Chartered Accountant.

Other Directorships:

Name of the Company	Position held
1. Iswarya Lakshmi Finance (P) Ltd. Coimbatore	Director
2. M.A.P. Chit Funds (P) Ltd. Coimbatore	Director

By the order of the Board

Palakkad
18.08.2005

Sd/-
Ranjit Ramjee
Director

DIRECTORS' REPORT - 2004 - 2005**To the Members of SDF Industries Limited**

The Directors present their Fifteenth Annual Report and the Audited Statement of Accounts for the year ended 31.03. 2005.

I. PERFORMANCE :

	Financial Year	
	2004 - 2005 (Rs. Lakhs)	2003-2004 (Rs. Lakhs)
(i) Total Income	348	383
(ii) Total Expenditure	290	320
(iii) Profit before Interest, Depreciation and extra ordinary items	58	63

IMFL DIVISION :

The Company continued to expand the IMFL bottling activity, on a contract basis, for customers for their sales in the State of Kerala. During the year 2004-2005, the Company packed 965200 cases as against 678542 cases during the previous year, achieving an increase of 142% in this operation. The stepping up of activities of IMFL division continued during the current year also where 318605 cases were packed during the 4 months period of April /July 2005. A higher production level could have been achieved in the previous and current years but for external factors, which resulted in holidays and stoppage of production. Increased production per day is being attempted to overcome this constraint.

DISTILLERY DIVISION :

The Company's untiring efforts in reviving the Distillery Division have produced an opening for starting this Division. Finally, the Kerala High Court has recently given their favorable Verdict in favour of the Company to include molasses as raw material for Distillery operations. The necessary permission from the Kerala Government is awaited. As reported in the last year, the market prices for Molasses and Extra Neutral Alcohol are still very high. As per market indications, the price of Extra Neutral Alcohol will continue at this level and this can help the Company to start operations of the Distillery after commercial considerations are evaluated and finalized. However, additional funds will be required for purchase of balancing equipments and pollution control systems and also for working capital. The Directors of the Company are already working in this direction and results can be expected by end of the current year.

II. PROFITABILITY :

Higher production in IMFL division has resulted in higher operating profit to the extent of Rs. 84 lakhs as against Rs. 74 lakhs in the previous year. This has helped the Company to pay an additional amount of Rs. 54 lakhs to the Banks and KSIDC. The profits of the Company before interest and depreciation are expected to increase further in the year to come.

III. BIFR CASE AND KSIDC SETTLEMENT

The Company's case for a compromise and rehabilitation settlement already approved by Banks and KSIDC is still with BIFR and the final orders are expected any time. In the meanwhile, as a matter of positive gesture, the Banks and KSIDC who have helped the Company to set up the manufacturing facilities and also have a sympathetic approach in the proposed final settlement by waiving a substantial amount of interest and other charges, have been paid Rs. 154 lakhs as on 31st March 2005. A further amount of Rs. 37 lakhs has been paid as on 16th August 2005. As against the settlement amount of Rs. 837 lakhs and also an additional amount of Rs. 300 lakhs from the sale of surplus assets of the Company, the Company has paid so far an amount of Rs. 191 lakhs. As far as KSIDC is concerned, all their dues have been paid before 31st March 2005. The Company is approaching the Banks with a request to extend the repayment period for the balance amounts payable.

IV. CORPORATE GOVERNANCE

The requirement of compliance with Code of Corporate Governance as per clause 49 of the Listing Agreement has been duly complied with. The Company has an "Audit Committee" of Directors with Mr. M.P. Gopalakrishnan (Chairman), Mr. Ranjit Ramjee and Dr. G.S. Keshavamurthy as members and a report showing the details of Corporate Governance is enclosed.

V. PERSONNEL

There are no employees drawing more than Rs. 2,00,000/- per month. Directors are not paid any remuneration or sitting fees for the Board Meetings.

