



ANNUAL REPORT  
2001-2002

**SDF INDUSTRIES LIMITED**  
(FORMERLY - SUPERSTAR DISTILLERIES & FOODS LTD.)  
Regd. Office : Palakkad, Kerala      Factory : Pampady, Kerala

**SDF Industries Limited****Board of Directors**

Mr. K.V. Mohan Menon	Chairman
Dr. G.S. Keshavamurthy	
Mr. C. Balakrishnan	
Mr. Ranjit Ramjee	
Mr. M.P. Gopalakrishnan	
Mr. Nevin Megchiani	
Mr. K.V. Pradeep Menon	
Mr. N. Krishnan Nair	Nominee of SBT

**Management**

Mr. Keshavdas	Executive Director
Maj. P.G. Nair (Retd.)	Factory Administrator
Mr. K. Chandrabhanu	Sr. Manager (Marketing)
Mr. Kutty Narayanan	Manager (Purchase)

**Bankers**

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

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**Statutory Auditors**

M/s. Varma & Varma  
Chartered Accountants  
Calicut.

**Internal Auditors**

Mr. N.R. Neelakandan  
Chartered Accountant  
Palakkad.

**Registered Office**

'SDF House', 7 / 223,  
Chandranagar  
Palakkad - 678 007.  
Kerala.

**Factory**

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

**SDF Industries Limited**  
**2001-2002**

**SDF Industries Limited****NOTICE OF THE ANNUAL GENERAL MEETING****To all Members,**

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held on Monday, the 30th September 2002 at 10.00 a.m. at the Conference Hall of Rotary Paul Harris Hall, N.H. Bye Pass Road, Karingarapully Post, Palakkad - 678 559 to transact the following business.

**AGENDA****Ordinary Business**

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31.03.2002 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. Ranjit Ramjee who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri. M.P. Gopalakrishnan who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Sri. K.V. Pradeep Menon who retires by rotation and is eligible for reappointment.
5. To appoint Statutory Auditors and fix their Remuneration.

By the order of the Board

Palakkad  
31.7.2002

Sd/-  
**Ranjit Ramjee**  
Director

**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 23.9.2002 to 30.9.2002 both days inclusive.

5. All formalities relating to dematerialisation with Central Depository Services (I) Limited have been completed and the scrip can be traded in dematerialised form. ISIN activation allotted is INE543D01015.

**6. Reappointment of Directors**

A brief resume, nature of experience in specific functional areas and other directorship of committees in respect of the appointment/reappointment of Directors are given in terms of clause 49 of the Listing Agreement.

- I. Name : Ranjit Ramjee  
Age : 52  
Qualifications : B.Com.  
Expertise : 25 years of Business & Managerial Experience.

**Other Directorships**

Name of the Company	Position held
1. Garibdasji Pvt. Ltd., Coimbatore.	Director
2. MRG Exports Pvt. Ltd., Coimbatore.	Director
3. Haymarket Advertising Pvt. Ltd., Coimbatore	Director

- II. Name : M.P. Gopalakrishnan  
Age : 47  
Qualifications : B.Com., FCA  
Expertise : 20 years of experience 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

- III. Name : K.V. Pradeep Menon  
Age : 40  
Qualifications : B.Com., MBA (London)  
Expertise : 15 years of Business experience. Dealing in World Bank Funded Projects in Third World Countries.

Other Directorships : Nil

**SDF Industries Limited****DIRECTORS' REPORT - 2001 - 2002**

**Dear fellow Shareholders, Ladies & Gentlemen,**

Your Directors place before you the 12th Annual Report of your Company together with the Audited Accounts for the year ended 31.3.2002.

**Company's Performance :****I. IMFL Division :**

During the year the company was unable to make much progress in the IMFL market due to heavy competition in the market and due to Working Capital constraints. Sensing this, the company shifted its focus to the Job Work of bottling for other companies. The company also managed to reduce its overheads to the minimum. All the statutory payments were also made regularly. As a result of tight control over expenditure, the company was able to make a small operating profit (Profit before Interest & Depreciation). In spite of showing an operating profit, the company was not able to reduce the overall losses due to heavy financial charges.

The Excise policy of the Kerala State Govt. for the year 2001 - 02 has been encouraging, especially for Kerala based companies. The company hopes to perform much better in the coming days.

**II. Distillery Division :**

In spite of making all technical modification, the company was unable to run the distillery on grains or starch due to the prohibitive cost of raw materials.

The company has already made representations to the Government of Kerala to amend the licence to include molasses as raw material which was rejected by the Government. The company, however, moved the Hon'ble High Court of Kerala contending that it had only requested for an amendment of the licence allowing the use of molasses as raw material and not asking for a fresh licence. The single Judge of the Hon'ble High Court of Kerala upheld the appeal of the company and directed the Govt. to make the necessary amendment and issue orders within two days. The Govt. then appealed to the Division Bench of the Hon'ble High Court of Kerala and the matter is pending.

