

**15th
Annual Report
2003 - 2004**



Inertia Industries Limited

Inertia Industries Limited**BOARD OF DIRECTORS**

S.R. Gupte
 R. K. Jain *Managing Director*
 A. K. R. Nedungadi
 Kalyan Ganguly
 P. Subramani
 Vasant Narkar
 C. L. Jain
 R. N. Pillai

Audit Committee

Vasant Narkar
 A. K. R. Nedungadi
 C. L. Jain

COMPANY SECRETARY

Vivek Raizada

BANKERS

HDFC Bank Ltd.,

AUDITORS

Price Waterhouse
 1104, Raheja Chambers,
 Nariman Point, Mumbai - 400 021.

Shareholders' / Investors' Grievance Committee

S.R. Gupte
 R. K. Jain
 A. K. R. Nedungadi
 P. Subramani

REGISTERED OFFICE

O-14, 1st Floor,
 Lajpat Nagar-II, New Delhi 110 024.

BREWERIES**Dharuhera**

Main Delhi - Jaipur Highway,
 Village Joniawas, Dharuhera,
 Distt. Rewari, Haryana 122 106.

Aurangabad

L-10, MIDC Industrial Area,
 Waluj, Aurangabad,
 Maharashtra 431 136.

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.,
 A-31, 3rd Floor,
 Naraina Industrial Area, Phase-I,
 New Delhi - 110028.

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Inertia Industries Limited

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Inertia Industries Ltd., will be held on Saturday, 25th September 2004 at Ashok Country Resort, Rajokri Road, Kapashera, New Delhi 110 037 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004, the Profit and Loss Account for the period ended on that date and Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. C. L. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Vasant Narkar, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Rup Narayan Pillai, who was appointed as an Additional Director 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 the candidature of Mr. Rup Narayan Pillai for appointment as a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

- 6) To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 82 of the Articles of Association of the Company be deleted and substituted by the following Article 82:

Article 82:

Each Director shall be entitled to be paid out of the funds of the Company by way of sitting fees for his services, not exceeding the sum, as prescribed under Rule 10(B) of the Companies Central Government Rule, 1956 or any amendment thereto from time to time and as may be fixed by the Board of Directors from time to time for every meeting of the Board of Directors or any committee thereof attended by him. The Directors may allow and pay to any Director who, for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting, such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending the meeting, in addition to his remuneration as above specified. If any Director being willing, is appointed to an executive office, either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company, then, subject to Section 198, 309 and 314 of the Act, the Company may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.”

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and subject to the provisions of all applicable laws, guidelines, rules and regulations including the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreement and all other applicable rules, regulations, and guidelines and the permission or sanction of the Securities and Exchange Board of India, Stock

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Exchanges where the Equity Shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent of the Company be and is hereby accorded to the Board to seek voluntary delisting of its Equity Shares from the Stock Exchanges of Jaipur, Ahmedabad and Kolkata."

"RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized on behalf of the Company to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deems necessary, desirable or appropriate and execute all such applications, deeds, agreements, documents and writing as it may consider necessary, usual requisite or proper for giving effect to this resolution."

- 8) To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution (By Postal Ballot)**:

"RESOLVED THAT pursuant to Section 293 (1) (a), Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and Regulation 23 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, consent of the Company be and is hereby accorded to the Board of Directors of the Company to give guarantees or provide securities in connection with loan(s) made / to be made by Punjab National Bank (PNB) or any other person to McDowell Alcobev Pvt. Ltd., so that the aggregate of such guarantees given or securities provided in connection with loan(s) made by PNB to McDowell Alcobev Pvt. Ltd., shall not, at any point of time, exceed the limit of Rs.43,00,00,000/- (Rupees Forty Three Crores only), notwithstanding that the amounts of the said guarantees given and securities provided, taken together with the aggregate of the loan(s) already made, moneys already invested, guarantees already given and securities already provided in respect of all bodies corporate, may exceed the limit prescribed under the said Section 372A.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to obtain applicable approvals, consents or permissions, whether statutory, contractual or otherwise, in relation to such guarantees / securities, to settle all matters arising out of and incidental thereto and to enter into agreements, deeds documents or writings as may be necessary in this connection and generally to do all acts, matters, deeds and things as may be deemed necessary to give effect to the aforesaid resolution."

