

INERTIA INDUSTRIES LIMITED

Registered Office : A-1, Mangol Puri Indl. Area Ph.-II, Mangol Puri, Delhi-110034.

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of Inertia Industries Limited will be held on Thursday, the 30th day of September 1999 at 11.00 A.M. at the Registered Office at "A-1, Mangol Puri Industrial Area Phase-II, Mangol Puri, Delhi-110 034" to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1999, the profit and loss account for the year ended on that date and Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sanjay Tandon who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the company to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

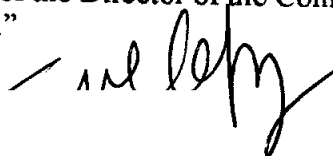
"M/s Yogi Associates, Chartered Accountants", the retiring Auditors, being eligible offer themselves for reappointment and a certificate pursuant to Sec. 224(1-B) of the Companies Act, 1956 has been received from them, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting of the Company at a remuneration as may be decided by the Board of Directors of the Company.

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SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution.

"Resolved that Sh. Yogesh Malhotra, who was appointed as an additional director in the meeting of Board of Directors of the Company held on 19.08.1999 and who hold office as such up to the date of the Tenth Annual General Meeting of the Company and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Sh. Yogesh Malhotra as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

 For Inertia Industries
Navneet Malhotra
Company Secretary

5. To consider and if thought fit to pass, with or without modification(s), the following Resolution as a Special Resolution.
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“Resolved that in accordance with the provision of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FI's), Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanction which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Members be and is hereby accorded to the Board to issue/offer Equity Shares and/or convertible debentures (fully or partly) and/or convertible debentures, all or any of the aforesaid with or without detachable or non detachable warrants, or any other financial instruments (hereinafter for brevity's sake referred to “Securities”) as the Board at its sole discretion may at any time or times hereafter decide which securities when issued or allotted would ultimately result in an increase in the paid up Equity Share Capital of the Company, to the Members, Debenture holders, Employee, Non-Resident Indians, Overseas Corporate Bodies (OCB's), Foreign Institutional Investors (FII's), Companies, Non-Banking Financial Companies, other entities/authorities and to such other persons, whether through public issue, right issue, private placement, exchange of securities, conversion of loans/debts or otherwise and for general corporate purposes including capital expenditure, working capital requirements strategic investments, mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organization as the Board may deem fit and/or by any one or more of a combination of the above modes/methods or otherwise and in one or more tranches with or without voting rights in General Meetings/Class Meeting of the Company as may be permitted under the then prevailing law, at such price or prices, or in such manner as the Board or a committee thereof may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of Securities to be issued, face value, rate, interest, redemption, the number of Equity Shares to be allotted on conversion/ redemption/extinguishment of loans/debts, exercise of rights attached with warrants and/or any other financial instruments, period of conversion, fixing of record date or book closure and other related or incidental matters.

Resolved further that such of these securities to be issued, as are not subscribed may be disposed of by the Board thereof, to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Mutual Funds/Foreign Institutions Investors, Non-Banking Financial Companies or any other

persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.

Resolved further that the above issue of aforesaid securities shall not exceed an amount of Rs. 600 Lacs (Rupees Six Hundred Lacs only) and the issue of such securities shall be at such price as the Board/Committee may at its sole discretion think fit, in consultation with the lead managers/managers to the issue or other advisors.

6. To consider and if thought fit, to pass with or without modifications the following Resolution as a SPECIAL RESOLUTION.

“Resolved that subject to the approval of the members and confirmation of the Company Law Board, the Registered Office of the Company be shifted from the Union Territory of Delhi to the State of Haryana and clause II of the Memorandum of Association of the Company be altered by substituting the words “Union Territory of Delhi” by the words “State of Haryana”.

By Order of the Board of Directors
FOR INERTIA INDUSTRIES LIMITED

Place : Delhi
Date : 22.08.1999.

(SUNIL KUMAR TANDON)
Chairman Cum Managing Director



NOTES :

1. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself. The proxy need not be a member of the Company. In order to be effective the proxy must be lodged at the Registered Office of the Company not less than FORTY EIGHT hours before the time of the meeting.
3. All documents referred to in explanatory statement and notice are open for inspection at the Corporate Office of the Company during office hours on all working days between 11.00 A.M. to 1.00 P.M. up to the date of Annual General Meeting except on Sundays and holidays.
4. Member may please bring their copies of Annual Reports to the meeting together with the Attendance Slip duly filled in for attending the meeting.
5. Member desiring any information about the accounts to be explained at the meeting are requested to furnish their queries, if any, to the Company at least 10 days in advance of the Annual General Meeting so that details can be kept ready at the meeting.
6. Members are requested to communicate their change of address, if any, and PAN/GIR No. with Income Tax Ward/Range/District immediately to the Company, if any, quoting respective Folio Nos.
7. In view of the recent developments, members may kindly note that no provisions for gift is made for distribution at the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

Mr. Yogesh Malhotra was appointed as an additional director of the Company by the Board of Directors of your Company in their meeting held on 19.08.1999.