Meanwhile, changing scenario of new GASHOL policy of Govt. of India the company plans to start the distillery using starch waste. We have appointed an experienced distillery expert to study the viability

of the project in this route. The studies have confirmed that the yield is satisfactory. Some more trials have to be conducted before finalising this. The banks have been appraised of the latest situation.

**III. Registration under BIFR :**

The networth of the company was fully eroded in the month of March 2000 and the company had to register itself under the BIFR as per the statutory requirement. The BIFR registered the company and called for a hearing on the 2nd of July 2001. The following were the outcome of the hearing.

- a) The company was declared a sick unit as per the norms of the BIFR.
- b) The State Bank of Travancore, the leader of the consortium, was appointed the operating agency.
- c) The company was directed to expedite the pending court case regarding the amendment of licence to include molasses as raw material and to submit a revised rehabilitation package within six weeks.

**IV. Turn Over Tax (TOT)**

The Govt. of Kerala reintroduced turnover tax through an explanation in the Finance Bill of 2001. Based on this, the Supreme Court stayed the collection of TOT upto 31.3.2001 and asked the Kerala High Court to dispose off the matter. The assesseees were asked to pay TOT of 5% on Basic Price and Excise Duty w.e.f. 1.4.2001. The Kerala High Court heard the case subsequently and declared that the TOT was unconstitutional and directed the State Govt. to refund the amounts collected as TOT within 3 months.

This confusion has created a turmoil and affected the Company's business very badly. It is hope that with this new development the uncertainty of the past 4 years will be abated.

**V. Personnel**

There are no employees drawing more than Rs. 1,00,000 per month.

**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 normal.

**SDF Industries Limited****VII. Listing Particulars**

The shares of the company are listed at the Stock Exchanges at Cochin, Mumbai, Chennai and Ahmedabad. However, trading in the shares takes place only in the Mumbai Stock Exchange. Due to financial strain, the company has not paid the Listing fee due to the Stock Exchanges.

**VIII. Reply to Auditors observation**

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.

**IX. Directors**

Mr. Ranjit Ramjee, Mr. M.P. Gopalakrishnan and Mr. K.V. Pradeep Menon retire by rotation and are eligible for reappointment. As in the past the directors have not been drawing any remuneration nor sitting fees etc. The Board performs its function purely on honorary basis and in the interest of the company.

**X. Statutory Auditors**

The Statutory Auditors M/s. Varma & Varma, Chartered Accountants, Calicut 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 had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and 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 31.03.2002 and of the loss of the company for that period;
- iii) that the directors had 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 the directors had prepared the annual accounts on a going concern basis.

**XII. Corporate Governance**

The requirement of Compliance with code of Corporate Governance as per clause 49 of the listing Agreement applied to the Company in the current year. The company has already constituted an "Audit Committee" of directors with Mr. M.P. Gopalakrishnan (Chairman), Mr. Ranjit Ramjee and Dr. G.S. Keshavamurthy as members. A report showing the details of Corporate Governance is attached.

**XIII. Name Change**

The company has changed its name from Superstar Distilleries and Foods Limited to M/s. SDF Industries Limited.

**Acknowledgement**

Your Directors wish to record their gratitude to some of the Central and State Government Agencies including KSBC and Local Panchayat Officials at Pampady, who have extended support to this project throughout.

The Directors also wish to place on record their gratitude to the Banks who have sanctioned funds for Long Term and Working Capital requirements of your Company and also to KSIDC for their financial assistance.

We also record our appreciation of the assistance and guidance extended by various agencies connected with the affairs of the company. Your Directors are happy to state that we have had good co-operation from our officers, staff and workers inspite of adverse financial conditions.

Last but not the least, let us reiterate our message of last year of our deep appreciation and regards to you - our fellow shareholders, who, like us, have invested hard earned savings towards the future of the company. In spite of untiring efforts by everyone, the company has not been able to turn around due to the reasons beyond our control.

Jai Hind !

Palakkad  
19.06.2002

For and on behalf of the Board,

Sd/-  
Chairman

**SDF Industries Limited****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 years 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, (NRI) 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 (NRI)	Chairman Independent Non-Executive	Nil	Nil
Mr. C. Balakrishnan	Promoter / Non-Executive	4	Nil
Mr. K.V. Pradeep Menon (NRI)	Independent 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	4	2/--
Mr. N. Krishnan Nair SBT Nominee	Independent Non-Executive	Nil	Nil
Mr. Nevin Megchiani (NRI)	Independent Non-Executive	Nil	Nil

**3. Board Meeting & AGM :** During the year under review, 4 Board Meetings were held, the dates being 30th April, 2001, 24th July, 2001, 31st October, 2001 and 31st January 2002. The maximum time gap between any two meetings was not more than 4 months.

