

Board of Directors

Mr. K.V. Viswamohan Menon B.Com (Hons.) FCMI (London)

Chairman & Whole time Director

Mr. M.P. Gopalakrishnan B.Com., FCA - Director

Mr. Krishnan Nair Rajkumar M.A - Director

Mr. N. Muralidhar Nair B.Sc., PG in HR (I & T) - Director



Registered Office :

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

Factory :

"SDF Industrial Complex"
5/128, Pampadi
Thiruvilwamala
Thrissur - 680 597
Kerala.

Management

Mr. Sunil Nair B.E (Mech)., MBA - Advisor

Mr. Ramachandran Nair C. B.Com., MBA - General Manager (Factory)

Mr. Vinoo P. Stephen M.Com., MBA, PGDCA- Sr. Manager(Finance & Accounts)

Mr. Shamsudhin P.H. B.Sc. - Manager (Production)

Mr. Santhosh K. B.Com. - Deputy Manager

Mr. Suresh Kumar G. B.A. - Senior Manager (Sales)

Mrs. Lissy T.T. - Executive (Factory)

Statutory Auditors

M/s. Varma & Varma

Chartered Accountants, Kozhikode.

Internal Auditors

M/s. G.G.A & Associates

Chartered Accountants, Coimbatore.

Registrar & Share Transfer Agent

M/s. Link Intime India (P) Ltd.

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup West

Mumbai - 400 078

Branch Office

M/s. Link Intime India (P) Ltd.

"Surya", 35, Mayflower Avenue

Sowripalayam Road

Coimbatore - 641 028.

ANNUAL GENERAL MEETING 2013 -14

Date : 29th September 2014.

Venue : Rotary Paul Harris Hall, NH By Pass Road,
Karingarapully P.O., Palakkad.

Time : 10.00 am.

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DIRECTORS' REPORT 2013-2014**TO THE MEMBERS OF SDF INDUSTRIES LIMITED**

The Directors present their 24th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2014.

I. PERFORMANCE :

Particulars	As on 31.03.2014 (Rs. Lakhs)	As on 31.03.2013 (Rs. Lakhs)
Total Income	578.49	408.28
Total Expenditure	494.64	323.12
Profit before interest & depreciation	83.85	85.16
Less :		
Interest	---	---
Depreciation	19.39	20.53
Net Profit	64.46	64.63

The year 2013-14 has been very eventful one with negative growth for the manufacturing sector. While the economy being on a slow growth, the cost pull inflation affected the manufacturing sector especially the distillery industry which had few avenues to pass the cost increase to the consumers due to strict government restriction on price increase. Thus, liquor industry particularly in Kerala suffered unprecedented losses.

Our Company though no exception to the said circumstances, however continued to make profits albeit in small way due to our policy of primarily concentrating on providing bottling services rather than investing in unprofitable brand marketing. Even though overall productivity and revenue increased by 42 % over the last financial year, the net profits were more or less same as of last year at Rs.83.85 lakhs before depreciation and Rs. 64.46 lakhs net after depreciation. The profit margins would have been higher but for the extra cost especially incurred on implementing the Minimum Wages Act which was made effective from June 2013. Though the Company has willingly abided to this increased cost as being welfare measure to our workers, the government refused to increase the selling prices of IMFL products. Hence, this increased expense without price increase reduced the margins, as we were unable to demand corresponding increase in bottling fees from our clients.

II. OVERALL VIEW

Being in alcoholic industry in Kerala where the governmental control is significant, our flexibility to react to market dynamics is rather limited if not curtailed. Hence, the Company continued to operate as contract bottlers for the time being which has given somewhat better results even under the adverse circumstances. Under the emerging scenario, diversification into other areas by our company is becoming imperative and the directors are actively considering this matter as the long term business strategy while continuing present operations to the near future i.e as service provider to other liquor marketing companies to full fill the obligations as part of rehabilitation process.

The company is still under the process of Rehabilitation stage and is under the purview of Hon. BIFR. The Operating Agencies (OA) have submitted a DRS (Draft Rehabilitation Scheme) and presently is in final stages with few more clarifications to be addressed satisfactorily.

III. 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 independent Directors with Mr.M.P.Gopalakrishnan (Chairman), Mr. N. Muralidhar Nair, Mr. K.V. Viswamohan Menon and Mr. K. Rajkumar as members and a report showing the details of Corporate Governance is enclosed.

IV. PERSONNEL

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended. Directors are not paid any remuneration nor sitting fees for the board meetings.