VI. CONSERVATION OF ENERGY

When the main distillery unit becomes operative, necessary energy conservation measures will be introduced. Consumption of power in respect of IMFL operations is not considerable. For a marginal saving in power consumption, the Company has sold the old 1240 KVA generator sets and purchased a 125 KVA generator set.

VII. LISTING PARTICULARS

The shares of the Company are listed at the Stock Exchanges at Kochi Mumbai, Chennai and Ahmedabad. However, trading in the shares takes place only in the Mumbai Stock Exchange. Due to financial constraints, the Company has not paid the listing fees payable to the Stock Exchanges.

VIII. REPLY TO AUDITORS OBSERVATIONS

With regard to the observations made by the Statutory Auditors in their Report, suitable explanations have been included in the Notes forming part of Accounts.

SDF Industries Limited**IX. DIRECTORS**

Mr. K.V. Mohan Menon and Mr. M.P. Gopalakrishnan retire by rotation and are eligible for reappointment.

Mr. K.V. Pradeep Menon, Director resigned from the Board w.e.f. 28.01.2005. The Board of Directors wishes to place on record their appreciation for the invaluable services and advices provided by Mr. K.V. Pradeep Menon during the last several years of his tenure of office as Director of the Company.

The Board performs its functions by regular meetings and monitoring all the activities purely on honorary basis and in the best interest of the Company.

X. AUDIT

The Statutory Auditors M/s. Varma & Varma, Chartered Accountants, retires at the ensuing Annual General Meeting and are eligible for reappointment.

XI. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby state :

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii. that they have selected such accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31.03.2005 and of the Loss of the Company for that period.
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. that they have prepared the annual accounts on a going concern basis.

APPRECIATION

The Directors wish to convey their appreciation to all the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's better performance. The Directors would also like to thank all the Central and State Government Agencies including KSBC, KSEB, Local Panchayat Officials, Banks and KSIDC for the continuous support given by them to the Company and their confidence reposed in its management.

On behalf of the Board of Directors

Sd/

Palakkad
18.08.2005

K.V. Mohan Menon
Chairman

SDF Industries Limited**ANNUAL REPORT 2004 - 2005****CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Governance :**

Your Company firmly believes in transparency in all its dealings and lays emphasis on integrity and regulatory compliance. The Company considers Corporate Governance as a prerequisite for meeting the needs and aspirations of its share holders and other stake holders in the company. With this in view , this year's Annual Report has made necessary disclosures on the activities of the company.

2. Board of Directors :

The Board is headed by the Non-Executive Chairman Mr. K.V. Mohan Menon, and is composed of eminent persons with considerable professional experience in varied fields and comprises of Non-Executive Directors, with majority being independent directors. The details are given below.

Directors	Whether Promoter, Executive, or Non-Executive/Independent	No. of outside Directorships held (only public companies)	No. of Board Committees in which a member/ Chairman
Mr. K.V. Mohan Menon	Chairman - Promoter / Non - Executive	Nil	Nil
* Mr. K.V. Pradeep Menon	Promoter / Non - Executive	Nil	Nil
Mr. Ranjit Ramjee	Independent Non - Executive	Nil	2/-
Mr. M.P. Gopalakrishnan	Independent Non - Executive	Nil	2/2
Dr. G.S. Keshavamurthy	Independent Non - Executive	2	2/-
Mr. N.Krishnan Nair (SBT Nominee)	Nominee Director	Nil	Nil
** Mr. C. Balakrishnan	Promoter / Non - Executive	4	Nil
*** Mr. Nevin Megchiani	Independent Non - Executive	Nil	Nil

* Resigned on 28.01.2005

** Deceased on 14.09.2004

*** Resigned on 30.10.2004

3. Board Meeting & AGM :

During the year under review, 7 Board Meetings were held, the dates being 29th April, 2004, 31st July, 2004, 30th August 2004, 24th September 2004, 30th October, 2004, 5th November 2004 and 28th January 2005.

The Annual General Meeting was held on 23rd December, 2004.