Pursuant to Article 80 of your Company's Articles of Association read with Section 260 of the Companies Act, 1956, he holds office up to the date of the forthcoming Annual General Meeting. Your Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Sh. Yogesh Malhotra as a Director of your Company. The Board Consider that appointment of Sh. Yogesh Malhotra will be beneficial to your Company and accordingly recommends the acceptance of the resolution set out in item no. 4 of the convening notice.

Shri Yogesh Malhotra is concerned and interested in the relative resolution concerning his appointment. Except as aforesaid no director of your Company is concerned or interested in this resolution.

Item No. 5:

As the members of the Company are well aware that the Company's Brewery situated at Dharuhera, Distt. Rewari, (Haryana) was closed w.e.f. 05.09.1996 due to imposition of Policy of Prohibition by the newly elected State Govt. of Haryana and this policy remained effective up to April 1998 and had badly affected the Company's financial position resulting in non-payment of the dues of the Trade Creditors/Banks/ NBFC's.

As a result of non payment of the dues the Creditors/Banks/NBFC's of the Company started filing civil/criminal suits against the Company and its Directors and under distress the Company Directors started making payments to the creditors from their own resources. However, the Board of Directors of the Company considering the worsening financial position of the Company filed a petition under section 391 of the Companies Act, 1956 before the Hon'ble High Court of Delhi, New Delhi for approval of a Scheme of Compromise and Arrangements for settlement with the Trade Creditors/Banks/ NBFC's.

As per the terms of the Scheme, a creditor may after the approval of the Scheme of Compromise and Arrangement may opt for payment of their dues either in cash or by way of purchase of fresh equity shares to be allotted by the Company as per the schedule of re-payment in terms of the Scheme of Compromise and Arrangement.

In order to enable the Board of Directors to issue and allot equity shares to any Creditor/ Bank/NBFC's as per the terms of the Scheme of Compromise and Arrangement and also to enable them to make an allotment of share to person(s) who are not members of the

Company is sought under Section 81 of the Companies Act, 1956 and all other applicable provisions of law and listing agreements executed by the Company with the Stock Exchanges.

None of the Directors is concerned or interested in this Resolution.

Item No. 6

The Company has its Corporate Office in the State of Haryana. Presently the Company has its Registered Office at "A-1, Mangol Puri Industrial Area Ph.-II, Mangol Puri, Delhi-110034" and lot of administrative difficulties are being encountered in its day to day activities. For the smooth functioning its is desirable to have the Registered Office and Corporate Office in the State of Haryana.

By Order of the Board of Directors
FOR INERTIA INDUSTRIES LIMITED

Place : Delhi
Date : 22.08.1999.

(SUNIL KUMAR TANDON)
Chairman Cum Managing Director



DIRECTORS REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 1999.

	Current Year 1998-99	(Rs.in Lacs) Previous Year 1997-98
Sales	2018.49	2.54
Other Income	22.08	29.69
Profit/(Loss) Before Tax and Depreciation	1909.83	(303.22)
Profit/(Loss) after Tax Adjustments & Depreciation	(1660.92)	(303.16)
Profit/(Loss) Brought Forward	(302.33)	0.82
Balance Carried Forward	(1973.29)	(302.33)

PERFORMANCE:

As the members of the company are aware that the company's brewery plant situated at Dharuhera, Distt.:Rewari, Haryana remained closed for approximately 19 months period due to policy of prohibition imposed by the Govt. of Haryana. However the same restarted the manufacturing of the Beer in April 1998 when the Haryana Govt. decided to revoke its earlier decision and allowed the manufacturing, sale and consumption of the liquor in the State of Haryana.

During the year the company has made efforts to recapture its market share of beer sale and has achieved a turnover of Rs.2018.49 lacs but due to working capital constraints company could not achieve optimum production level resulting into high cost of production, selling and marketing expenses and also provision of earlier years financial expenses on borrowings made

As the company has restarted operations from April 1998 after upliftment of prohibition in Haryana, company is still in the process of rebuilding the organizational infrastructure and other related facilities. The Company has taken steps to further strengthen the Inventory Control by introducing on line computerized inventory information, purchase and sales processing.