V. CONSERVATION OF ENERGY

Since the main distillery division is not functioning, only IMFL bottling division is presently operated, the consumption of energy / power therefore is insignificant.

VI. LISTING PARTICULARS

The Company's shares are suspended from trading in the Bombay Stock Exchange Ltd., until the

company comes out of its sickness. After this the company can recommence the trading of its shares.

VII.DIRECTORS

The Board of Directors, at their meeting held on 12th February, 2014, have appointed Mr.Nottiyath Muralidhar Nair as an Additional Director of the Company and he holds office upto the date of the ensuing Annual General Meeting. The Board recommends the appointment of Mr.Nottiyath Muralidhar Nair as an Independent Director of the Company for a period of 5 consecutive years and accordingly, necessary Resolution has been included in the Agenda of the Notice convening the Annual General Meeting.

Further, the Board of Directors, at their meeting held on 13th August, 2014, have recommended the appointment of Mr. Muthiyil Pathayapura Gopalakrishnan, as an Independent Director of the Company for a period of 5 consecutive years and accordingly, necessary Resolution proposing his appointment has been included in the Agenda of the Notice convening the Annual General Meeting.

Mr. Krishnan Nair Rajkumar, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

VIII.AUDIT

Messers. Varma & Varma, (having Firm Registration No.004532S), Chartered Accountants, Kozhikode, Statutory Auditors of the Company retires at the ensuing Annual General Meeting. Being eligible for re-appointment, in accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors have recommended the appointment of Messers. Varma & Varma, (having Firm Registration No.004532S), Chartered Accountants, Kozhikode as the Statutory Auditors of the Company for a period of 3 consecutive years from the conclusion of the ensuing Annual General Meeting till the conclusion of 27th Annual General Meeting which ought to be held during the year 2017, subject to ratification by the members annually.

IX. COST COMPLIANCE

The Cost Compliance Report for the financial year ended 31st March 2013 was submitted to the Central Government in the prescribed form on 25th September, 2013 vide SRN:S22522338.

Further, in accordance with Section 209(1)(d) of the Companies Act, 1956 read with Rule 5 of the Companies (Cost Accounting Records) Rules, 2011, the Cost Compliance Report for the financial year ended 31st March 2014 will be submitted to the Central Government within the prescribed time.

X. DIRECTOR'S 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 31.03.2014 and of the profit of the Company for the period.
- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies 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.

XI. ACKNOWLEDGMENT

The Directors thank all the bottling business partners for their continued faith in the Company as they contributed substantially to the gainful operations of our company. Our directors would also like to thank the fellow directors, executives and employees without whose untiring work the Company would not have achieved the good results inspite of the adverse business environment. Your directors would also like to thank all the shareholders for their continued confidence in the Company.

On behalf of the Board of Directors

Palakkad
13.08.2014

K. V. Viswamohan Menon
Chairman & Wholetime Director

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 of Directors of the Company consists of four Directors, out of which two are independent Directors. Sri.K.V. Viswamohan Menon is the Executive Chairman and all other Directors are Non-executive Directors.

The details of composition of the Board, the attendance record of the Directors at the Board Meetings held during the financial year and the last Annual General Meeting and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship held in Public Companies	No. of membership in Committees Member / Chairman
Mr. K.V.Viswamohan Menon	Chairman / Promoter / Executive	5	Yes	Nil	2/-
Mr. M.P.Gopalakrishnan	Independent Non Executive	5	Yes	Nil	-/2
Mr. Krishnan Nair Rajkumar	Non Independent Non Executive	3	Yes	Nil	2/-
* Mr. N. Muralidhar Nair	Independent Non Executive	1	NA	Nil	1/-
#Dr. G.S.Keshavamurthy	Independent Non Executive	2	Yes	1	2/-

* Mr. N.Muralidhar Nair appointed as additional director w.e.f. 12.02.2014.

Dr.G.S.Keshavamurthy resigned w.e.f 15.11.2013

None of the Directors are related among themselves.

During the year under review, the Board of Directors met 5 times on 27th May 2013, 14th August 2013, 15th November 2013, 12th February 2014 and 14th February 2014.

At least one Board meeting was held during every quarter and the time gap between two meetings was not more than four months.

Shareholdings of Directors in the Company as on 31st March 2014

Sl. No.	Name of the Director	No. of Equity Shares of Rs. 10/- each held	Percentage
1	Mr. K.V.Viswamohan Menon	2891 500	24.74
2	Mr. M.P. Gopalakrishnan	900	0.008
3	Mr. K. Rajkumar	100	0.0008

Other Director/s do not hold any shares in the company.