SDF Industries Limited

Details of attendance of each Director at the Board Meetings and AGM are given below :

Directors	No. of Board Meetings attended	Whether attended last AGM
Mr. K.V. Mohan Menon (Chairman)	6	No
Mr. Ranjit Ramjee	6	Yes
Mr. M.P. Gopalakrishnan	7	Yes
* Mr. C. Balakrishnan	Nil	No
Dr. G.S. Keshavamurthy	2	Yes
Mr. N. Krishnan Nair (SBT Nominee)	Nil	No
Mr. K. V. Pradeep Menon	Nil	No
Mr. Nevin Meghiani	Nil	No

** Deceased on 14.09.2004

4. Audit Committee :

The Audit Committee consists of the following 3 Non-Executive Independent Directors :

Directors	Status	No. of Meeting attended
Mr. M.P. Gopalakrishnan - Chairman	Independent Non - Executive	4
Mr. Ranjit Ramjee	Independent Non - Executive	3
Dr. G.S. Keshavamurthy	Independent Non - Executive	2

Terms of reference of the Audit Committee is as per the recommended term referred in Clause 49 (II) (D) of the listing Agreement viz. To review Internal Audit Reports, the Statutory Auditor's Report on the financial statements, to generally interact with the internal Auditors and Statutory Auditors, to review weaknesses in internal controls, to select and establish accounting policies and to review financial statements before submission to the Board.

During the year under review, four Meetings of the Audit Committee were held the dates being 29th April 2004, 31st July 2004, 30th October 2004 and 28th January 2005.

5. Remuneration Committee :

No remuneration is paid to any director of the company. No remuneration committee has been formed as the same is not mandatory.

6. Share Transfer & Shareholder's/Investor's Grievance Committee :

This Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificates by the Company, and (ii) looks into various issues relating to shareholders including redressal of complaints from shareholders relating to transfer of shares, non-receipt of Balance Sheets, etc. The Committee consists of three Non-Executive independent Directors namely.

Mr. M.P. Gopalakrishnan	-	Non - Executive Director - Chairman
Mr. Ranjit Ramjee	-	Non - Executive Director
Dr. G.S. Keshavamurthy	-	Non - Executive Director

The Committee met 17 times during the year.

SDF Industries Limited**Name and Designation of Compliance Officer :**

Mr. A. Gopikrishnan, Manager (Admn. & Corp. Affairs)

No. of shareholders' complaints received during the year : 6

No. of complaints not resolved to the satisfaction of shareholders : Nil

No. of pending share transfers : Nil

7. General Body Meetings :

(a) Location and time where last three AGMs were held :

	Date	Location	Time
1.	23 rd December 2004	Rotary Paul Harris Hall N.H. Bypass Road Palakkad.	10.00 A.M.
2.	30th September 2003	Rotary Paul Harris Hall N.H. Bypass Road Palakkad.	10.30 A.M.
3.	30th September 2002	Rotary Paul Harris Hall N.H. Bypass Road Palakkad.	10.00 A.M.

(b) Whether Special Resolution were put through postal ballot last year : No.

(c) Are votes proposed to be conducted through postal ballot this year : No.

8. Other disclosures :

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large :

The company has no transactions with any related parties that may have potential conflict with the interest of the company at large.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company being a sick company has not paid the listing fees payable to the Stock Exchanges.

9. Means of communication :

- (a) Whether half-yearly report sent to each household of shareholders : No.

- (b) Quarterly results :

(i) Which newspapers normally published in : The Hindu & Kerala Kaumudhi
(Local Edition)

(ii) Any Website displayed : No.

