



13<sup>th</sup>

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ANNUAL REPORT  
2002-2003

**SDF INDUSTRIES LIMITED**  
(FORMERLY - SUPERSTAR DISTILLERIES & FOODS LTD.)

Regd. Office : Palakkad, Kerala

Factory : Pampady, Kerala

**SDF Industries Limited**

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**Registered Office**

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

**Factory**

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

**SDF Industries Limited**  
**2002-2003**

**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**

Maj. P.G. Nair (Retd.)	Administrator
Mr. K. Chandrabhanu	Sr. Manager (Marketing)
Mr. A. Gopikrishnan	Manager (Admn. & Corp. Affairs)

**Bankers**

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

**Statutory Auditors**

M/s. Varma & Varma  
Chartered Accountants  
Calicut.

**Internal Auditors**

Mr. N.R. Neelakandan  
Chartered Accountant  
Palakkad.

**Registrar & Share Transfer Agent**

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

**Investor Relation Centre at :**

"Surya", 35  
Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimabtoe - 641 028.

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

Notice is hereby given that the 13th Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th September 2003 at 10.30 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 31.03.2003 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. K.V. Mohan Menon who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri. Nevin Megchiani who retires by rotation and is eligible for reappointment.
4. To appoint Statutory Auditors and fix their Remuneration.

**Special Business**

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

**RESOLVED THAT** in supersession of earlier resolutions and in terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and also guidelines / notification issued / to be issued by SEBI from time to time and subject to the provisions of the Companies Act 1956 and subject to such approval, permission and sanction as may be necessary, the consent be and is hereby accorded to the Board of Directors of the Company to seek voluntary delisting of its equity shares from The

Stock Exchange, Ahmedabad and Madras Stock Exchange Ltd., where the Company's equity shares are presently listed without giving an exit option to the shareholders of the region where the aforesaid Stock Exchanges are situated.

**FURTHER RESOLVED** that the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary and make such application and execute such agreement, documents as it may consider necessary for giving effect to this Resolution.

By the order of the Board

Sd/-

**Ranjit Ramjee**  
Director

Palakkad  
27.8.2003

**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 on 29.9.2003 & 30.9.2003.

**SDF Industries Limited**

5. The shares of the company has been dematerialised with Central Depository Services (I) Limited, Mumbai 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 : K.V. Mohan Menon  
 Age : 53  
 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. Coimbatore.	Director
2. Puma Tours & Travels (P) Ltd. Chennai.	Director

II. Name : Nevin Megchiani  
 Age : 66  
 Qualifications : B.Com.  
 Expertise : 30 years of experience in Business & Management.

Other Directorships : None at present

### Explanatory Statement

(Pursuant to section 173(2) of the Companies Act, 1956.

### Item No.5

At the Extraordinary General Meeting held on 30th June 1999, the shareholders approved the proposal for delisting of the Company's equity shares from the Stock Exchange, Ahmedabad and the Madras Stock Exchange Ltd., Chennai.

Now, the Securities and Exchange Board of India as per SEBI (Delisting of Securities) Guidelines, 2003 has issued revised guidelines for voluntary delisting of securities without providing exit option to the shareholders provided its securities continue to be listed on the Stock Exchanges having nationwide terminal.

At present, the Company's equity shares are listed at

1. The Cochin Stock Exchange Ltd., Cochin
2. The Stock Exchange, Mumbai
3. The Stock Exchange, Ahmedabad
4. The Madras Stock Exchange Ltd., Chennai

BSE has nation wide trading terminals and hence the members have access to online dealings in the Company's equity shares across the country. Also the trading volumes on ASE and MSE in the Company's shares are very low and the benefits accruing to the shareholders are not commensurate with the costs of continued listing on The Stock Exchange, Ahmedabad and The Madras Stock Exchange Ltd., Chennai. Delisting of equity shares from Ahmedabad and Chennai will not adversely affect the investors. Company's equity shares will continue to be listed on The Cochin Stock Exchange Ltd., and The Stock Exchange, Mumbai.

The Board commends the Resolution for acceptance by the members.

None of the Directors are deemed to be concerned or interested in the resolution.

**SDF Industries Limited****DIRECTORS' REPORT - 2002 - 2003**

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

Your Directors place before you the 13th Annual Report of your Company together with the Audited Accounts for the year ended 31.3.2003.

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

The IMFL market was not encouraging due to imposition of Turnover Tax and heavy competition in the market. The company mainly focussed on job work of bottling to other companies. Eventhough the turnover / other income of the company during the year as come down but on account of tight control over expenditure, the company made an operating profit of Rs. 59.68 lakhs as against Rs. 63.83 lakhs in the previous year.

Inspite of showing an operating profit, the company was not able to reduce the overall losses due to heavy financial charges.