- 9) To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution (By Postal Ballot)**:

"RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, the name of the Company be changed from 'Inertia Industries Limited' to Millenium Beer Industries Limited' with effect from the date of fresh Certificate of Incorporation to be issued by the Registrar of Companies, Delhi and accordingly the name 'Inertia Industries Limited' wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the name 'Millenium Beer Industries Limited.'"

- 10) To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution (By Postal Ballot)**:

"RESOLVED THAT subject to provisions of Section 17 and all other applicable provisions of the Companies Act, 1956, the main objects under sub-clause (A) of Clause III of the Memorandum of Association of the Company be amended by deleting sub-clauses 1 & 2."

By order of the Board of Directors

Place : Mumbai
Date : 28th July, 2004

Vivek Raizada
Company Secretary

Inertia Industries Limited

NOTES :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting 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. The Register of Members and Share Transfer Books relating to the Equity Shares of the company will remain closed for 8 days i.e. between 18th September 2004 and 25th September 2004 (both days inclusive).
4. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting except on Saturdays, Sundays and holidays.
5. M/s Price Waterhouse, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to be reappointed. They have submitted a certificate to the effect that their reappointment, if made, shall be within the limits stipulated under Section 224(1B) of the Companies Act, 1956.
6. The Special Resolutions at Sr. No. 8, 9 & 10 require consent of members through postal ballot in terms of Section 192A of the Companies Act, 1956 read with Rule 4 of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Postal Ballot form for assent/dissent of members to the said resolutions is being dispatched to the members together with a Business reply envelope. The result of the ballot will be declared at the ensuing Annual General Meeting and shall be deemed to have been passed thereat.
7. Members are requested to bring their copy of the Annual Report to the meeting together with the attendance slip duly filled in.
8. Members 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.
9. Members are requested to notify change of address (a) to their respective Depository Participant, in respect of shares held in electronic form and (b) to M/s Intime Spectrum Registry Ltd. (Registrar & Transfer Agents) A-31, 3rd Floor, Near PVR Cinemas, Naraina Industrial Area, Phase-I, New Delhi 110028 in respect of shares held in physical form.
10. Members holding shares in identical order of names in more than one folio are requested to write to the Registrar & Transfer Agent of the Company to enable the Company to consolidate their holdings under one folio.
11. Members intending to dematerialise their shareholding may approach any Depository Participant for opening a Beneficiary Account.

EXPLANATORY STATEMENT

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

ITEM NO. 5

Mr. Rup Narayan Pillai was appointed as an Additional Director of the Company at the Board Meeting held on 24th June 2004 in terms of Article 80 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956. He holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Pillai for appointment as a Director of the Company.

A brief resume of Mr. Pillai is annexed hereto in terms of the requirements of Clause 49 (VI) (A) of the Listing Agreement. Mr. Pillai brings with him expertise in the field of Financial Accounting. The Board considers that the appointment of Mr. Pillai will be beneficial to the Company and accordingly recommends the Resolution set out at Item No. 5 of the notice convening the Annual General Meeting.

None of the Directors except Mr. Pillai is concerned or interested in the above resolution.

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ITEM NO. 6

In terms of Article 82 of the Articles of Association of the Company, the maximum sitting fee payable to Directors for attending a meeting of the Board or any Committee thereof is Rs.5000/- (Rupees Five Thousand only). The Board is of the view that the quantum of sitting fees is low in comparison with other Companies of similar size and operation. It is, therefore, recommended that the sitting fees payable to Directors for attending a meeting of the Board or Committee thereof be fixed at as prescribed under Rule 10(B) of the Companies Central Government Rule, 1956 or any amendment thereto from time to time and as may be fixed by the Board of Directors. This necessitates alteration of Article 82 of the Articles of Association of the Company.