SDF Industries Limited

- (c) Whether presentations made to institutional investors or to the analysts : No presentation were made to institutional investors or to the analysts.
- (d) Whether Management Discussion & Analysis Report is a part of Annual Report or not : Yes
10. **General Shareholder information :**
- (a) AGM: Date, time and venue : 29-09-2005, 10.00 A.M. Rotary Paul Harris Hall, N.H. Bypass Road, Palakkad
- (b) Financial calendar (tentative) : Financial Year " 1st April to 31st March "
- Financial reporting for the quarter ending June 30, 2005 : End of July, 2005
- Financial reporting for the quarter ending September 30, 2005 : End of October, 05
- Financial reporting for the quarter ending December 31, 2005 : End of January, 06
- Financial reporting for the year ending March 31, 2006 : End of May, 2006
- (c) Book closure period : 26-09-2005 to 29-09-2005 (both days inclusive)
- (d) Dividend payment date : Not applicable
- (e) Listing on Stock Exchanges : The Company's securities are listed at :
1. The Stock Exchange, Mumbai
 2. The Stock Exchange, Ahmedabad
 3. The Cochin Stock Exchange Ltd., Cochin
 4. Madras Stock Exchange Ltd., Chennai
- (f) Stock Code : SUPDF - 7518
- (g) Stock Market Data : Shares not traded in BSE since July, 2001.
The last quotation on BSE was on 6.7.2001. Rate : Rs. 1.80
- (h) Share Registrar for Physical :
The Company has appointed M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai - 400 078, to act as Registrar and Transfer Agents to handle all investor services relating to shares held in physical form as well as in electronic mode. The address of their Branch Office at Coimbatore is given below.
**Intime Spectrum Registry Limited "Surya" 35, Mayflower Avenue
Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028
Ph : 0422 - 2316755. Fax : 0422 - 2314792**
- (i) Share Transfer System :
Share Transfers in physical form are registered and returned within a period of 15 days from the date of receipt in case documents are complete in all respects. The Share Transfer Committee normally meets twice in a month.
- (j) Dematerialisation of shares and liquidity : As on 31st March 2005, out of 11687300 equity shares, only 48,100 shares were demated through Central Depository Services (I) Ltd.
- (k) Outstanding GDRs/ ADR/ Warrants, Convertible Bonds, conversion date and likely impact on equity : Nil.

SDF Industries Limited

(i) (i) Distribution of shareholding as on 31st March, 2005.

Group of shares	No. of shareholders	No. of shares held	Percentage to Total Shares
Upto 500	12614	28,44,280	24.34
501 - 1,000	1382	11,17,550	9.56
1,001 - 2,000	449	7,17,000	6.14
2,001 - 3,000	132	3,40,910	2.92
3,001 - 4,000	64	2,34,100	2.00
4,001 - 5,000	55	2,69,000	2.30
5,001 - 10,000	60	5,07,400	4.34
10,001 and above	60	56,57,060	48.40
TOTAL	14816	1,16,87,300	100.00

(ii) Shareholding pattern as at 31st March, 2005.

Sl. No.	Category	No. of shares held	Percentage
1.	Promoters, Directors & Relatives	58,08,490	49.70
2.	Mutual Funds and UTI	22,400	0.19
3.	Banks & Financial Institutions	14,100	0.12
4.	Private Corporate Bodies	6,99,500	5.99
5.	Indian Public	47,11,510	40.31
6.	NRIs	4,31,300	3.69
	TOTAL	1,16,87,300	100.00

(m) Plant Location :

SDF Industrial Complex, 7/628, Pampadi, Thiruvilwamala, Trichur Dist., Kerala - 680 597.

Tel : No. 0488 - 4282703, Fax No. : 4282184.

(n) Address for Communications :

For Annual Report, Transfer of Physical Shares, Change of Address and any other query relating to the shares of the Company.

Intime Spectrum Registry Limited, Branch Office, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028, Tamilnadu.

Contact Address for shareholder / Analyst : The Manager (Admn. & Corp. Affairs),

SDF Industries Limited, SDF House, 7/352, N H Bypass Road, Chandranagar,

Palakkad, Kerala - 678 007. Tel : 0491 - 2572629, Tele Fax : 2572421.

For and on behalf of the Board

Sd/-

K.V. Mohan Menon

Chairman

Palakkad

18.08.2005