

19th Annual Report 2008 - 2009

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S d F
INDUSTRIES LTD

SDF Industries Limited

**Board of Directors**

Mr. K.V. Mohan Menon - Chairman / Wholetime Director
 Dr. G.S. Keshavamurthy
 Mr. Ranjiit Taunk
 Mr. M.P. Gopalakrishnan
 Mr. S. Vasudevan -Nominee of State Bank of Travancore

Management

Mr. A. Gopikrishnan - General Manager
 Maj. P.G. Nair (Retd.) - Adviser

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

M/s. Mohan & Venkataramanan
 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
 Behind Senthil Nagar
 Sowripalayam 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 19th Annual General Meeting of the Members of the Company will be held on Wednesday, the 30th September 2009 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 31.03.2009 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. M. P. Gopalakrishnan who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Ranjiit Taunk 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 25.09.2009 to 30.09.2009 (both days inclusive).

5. Reappointment of Directors

The information required by Corporate Governance Code is given below.

1. Name : Mr. M. P. Gopalakrishnan
Age : 54
Qualifications: B.Com., FCA.
Expertise : 27 years of experience as Chartered Accountant.
Relationship : Not related to any other Director of the Company
Other Directorships:

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

 No. of shares held in the company : 900
 Mr. M. P. Gopalakrishnan is a member of the Audit Committee.

2. Name : Mr. Ranjiit Taunk
Age : 59
Qualifications : B.Com.
Expertise : 32 Years of Business & Managerial experience.
Relationship : Not related to any other Director of the Company
Other Directorships:

<u>Name of the Company</u>	<u>Position held</u>
Garibdasji Pvt. Ltd., Coimbatore	Director

 No. of shares held in the company : 61,200
 Mr. Ranjiit Taunk is a member of the Audit Committee.

Palakkad
31. 07. 2009

By the order of the Board
K. V. Mohan Menon
Chairman & Wholtime Director

SDF Industries Limited

DIRECTORS' REPORT 2008 - 2009

TO THE MEMBERS OF SDF INDUSTRIES LIMITED

The Directors present their Nineteenth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2009

I. PERFORMANCE :

	Financial Year	
	2008 - 2009	2007-2008
	(Rs. Lakhs)	(Rs. Lakhs)
(i) Total Income	339	250
(ii) Total Expenditure	326	1096
(iii) Net Profit/(Loss)	13	(846)

As stated in the last year's Directors' Report, the Company is in the process of rehabilitation (DRS) under Hon'ble BIFR. The Operating Agency (OA) – State Bank of Travancore (SBT) had submitted a One Time Settlement scheme (OTS). The company is awaiting Hon. BIFR sanction to the said DRS for further action in this regard. However, notwithstanding the sanction of BIFR, the company have commenced repayment of the OTS and hope it can complete the said OTS within next few months.

II. OVERALL VIEW:

In spite of very turbulent economic scene the company increased its productivity by attracting better and larger bottling parties. The Directors are happy to inform you that for the first time the company is reporting a net profit for the year albeit a small sum. The net profit during the year is Rs.13.07 lakhs as against a net loss of Rs.846.61 lakhs reported last year. Of course last year as part of DRS the company had to account Rs.670.03 lakhs write off under impairment. It is hoped that the company will continue to perform better once its obligations to banks are over. Hence the management is giving priority now to come out of the present corporate sickness and full repayment of OTS to banks. Of course, the board shall hasten to add that any prospect of this industry vastly depend upon government policies.

III. IMFL & DISTILLERY OPERATIONS

Due to paucity of working capital, the Company is only doing IMFL manufacturing activities under job work basis and joint venture manufacturing basis. During the year 2008-09 company has manufactured 13.66 lakhs cases. Presently company can produce 1.80 lacs cases per month. But it is increasingly difficult to attract new customers while the company is sick. It is hoped once bank settlement is over the company will get few more blue chip bottling customers. It is unlikely to restart the distillery operations in the near future due to prevailing Government policies and commercial scenario. Our policy is to concentrate on bottling as core business model atleast into next few years.

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.Ranjiit Taunk 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 nor sitting fees for the board meetings.

VI. 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.

VII. 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 in the premier bourses.

SDF Industries Limited

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

IX. DIRECTORS

Mr.M.P.Gopalakrishnan and Mr. Ranjiit Taunk retire by rotation and are eligible for reappointment.

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

X. AUDIT

The Statutory Auditors Messrs. 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 31.03.2009 and of the profit 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.

XII. APPRECIATION

The board takes this opportunity to thank all our fellow shareholders for their continued co-operation. The Board of Directors, wish to thank the Government Officials and the Bankers who stood with the company in difficult times and for appreciating its genuine and transparent efforts. The Board of Directors also thank every member of its staff and employees for their sincere and hard work which enabled the company to come out of its very adverse past.

Jai Hind!

On behalf of the Board of Directors

(Sd./-)

K. V. Mohan Menon

Chairman / Wholetime Director

Palakkad
31.07.2009

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 year's Annual Report has made necessary disclosures on the activities of the company.