All the Directors of the Company, except the Managing Director, may be deemed to be interested in the above resolution.

ITEM NO. 7

The Equity Shares of the Company are presently listed on the following Stock Exchanges:

1. The Delhi Stock Exchange Association Ltd., Delhi. (DSE)
2. The Stock Exchange, Mumbai. (BSE)
3. The Stock Exchange, Ahmedabad. (ASE)
4. The Calcutta Stock Exchange Association Ltd., Kolkata (CSE)
5. Jaipur Stock Exchange Ltd., Jaipur (JSE)

As per the recent (Delisting of Securities) Guidelines, 2003 issued by Securities and Exchange Board of India (SEBI), the Company can delist its securities from any/all the exchanges including Regional Stock Exchange without providing an exit opportunity, provided that the securities will continue to be listed on a Stock Exchange having nation wide trading terminals i.e. The Stock Exchange, Mumbai (BSE) or National Stock Exchange (NSE).

The Company's Equity Shares are not frequently traded on ASE, CSE and JSE. The Company believes that no particular benefit is available to the shareholders of the Company by continuing the listing of Equity Shares on these three Stock Exchanges.

Since the Equity Shares of the Company is listed on BSE, which has nation wide terminals, the Company therefore intends to delist its shares from all the Exchanges except BSE and DSE.

The proposed voluntary delisting of the Company's Equity Shares from these three Stock Exchanges will, apart from the savings resulting from annual listing fees, also reduce a lot of administrative work. The delisting will not adversely affect any investors' interest including the shareholders located in the regions where these three Stock Exchanges are situated. Pursuant to the guidelines issued by SEBI on voluntary delisting by Companies of their securities from the Stock Exchanges, it is now proposed to seek the shareholders' approval by way of a Special Resolution for voluntary delisting the Company's Equity Shares from these three Stock Exchanges as set out in the Resolution at Item No. 7.

The Directors recommend the passing of the Resolution at Item No. 7 as a Special Resolution.

None of the Directors of the Company is concerned or interested in the above Resolution.

ITEM NO. 8

Punjab National Bank (PNB) has sanctioned to McDowell Alcobev Ltd. (MAL), who subsequent to its agreeing to acquire 51.753% of the Equity Share Capital of the Company made an Open Offer to the shareholders of the Company to acquire further 25% of the Equity Share Capital (Offer since revised to acquire 35% of the Equity Share Capital), a Term Loan of Rs.43 Crores in terms of sanction letter dated 12th February 2004.

The terms and conditions for such a Term Loan for Rs. 43 Crores is creation of security in favor of PNB, inter alia, by :

- (i) first pari passu charge on all the fixed movable and immovable assets, present and future, of the Company;
- (ii) second pari passu charge on all the current assets, present and future, of the Company;
- (iii) first pari passu charge on all the brands (including but not limited to "Sandpiper", "Zingaro" and "Turbo");
- (iv) Corporate Guarantee of the Company ; and
- (v) Negative Lien / Undertaking relating to immovable properties.

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Since MAL does not have adequate tangible assets to offer as security for the said financial assistances, it has, vide letter dated 22nd March 2004, requested the Company to create security in favor of PNB on its assets. Creation of security on the assets of the Company and issuance of Corporate Guarantee as security for the said Term Loan sanctioned to MAL is one of the terms and conditions of the sanction letter of the said term loan.

The provision of security and issuance of the Corporate Guarantee as envisaged above will be in excess of the limits prescribed under Section 372A of the Companies Act, 1956 and hence requires the approval of members by way of a Special Resolution, by a Postal Ballot.