PROVIDENT AND E.S.I

Due to financial constraints as your company do not have support from banks and other institutions for its working capital requirements and only source had been distributors and agents of the company's brands of beer, there were delays for depositing provident fund and E.S.I. dues.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As stipulated under the provisions of Section 217 (1)(e) of the Companies (Disclosure of the Particulars in the Reports of the Board of Directors) Rules, 1988 the annexure containing the above particulars in annexed to this report.

CONSERVATION OF ENERGY

Company has installed two stage Plate Heat Exchanger in its Brew House whereby we save Heat Energy as well as Electrical Energy. The Heat Energy is being restored to next brew and by virtue of which cooling load is reduced in the refrigeration plant.

POWER

Due to installation of capacitor of appropriate capacity there is less consumption of power as the power factor improves.

WATER AND EFFLUENT DISCHARGE

By introduction of modern technology to clean vessel there is less water consumption which in turn reduces the effluent discharge.

STEAM

With fluidised Bed Boiler showing excellent result due to improved thermal efficiency our cost of steam production per dozen of Beer is around Rs. 2.43 as against other Breweries which report around Rs.3.50.

TECHNOLOGY

The information required to be disclosed under rule 2 of the aforesaid rules is given here under in form B.

during earlier period when the brewery was operating before prohibition. Since company could not pay back loans in view of financial losses and liquidity crunch in the wake of prohibition leading to closure of company's only brewery plant in Haryana, company did not provide interest /financial charges on such loans earlier. As prohibition have been lifted since April 1998, Company's Brewery plant in Haryana has started operations and your company have filed a scheme of compromise and arrangement/s 391 of the Companies Act, 1956 in order to restructure the financial liabilities as well as to ensure streamlining of current operations, hence it was necessary to make provisions on earlier loans. Due to all aforesaid factors, your company had incurred heavy losses to the tune of Rs.1660.92 lacs making total accumulated losses at Rs.1973.29 lacs.

The company's another brewery project located at Aurangabad, Maharashtra with an installed capacity of 300000 HL is ready for trial run and the Directors are confident of starting the commercial production sometime in the first week of October, 1999.

FUTURE BUSINESS PLANS:

The Board of Directors of the company are committed to make their best endeavors to revive the company's position and make it grow and recover its losses and make your company as one of the leading beer manufacturers in India.

DIRECTORS:

Since the date of the last Annual General Meeting Shri Vikas Malik has resigned from the Directorship of the company.

The Board of Directors of the company had appointed Shri Yogesh Malohtra as an additional director of the company u/s 260 of the Companies Act, 1956 and he holds office as such upto the date of ensuing the Annual General Meeting of the company. He being eligible offer himself for his appointment as a Director of the Company.

AUDITORS:

Ms Yogi Associates, Chartered Accountants, New Delhi retire at the conclusion of the ensuing Annual General Meeting. A certificate pursuant to section 224(1b) of the Companies Act, 1956 has been obtained from them. Your directors recommend their appointment.

AUDITORS REPORT:

Referring to the remarks of the auditors report, the Directors would like to state as follows:-

INTERNAL AUDIT AND INTERNAL CONTROL PROCEDURES

As the company has restarted operations from April 1998 after

FORM B

Form for disclosure of particulars with respect to Technology Absorption. Research and Development (R & D).

(1) RESEARCH & DEVELOPMENT

Specific areas in which R & D carried out by Company are

Development of Brand Image of its Premium Brand "SANDPIPER" in the term of packaging complete with foil top dressing in 650 ml & 325 ml Bottles.

Further with the use of latest & modern filtration system (Schenk filtration system) we are able to ensures low oxygen pick up, which in turn improves the shelf life of this perishable product.

Further we are using imported Schenk & Seit filter sheets which are asbestos free as prevalent in European countries.

(2) Technology absorption, adaptation and innovation.

By use of designed vessels (i.e. fermenters, storage vats etc.) which are cylindro-conical which give better flocculation of yeast cells, use of modern filtration system etc.

In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

(a) Technology Imported

Schenk Primus Filtration System & Kronos Labelling from Germany ingredients (i.e. hops) which go into the production of quality Beer.

(b) Year of Import

1994-95

(c) Has technology been fully absorbed

Yes, however the Company is in constant touch with latest techniques available abroad.

(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action :

The Company while on the one hand is keeping itself regularly updated with constant changes around the world and especially in Indian conditions, also plans to keep its personnels abreast of these changes by sending them abroad for training and by inviting experts to India to impart training in unabsorbed areas of technology as well as in areas of new developments.