2. Board of Directors:

The Board is headed by the 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 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 of other companies Member / Chairman
Mr. K.V.Mohan Menon	Chairman / Promoter / Executive	5	Yes	Nil	Nil
Mr. Ranjit Taunk	Independent Non Executive	4	Yes	Nil	Nil
Mr. M.P.Gopalakrishnan	Independent Non Executive	5	Yes	Nil	Nil
Dr. G.S.Keshavamurthy	Independent Non Executive	-	Yes	1	Nil
Mr. S. Vasudevan (SBT Nominee)	Nominee Director	4	No	Nil	Nil

None of the Directors are related among themselves.

During the year under review, the Board of Directors met 5 times on 30th April 2008, 26th July 2008, 2nd September 2008, 31st October 2008 and 28th January 2009.

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

The Annual General Meeting was held on 29th September 2008.

SDF Industries Limited

Shareholdings of Directors in the Company as on 31st March 2009

Sl. No.	Name of the Director	No. of Equity Shares of Rs. 10/- each held	Percentage
1	Mr. K.V.Mohan Menon	2891400	24.74
2	Mr. Ranjit Taunk	61200	0.52
3	Mr. M.P. Gopalakrishnan	900	0.008

Other Non - Executive Directors do not hold any shares in the company.

3. Audit Committee:

The Audit Committee comprises of 3 Non-Executive Directors, of which all are Independent directors. Mr. M.P. Gopalakrishnan, Chartered Accountant, 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.

Five Meetings of the Committee were held during the financial year 2008-09 on 30th April 2008, 26th July 2008, 2nd September 2008, 31st October 2008 and 28th January 2009. The constitution of the Committee and the attendance of each members is as given below :

Name of the Member	Category	No. of Meeting attended
Mr. M.P. Gopalakrishnan	Non - Executive - Independent	5
Mr. Ranjit Taunk	Non - Executive - Independent	5
Dr. G.S. Keshavamurthy	Non - Executive - Independent	-

4. Remuneration Committee:

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

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 three Non-Executive independent Directors namely:

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

The Committee met 8 times during the year.

SDF Industries Limited

Mr. A. Gopikrishnan, General Manager is the Compliance Officer.

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

No. of shareholders' complaints received during the year	:	5
No. of complaints not resolved to the satisfaction of shareholders	:	Nil
No. of pending share transfers / complaints	:	Nil

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
2005 - 06	29.09.2006	Rotary Paul Harris Hall NH By Pass Road, Palakkad	10:00 a.m.
2006 - 07	29.09.2007	Rotary Paul Harris Hall NH By Pass Road, Palakkad	10:00a.m.
2007 - 08	29.09.2008	Rotary Paul Harris Hall NH By Pass Road, Palakkad	10:00 a.m.

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

No special resolutions were put through postal ballot last year and there is no proposal for this year.

No Extra Ordinary General Meeting was held during the year 2008-09.

7. Other disclosures:

- There are no materially significant related party transactions ie transaction 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 has paid the listing fees due to Bombay Stock Exchange Limited.
Company being a sick company has not paid the listing fees payable to the other Stock Exchanges.
- 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 Hindu Business Line & Kerala Kaumudhi (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.

SDF Industries Limited

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: 30-09-2009, 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, 2009 : End of July, '09

Financial reporting for the quarter ending September 30, 2009 : End of October, '09

Financial reporting for the quarter ending December 31, 2009 : End of January, '10

Financial reporting for the quarter ending March 31, 2010 : End of April, 2010

(iii) Book closure period: 25.09.2009 to 30.09.2009 (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, 2009.

Sl. No.	Category	No. of Shares held	Percentage
1	Promoters	36,09,200	30.88%
2	Mutual Funds and UTI	22,400	0.19%
3	Banks, Financial Institutions	12,100	0.10%
4	Private Corporate Bodies	7,92,300	6.78%
5	Indian Public	72,51,300	62.05%
	Total	1,16,87,300	100.00%

SDF Industries Limited

(b) Distribution schedule as on 31st March, 2009 is given below:

Group of Shares	No. of Shareholders	No. of shares held	Percentage to Total Shares
Upto 500	12592	2838180	24.28
501- 1,000	1380	1115550	9.54
1,001- 2,000	443	706800	6.05
2,001- 3,000	132	340010	2.91
3,001- 4,000	65	237400	2.03
4,001- 5,000	56	273300	2.34
5,001- 10,000	61	517400	4.43
10,001 and above	60	5658660	48.42
	14789	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 2009, out of 11687300 equity shares, only 254600 shares were demated 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, 7/628, Pampadi, Thiruvilwamala, Trichur Dist., Kerala - 680 597.

Tel.No. 0488-4282703, 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.

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

Contact address for shareholder/Analyst:

The General Manager, SDF Industries Limited

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

Tel: 0491-2572629 Tele Fax: 2572421

e-mail : 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 2009.

For and on behalf of the Board
(Sd./-)

K. V. Mohan Menon
Chairman / Wholtime Director

Palakkad
31.07.2009