Members' approval is being sought in terms of the provisions of Section 293 (1) (a), Section 372A of the Companies Act, 1956 and Regulation 23 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 for mortgaging/charging the Company's assets and issuing Corporate Guarantee to secure the above Term Loan sanctioned by PNB during the pendency of the Open Offer made by MAL.

Mr. R. K. Jain and Mr. A. K. R. Nedungadi, Directors of the Company, are also Directors of MAL and are deemed to be interested in the above resolution.

None of the other Directors is in any way concerned or interested in the above resolution.

ITEM NO. 9

The Company had acquired the business of 'Millenium Alcobev Limited' (MABL) in the year 2001. Subsequently the Board decided to change the name of the Company from 'Inertia Industries Ltd. to Millenium Alcobev Ltd.' to avail the goodwill enjoyed by MABL in the market. Accordingly, resolution for change of name was proposed for the approval of the members at the adjourned 12th Annual General Meeting held on 24th December 2001. The resolution was passed unanimously at the said meeting, subject to availability of name from the office of Registrar of Companies, Delhi ("the ROC") and approval of Central Government.

The Company applied for the name 'Millenium Alcobev Ltd.' with the ROC, which was made available to the Company on 24th March 2003 for a period of six months. Meanwhile in May 2003, McDowell Alcobev Ltd. (MAL), entered into a Share Purchase Agreement with United Breweries Ltd., Feedback Computers Pvt. Ltd. and Accra Investments Pvt. Ltd. to acquire 2,83,60,853 Equity Shares (representing 51.75% of issued Equity Share Capital) of the Company. MAL made a Public Announcement on 19th May 2003 in terms of Regulation 10 & 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 to acquire a further 1,36,99,985 Equity Shares (representing 25% of issued Equity Share Capital and 25.04% Voting Capital of the Company) from public shareholders. The Offer opened on 22nd April 2004 and closed on 21st May 2004. During the Open Offer, MAL revised the Offer size from 25% to 35% to acquire 19,179,979 Equity Shares of the Company (representing 35% of issued Equity Share Capital and 35.06% voting capital of the Company). In view of the above, the Board of Directors at its meeting held on 24th June 2004 considered and decided to change the name of the Company from 'Inertia Industries Ltd. to Millenium Beer Industries Ltd (MBIL).'

The Company applied for availability of name MBIL with the ROC. The said name was made available to the Company vide ROC's letter No. N-62942/STAT/2004/A-53737 dated 8th July 2004, subject to deletion of sub-clauses 1 & 2 of Clause III (A) of Memorandum of Association (MoA) of the Company mentioning its main objects. In compliance of terms set out by the ROC, a resolution regarding amendment in Object Clause of MoA of the Company is proposed for adoption by members through Postal Ballot.

The Board of Directors recommend for adoption of the resolution by the members.

None of the Director is interested in the above resolution.

ITEM NO. 10

The main objects of the Company as set out under Clause III (A) in the Memorandum of Association (MoA) of the Company are as under:

1. To carry on the business of manufacturers, exporters, importers, traders, distributors, agents of all kinds of garments and or wearing apparels:whether cotton, manmade, silk, woolen, or leather. Whether knitted or woven, textiles and textile madeups, carpets and rugs.
2. To carry on the business of hotels and restaurants and allied services connected therewith.

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3. To carry on the business of breweries, distilleries and processed foods and to manufacture, export, import, trade and agency distribution of beer, alcoholic and non-alcoholic drinks and processed foods.

When the Company was incorporated it also dealt in the business of export of garments and other related activities. However, after the change of management in the year 2001, the Company relinquished its garment business and presently the Company is engaged in the business of manufacturing and sale of Beer.

The Board intends to change the name of the Company from 'Inertia Industries Ltd. to Millenium Beer Industries Ltd. (MBIL)'. The Company had applied for availability of name MBIL with Registrar of Companies, New Delhi (the ROC). The ROC vide its letter No. N-62942/STAT/2004/A-53737 dated 8th July 2004 accorded its no objection for change of name of the Company subject to deletion of sub-clauses 1 & 2 (stated hereinabove) of Clause III (A) of MoA of the Company mentioning its main objects.