3. Audit Committee:

The Audit Committee comprises of Four Directors, of which two are Independent directors. Mr. M.P. Gopalakrishnan, Independent Non-Executive Director, being a Chartered Accountant by profession, is the Chairman of the Audit Committee.

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreement with the Stock Exchanges. Terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. Besides having access to all the required information from within the company, the committee can obtain external professional advice whenever required. The Committee acts as a link between the statutory and internal auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their finding, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

Four Meetings of the Committee were held during the financial year 2013-14 on 27th May 2013, 14th August 2013, 13th November 2013 and 14th February 2014. The composition of the Audit Committee and the attendance of each member of the Committee is as given below:

Name of the Member	Category	Category	No. of Meeting attended
Mr. M.P. Gopalakrishnan	Non - Executive - Independent	Chairman	4
Mr. K.V.Viswamohan Menon	Chairman / Promoter / Executive	Member	4
Mr. K. Rajkumar	Non - Executive Non-Independent	Member	1
*Mr. N. Muralidhar Nair	Non - Executive - Independent	Member	1
#Dr. G.S. Keshavamurthy	Non - Executive - Independent	Member	3

** Mr. N.Muralidhar Nair appointed as additional director w.e.f. 12.02.2014.*

#Dr.G.S.Keshavamurthy resigned w.e.f 15.11.2013

The Board of Directors of the Company, at their meeting held on 29th May 2014, have revised the terms of reference of the Audit Committee in conformity with the provisions of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

4. Remuneration Committee:

No remuneration is paid to any director of the company. The Company does not have any employee stock option scheme.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-executive Independent Directors during the year.

The Board of Directors of the Company at their meeting held on 29th May 2014, have constituted a "Nomination and Remuneration Committee" in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 read with the amended Clause 49 of the Listing Agreement.

5. Share Transfer & Shareholders'/Investors' 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 the following Directors:

Mr.M.P.Gopalakrishnan - Non-Executive Independent Director - Chairman

Mr. K.V.Viswamohan Menon - Executive Promoter - Member

#Mr. Rajkumar - Non-Executive Non-Independent - Member

*Dr.G.S. Keshavamurthy - Non-Executive Independent - Member

**Dr. G. S.Keshavamurthy has resigned from the Board of Directors w.e.f 15.11.2013.*

Mr.K.Rajkumar has been inducted as a member of the Committee w.e.f 29.05.2014

The Committee met 12 times during the year.

Mr. Vinoo P. Stephen, Chief Financial Officer of the Company, is the Compliance Officer.

The minutes of the Investor Grievance Committee were placed at the Board Meeting.

At the beginning of the year, no complaint was pending. During the year ended 31st March, 2014, the Company has not received any complaint from the investors and hence no investor complaint was pending on 31st March 2014.

The Board of Directors of the Company at their meeting held on 29th May 2014, have renamed its Shareholders'/Investors' Grievance Committee as "Stakeholders Relationship Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

6. General Body Meetings:

The Details of date, time and location of Annual General Meetings held during the last 3 years are as under

Financial Year	Date	Venue	Time
2010 - 11	28.12.2011	Rotary Paul Harris Hall N H By Pass Road, Palakkad	10:00 a.m.
2011 - 12	26.09.2012	Rotary Paul Harris Hall N H By Pass Road, Palakkad	10:00a.m.
2012 - 13	26.09.2013	Rotary Paul Harris Hall N H By Pass Road, Palakkad	10:00a.m.

No special resolutions passed during the last 3 Annual General Meetings.

No special resolutions were put through postal ballot last year.

As required under Clause 35B of the Listing Agreement, the Company has proposed to provide e-voting / postal ballot (in lieu of e-voting) in respect of all shareholder resolutions to be passed at the ensuing Annual General Meeting.

No Extra Ordinary General Meeting was held during the year 2013-14.

7. Other disclosures:

- There are no materially significant related party transactions i.e transactions of the company of material nature with its promoters, directors or the management, their subsidiaries or relatives etc. which have potential conflict with the interest of the Company at large.
- The Company being a sick Company, it has not paid the listing fees payable to the Stock Exchange(s).
- The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet Senior Level Management and Report any matter of concern.
- The Company has complied with all the mandatory requirements of Corporate Governance Norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchanges. The non-mandatory requirements have not been adopted by the Company.