**II. Distillery Division :**

The Distillery division continued to be not operational due to prohibitive cost of raw materials. The case against the Government on a plea to include molasses as raw material is still pending in the Division bench of High Court of Kerala.

**III. Registration under BIFR :**

As you are aware the Company has been declared sick under the BIFR. A draft rehabilitation package has been worked out and various meeting have been held with Consortium of Bankers. A final decision in this regard has not yet been taken by the Bankers. We hope an amicable settlement would be reached shortly so that a profitable situation could be envisaged.

**IV. Personnel**

There are no employees drawing more than Rs. 2,00,000 per month.

**V. 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.

**VI. 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.

**VII. 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.

**VIII. Directors**

Mr. K.V.Mohan Menon and Mr. Nevin Megchiani retired 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 for the interest of the company.

**IX. Statutory Auditors**

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

**X. Directors' Responsibility Statement**

The directors hereby state :

**SDF Industries Limited**

- 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 31.03.2003 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.

**XI. Delisting**

The company's shares are listed at the Stock Exchanges at Cochin, Mumbai, Ahmedabad and Chennai. The company proposes to delist from Chennai and Ahmedabad Stock Exchanges in view of negligible trading in the shares of the company at these exchanges. The listing fees paid to these exchanges do not provide commensurate benefit to the company as well as the shareholders and investors in the absence of any trading in the equity shares of the company in these stock exchanges and therefore, the company is seeking the approval of the shareholders at the ensuing Annual General Meeting for this purpose

**XII. Appointment of Common Share Transfer Registrar.**

SEBI, through its circular No. D&CC/FITTC/Cir-15/2002 dated 27th December 2002, has made it mandatory that all the work relating to share registry in terms of both physical and electronic forms should be maintained at a single point, i.e., either in house or by a SEBI registered Registrar and Transfer Agent. Accordingly, your Directors have appointed Intime Spectrum Registry Limited., Mumbai as our Registrar and Transfer Agent. Shareholders are advised to send all their correspondence, transfer, transmission of shares directly to Investors' Relation Centre at 'Intime Spectrum Registry Limited', Surya, No.35, Mayflower Avenue, Sowripalayam Road, Behind Senthil Nagar, Coimbatore - 641 028.

**XIII. Corporate Governance**

The requirement of Compliance with code and 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 given below.

**Acknowledgement**

Your Directors wish to record their gratitude to the Central and State Government Agencies including KSBC, Local Panchayat Officials etc., Banks, KSIDC and our officers, staff and workers who have extended support to your company.

**For and on behalf of the Board,**

Palakkad  
29.08.2003

**Sd/-  
Chairman**

**SDF Industries Limited****ANNUAL REPORT 2002 - 2003****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 Promoter / Non-Executive	Nil	Nil
Mr. C. Balakrishnan	Promoter / Non-Executive	4	Nil
Mr. K.V. Pradeep Menon (NRI)	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	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, 5 Board Meetings were held, the dates being 31st May, 2002, 19th June, 2002, 31st July, 2002 and 31st October 2002 & 20th January 2003.

The Annual General Meeting was held on 30th September, 2002.

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	5	Yes
Mr. M.P. Gopalakrishnan	5	Yes
Mr. C. Balakrishnan	1	No
Dr. G.S. Keshavamurthy	3	Yes
Mr. N. Krishnan Nair (SBT Nominee)	Nil	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	1

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 19th June 2002, 31st July 2002, 31st October 2002 and 20th January 2003.

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

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. 30th September 2002	Rotary Paul Harris Hall N H Bye Pass Road Palakkad.	10 A.M.
2. 27th December 2001	- do -	10 A.M.
3. 28th September 2000	Hotel Chanakaya Chandranagar Palakkad.	10 A.M.



**SDF Industries Limited**

- (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.  
 (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 :  
 30.09.2003, 10.30 A.M., Rotary Paul Harris Hall, N.H.Bye Pass Road, Palakkad
- (b) Financial calender (tentative) :  
 Financial reporting for the quarter ending June 30, 2003 : End of July, 2003  
 Financial reporting for the quarter ending September 30, 2003 : End of October, 2003  
 Financial reporting for the quarter ending December 31, 2003 : End of January, 2004  
 Financial reporting for the year ending March 31, 2004 : End of May, 2004
- (c) Book closure period : 29.09.2003 and 30.09.2003
- (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) Share Registrar for physical :  
 Securities and Exchange Board of India (SEBI) has mandated, vide Circular No.D&CC/FITTC/CIR-15/2002 dated 27.12.2002, that all share Registry work relating to both physical and electronic form of shares must be maintained at a single point, either in-house or by a SEBI registered Registrar and Transfer Agent. Consequently, 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 Investor Relation Centre is given below.

**Intime Spectrum Registry Limited, "Surya" 35, Mayflower Avenue,  
 Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028.  
 Ph : 0422-2316755 / 2314792. Fax : 0422-2318780**