The Company intends to carry on the business of breweries, distilleries and processed foods and allied business activities only. As such the said sub-clauses 1 & 2 are in no way connected with the main line of business of the Company, the Board recommends for adoption of resolution approving deletion of the said sub-clauses 1 & 2.

None of the Directors is interested in the above resolution.

By order of the Board of Directors

Place: Mumbai
Date: 28th July, 2004

Vivek Raizada
Company Secretary

BRIEF RESUME OF DIRECTORS PROPOSED TO BE APPOINTED/ REAPPOINTED (IN TERMS OF CLAUSE 49 (VI) OF THE LISTING AGREEMENT)

MR. CHHAGANLAL JAIN is a Chartered Accountant and a Company Secretary by profession, holding more than 40 years of corporate experience in various organizations including ICI and Hindustan Lever Ltd.. Mr. Jain was also Finance Director of Hoechst India Ltd. and the President of Ceat Asset Management Ltd. Following are the details of the Directorship & Committee Membership of Mr. C. L. Jain -

SR. NO.	NAME OF COMPANIES IN WHICH DIRECTOR	AUDIT COMMITTEE	SHAREHOLDERS' GRIEVANCE COMMITTEE	DIRECTORS' REMUNERATION COMMITTEE
1.	Asit C. Mehta Investments Intermediates Ltd.	-	-	-
2.	Brescon Corporate Advisors Limited	Member	-	-
3.	Herbertsons Limited	Member	Chairman	-
4.	Inertia Industries Limited	Member	-	-
5.	Practical Financial Services Pvt. Limited	-	-	-
6.	RPG Life Sciences Limited	Chairman	-	Chairman
7.	Shasun Chemicals and Drugs Limited	Chairman	-	Member
8.	United Breweries Ltd.	Chairman	-	Member.
9.	Vulcan Financial Consultants Pvt. Limited	-	-	-

Trustee of (1) Nayana Parekh Charitable Trust
(2) Sangeeta Jain Charitable Trust

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MR. VASANT NARKAR is a Chartered Accountant by profession. Mr. Narkar is the proprietor of Narkar & Associates, a Chartered Accountant firm, and is in the profession for about 37 years. Following are the details of the Directorship & Committee Membership of Mr. Narkar -

SR. NO.	NAME OF COMPANIES IN WHICH DIRECTOR	AUDIT COMMITTEE	SHAREHOLDER'S GRIEVANCE COMMITTEE	DIRECTOR'S REMUNERATION COMMITTEE
1.	Inertia Industries Ltd.	Chairman	-	-
2.	Merck (India) Limited	Member	Chairman	-
3.	Wyeth Limited	Chairman	-	-
4.	Duphar Interfran Limited	Chairman	-	-
5.	Savita Chemicals Limited	Member	Chairman	-
6.	Savita Polymers Limited	-	-	-
7.	Worli Industrial Properties Ltd.	-	-	-
8.	Nishee Trading & Investments Pvt. Ltd.	-	-	-
9.	Nishee Agro Pvt. Ltd.	-	-	-
10.	LKP Forex Ltd.	-	-	-

MR. RUP NARAYAN PILLAI is a Bachelor of Science (Hons) from Mumbai University and is also a Chartered Accountant. Mr. Pillai joined UB Group in 1986 as Financial Accountant in the Corporate Management Division. During his tenure in UB Group, Mr. Pillai has worked in different capacities. Mr. Pillai worked in the positions of Manager – Finance & Accounts in United Distilleries India Ltd. and Head – Finance & Accounts in Consolidated Distilleries Ltd.