The Annual General Meeting was held on 27th December, 2001.

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)	3	No
Mr. Ranjit Ramjee	3	Yes
Mr. M.P. Gopalakrishnan	4	Yes
Mr. C. Balakrishnan	3	Yes
Mr. G.S. Keshavamurthy	2	Yes
Mr. N. Krishnan Nair (SBT Nominee)	1	No
Mr. K.V. Pradeep Menon	Nil	No
Mr. Nevin Megchiani	Nil	No

**SDF Industries Limited****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	4
Dr. G.S. Keshavamurthy	Independent Non Executive	Nil

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 Auditors' 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 30th April 2001, 25th June 2001, 29th October 2001 and 15th January 2002.

**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 & Shareholders' / Investors' Grievance Committee :**

This Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificate 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 9 times during the year.

Name and designation of Compliance Officer : Mr. Keshavdas, Executive Director.

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

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. 27th December 2001	Rotary Paul Harris Hall N H Bye Pass Road Palakkad.	10 A.M.
2. 28th September 2000	Hotel Chanakya Chandranagar Palakkad.	10 A.M.
3. 19th November 1999	- do -	10 A.M.

**SDF Industries Limited**

(b) Whether Special Resolution were put through postal ballot last year : Yes. Amendment to the object Clause in the Memorandum of Association was put through Postal Ballot. The votes cast in favour of the resolution was more than 3 times the votes cast against the resolution. The Postal Ballot was conducted in accordance with the procedure laid down under Section 192A of the Companies Act 1956 read with Companies (passing of Resolution by Postal Ballot) Rules 2001.

(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.

(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.

(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 : 30.09.2002, 10 A.M., Rotary Paul Harris Hall, N.H. Bye Pass Road, Palakkad - 678 559.

(b) Financial calender (tentative) :

Financial reporting for the quarter ending June 30, 2002	: End July, 2002
Financial reporting for the quarter ending September 30, 2002	: End October, 2002
Financial reporting for the quarter ending December 31, 2002	: End January, 2003
Financial reporting for the year ending March 31, 2003	: End May, 2003

(c) Book closure period : 23.09.2002 to 30.09.2002 (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.
4. Madras Stock Exchange Ltd.

(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. Rates : Rs. 1.80.

(h) Register & Transfer Agents : M/s. Cameo Corporate Services Limited, Subramanian Building,  
(for Demat of shares) No.1, Club House Road, Chennai - 600 002.

**SDF Industries Limited**

- (i) **Share Transfer System :**  
Share transfer in physical form are registered and returned within a period of one month from the date of receipt in case documents are complete in all respects. The Share Transfer Committee normally meets once in a month.
- (j) **Dematerialisation of shares and liquidity :** As on 31st March 2002, out of 11687300 equity shares, only 4900 shares were demated through Central Depository Services (I) Ltd.
- (k) **Outstanding GDRs / Warrants, Convertible Bonds, conversion date and likely impact on equity :**  
Nil
- (l) (i) **Distribution of shareholding as on 31st March, 2002.**

Group of Shares	No. of Shareholders	No. of shares held	Percentage to Total Shares
Upto 5,000	12,703	28,65,080	24.51
5,001 - 10,000	1,395	11,26,050	9.63
10,001 - 20,000	438	7,00,300	5.99
20,001 - 30,000	131	3,37,310	2.90
30,001 - 40,000	63	2,30,300	1.97
40,001 - 50,000	55	2,69,400	2.31
50,001 - 1,00,000	59	4,99,300	4.27
1,00,001 and above	60	56,59,560	48.42
<b>TOTAL</b>	<b>14904</b>	<b>1,16,87,300</b>	<b>100.00</b>

- (ii) **Shareholding pattern as at 31st March, 2002.**

Sl. No.	Category	No. of Shares held	Percentage
1.	Promoters, Directors & Relatives	58,11,190	49.72
2.	Mutual Funds and UTI	22,400	0.19
3.	Banks & Financial Institutions	14,200	0.12
4.	Private Corporate Bodies	7,00,600	6.00
5.	Indian Public	47,06,610	40.27
6.	NRIs	4,32,300	3.70
	<b>TOTAL</b>	<b>1,16,87,300</b>	<b>100.00</b>

- (m) **Plant Location :**  
SDF Industrial Complex  
7/628, Pampadi, Thiruvilwamala  
Trichur Dist., Kerala - 680 597.  
Phone No. 0488-482703, Fax No. 482184.
- (n) **Address for correspondence :**  
SDF Industries Limited  
SDF House, 7/223  
Chandranagar, Palakkad  
Kerala - 678 007.  
Phone Nos. 0491-572629, 573517, Fax No. 572421

Palakkad  
19.06.2002

For and on behalf of the Board,  
**Sd/-**  
**Chairman**