8. Means of communication :

- Whether half-yearly report sent to each household of shareholders : No
- Quarterly results :
 - Which newspapers normally published in : The Business Standard & Kerala Kaumudi (Local Edition)
 - Any Website displayed : No.
- Whether presentations made to institutional investors or to the analysts : No presentation were made to institutional investors or to the analysts.
- Whether Management Discussion & Analysis Report is a part of Annual Report or not : Yes.

Code of conduct

A code of conduct has been laid down for all board members and senior management of the company, who have affirmed the compliance with the same. The Chairman's declaration to this effect forms part of this report.

Code for prevention of insider trading

The Company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers/ Designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

9. General Shareholder information:

(i) AGM: Date, time and venue: 29-09-2014, 10:00 A.M., Rotary Paul Harris Hall , N H Bypass Road, Palakkad.

(ii) Financial calendar (tentative): Financial Year "1st April to 31st March"

Financial reporting for the quarter ending June 30, 2014 : Second week of August 2014.

Financial reporting for the quarter ending September 30, 2014 : First week of November 2014.

Financial reporting for the quarter ending December 31, 2014 : First week of February 2015.

Financial reporting for the quarter ending March 31, 2015 : End of May 2015.

(iii) Book closure period: 26.09.2014 to 29.09.2014 (both days inclusive).

(iv) Dividend payment date: Not applicable

(v) Listing on Stock Exchanges : The Company's shares are listed at:

1. Bombay Stock Exchange Limited
2. The Ahmedabad Stock Exchange Ltd.
3. The Cochin Stock Exchange Ltd.
4. Madras Stock Exchange Ltd.

(vi) Stock Code: SUPDF - 507518

(vii) 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.

(viii) Registrar and Transfer Agent :

The Company has appointed M/s. Link Intime India Private 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.

Link Intime India Private Limited, Coimbatore Branch Office, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Ph: 0422 - 2314792/2315792, E-mail: coimbatore@linkintime.co.in

(ix) 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 and Demat confirmed within 15 days. The Share Transfer & Shareholders'/Investors' Grievance Committee meets as and when required.

(x) (a) Distribution of Shareholding as on 31st March, 2014.

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters	36,12,100	30.91%
2	Mutual Funds and UTI	22,400	0.19%
3	Banks, Financial Institutions	12,100	0.10%
4	Private Corporate Bodies	7,94,300	6.80%
5	Indian Public	72,46,400	62.00%
	Total	1,16,87,300	100.00%

(b) Distribution schedule as on 31st March, 2014 is given below:

Group of Shares	No. of Shareholders	Percentage of Share holders	No. of shares held	Percentage of Share holding
Upto 500	12514	85.61%	2813980	24.08%
501 - 1,000	1284	8.78%	1047550	8.96%
1,001 - 2,000	443	3.03%	705700	6.04%
2,001 - 3,000	134	0.92%	344910	2.95%
3,001 - 4,000	66	0.45%	240800	2.06%
4,001 - 5,000	56	0.38%	273300	2.34%
5,001 - 10,000	63	0.43%	528100	4.52%
10,001 and above	58	0.40%	5732960	49.05%
Total	14618	100.00%	11687300	100.00%

(xi) Dematerialisation of shares and liquidity:

The Company has arrangement with Central Depository Services (India) Limited (CDSL) for demat facility. As on 31st March 2014, out of 1,16,87,300 equity shares, only 31,66,400 shares were dematerialisation through Central Depository Services (India) Ltd.

(xii) Outstanding GDRs/ADR/Warrants, Convertible Bonds, conversion date and likely impact on equity : NIL

(xiii) Plant Location:

SDF Industrial Complex, 5/128, Pampadi, Thiruvilwamala, Thrissur Dist., Kerala - 680 597.

Tel.No. 0488-4282704, Fax No. 4282184.

(xiv) Address for Communications :

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

M/s. Link Intime India Private Limited, Coimbatore Branch Office, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028, Tamilnadu.

Contact address for shareholder/Analyst:

The Manager - Finance & Accounts, SDF Industries Limited

SDF House, 7/352, N H Bypass Road, Chandranagar, Palakkad, Kerala - 678 007.

Tel: 0491-2572629 Tele Fax: 2572421 email : sdfindustries@gmail.com

DECLARATION

It is hereby declared that all the Board Members, Senior Management and Employees of the Company have affirmed to and compliance with the 'Code of Conduct' laid down by the Company, as on 31st March 2014.

For and on behalf of the Board

Palakkad
13.08.2014

K. V. Viswamohan Menon
Chairman & Whole time Director