Presently Mr. Pillai holds the position of Assistant Vice President – Corporate Finance in McDowell & Company Ltd. Following are the details of the Directorship & Committee Membership of Mr. Pillai

SR. NO.	NAME OF COMPANIES IN WHICH DIRECTOR	AUDIT COMMITTEE	SHAREHOLDER'S GRIEVANCE COMMITTEE	DIRECTOR'S REMUNERATION COMMITTEE
1.	Inertia Industries Ltd.	-	-	-
2.	United Breweries (Holdings) Ltd.	-	-	-
3.	United Distillers India Ltd.	-	-	-
4.	Idea Streamz Consultants Pvt. Ltd.	-	-	-
5.	Variegate Trading Ltd.	-	-	-
6.	Millenium Night Star Breweries Pvt. Ltd.	-	-	-
7.	Manchitra Services Pvt. Ltd.	-	-	-
8.	United Golder Beverages Ltd.	-	-	-
9.	3G Wireless Communications Pvt. Ltd.	-	-	-

Inertia Industries Limited**DIRECTORS' REPORT****To****The Members,**

Your Directors have pleasure in presenting the 15th Annual Report together with the audited accounts of your company for the financial year ended on 31st March 2004.

FINANCIAL RESULTS

	Current Year (2003 -04)	Rs. In Lacs Previous Year (2002- 03)
Sales & other Income	7,597.25	6,759.21
Expenditure	13,085.06	11,291.11
Profit/(Loss) After depreciation	(5,487.81)	(4,531.90)
Less: Adjustment for taxes / Deferred Taxation	(3,481.46)	1,646.37
Balance carried to Balance Sheet	(8,969.26)	(2,885.53)
Accumulated Losses	(15,458.24)	(6,488.98)
Net Worth	(9,951.73)	(982.47)

DIVIDEND

Your Directors regret their inability to recommend payment of any dividend for the year due to the loss incurred during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The financial year 2003-04 was not a very encouraging year for the Beer Industry. The Indian beer industry had posted a volume growth of 3% as compared to a volume growth of 10% achieved during of the previous year 2002-03. The industry suffered a downturn during the summer season of 2003 primarily due to an early onset of monsoon, compounded with other factors. However the benefits of a good monsoon was bound to improvise the economy. In the last quarter of the financial year 2003-04, the industry recovered substantially to recover the earlier setback.

The country continues to be one of the exciting destinations for foreign investments. With the high GDP growth, as forecasted, the benefits of expanding economy are bound to cascade to all the sectors of the economy. The beer industry is also expected to benefit from the resurgence in the economy. However, the full potential of the industry would be unlocked if the government relaxes a variety of regulatory constraints curtailing the growth of the industry. Higher tax rates compounded with the stiff inter-state duties and taxes, hampers the growth of the industry and hinders free movement of the product from one state to another state.

The consumer in the large and small towns of India has developed a change in the traditional outlook on consumption of alcoholic products. The Beverage Industries is one of the major contributors to the revenue in most of the states of the country, thus the state and union governments need to regulate a transparent environment to nurture the industry.

There are two segments of Beer i.e. Strong Beer and Mild Beer. The tax structures for both categories of beer are same in most of the states; however, in the recent past strong beer segment has witnessed fastest growth. The strong beer contains alcoholic contents of 6% to 8% as compared to 4% to 5% in mild beer. Your company's brands include "Zingaro" and "Turbo" beers in the strong beer segment and "Sandpiper" in the mild beer segment.

Opportunities and threats

In a growing economy the demand and consumption of wide variety of consumer products including those of your company and lifestyle products are expected to increase especially with higher disposable income in the hands of consumers. However a significant part of the logistics chain to the consumer is influenced or controlled by the government. The ability of the industry to shift any cost push (increase in cost) to its immediate customer is hugely impacted.

Demand for beer is seasonal in nature and maximum sale contribute during the first quarter of summer months. The second and third quarters (July to December) contribute comparatively lower volume due to the monsoon. The company runs sales and brand promotional activities to encourage the sale even during the monsoon season.

Your company is aiming to expand its market share and is committed towards its endeavor to achieve the same.