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**18<sup>th</sup>**  
**ANNUAL REPORT**  
**YEAR ENDED**  
**31<sup>st</sup> MARCH, 2005**

**PHOENIX INTERNATIONAL LIMITED**



## PHOENIX INTERNATIONAL LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF PHOENIX INTERNATIONAL LIMITED WILL BE HELD ON MONDAY THE 26<sup>TH</sup> SEPTEMBER, 2005 AT 2.30 P.M. AT M.P.U.C. SHAH AUDITORIUM, 2ND RAJ NIWAS MARG, NEW DELHI – 110 054 TO TRANSACT THE FOLLOWING BUSINESS:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31.03.2005 and Profit and Loss Account for the period ended on that date and Auditors and Directors' report thereon
  2. To appoint a Director in place of Mr. V.B. Oberoi, who retires by rotation and being eligible offers himself for re-appointment
  3. To appoint Auditors of the company and to fix their remuneration
- The Auditors of the company M/s Gupta Mahesh & Associates, Chartered Accountants retire at the ensuing Annual General Meeting of the company and have given their consent for re-appointment. The company has received necessary certificate from them under Section 224 (1B) of the Companies Act, 1956.

#### 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** in accordance with the provision of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enact thereof) for the time being in force the consent of the company be and is hereby accorded for the appointment of Mr. Narender Makkar as Whole Time Director of the Company, for a period of 5 years with effect from 1<sup>st</sup> October 2005 on such remuneration and terms and conditions, as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting"  
**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any year comprised in the period of appointment, the above remuneration shall be deemed to be minimum remuneration."  
**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**RESOLVED THAT** Mr. Narender Aggarwal who was appointed as an Additional Director w.e.f. 31.01.2005 by the Board of Directors under Section 260 of the Companies Act, 1956 and who ceases to hold office at the expiry of the ensuing Annual General Meeting and in respect of whom the company has received a Notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company whose period of office shall be liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**RESOLVED THAT** subject to the approval of the Central Government pursuant to Section 21 of the Companies Act, 1956, the name of Company be and is hereby changed from "Phoenix International Limited" to "Phoenix Shoes Limited".  
**RESOLVED FURTHER THAT** the name Phoenix International Limited wherever it occurs in the Memorandum of Association and Articles of Association of the Company be substituted by the new name "Phoenix Shoes Limited"

By Order of the Board  
Sd/-

Place : New Delhi  
Date : 26.08.2005

Narender Makkar  
Company Secretary

#### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The instrument appointing a proxy must be lodged at the registered office of the company at least 48 hours prior to the time of meeting.
3. The register of members and share transfer books of the company will remain closed on 26/09/2005
4. Members holding shares in physical form are requested to notify any changes in their address (es) immediately to the company at its Registered Office at 3<sup>rd</sup> Floor, Gopala Tower, 25 Rajendra Place, New Delhi – 110 008 and those who are holding in the electronic mode are requested to send the intimation for change of address(es) to their Depository participant(s)
5. All documents referred to in the accompanying notice and explanatory statements are available for inspection at the registered office of the company on all working days between 9.00 a.m. to 4.00 p.m. up to the date of this Annual General Meeting
6. Shareholders seeking any information with regard to account are requested to write to the company at least 10 days before the date of Annual General Meeting, so as to enable the management to keep the information ready.
7. Explanatory Statement relating to special business is annexed to this notice as required under Section 173 (2) of the Companies Act, 1956
8. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, the dividend(s) which remain un-paid or un-claimed for a period of Seven years has to be transferred to "Investor Education and Protection Fund" of the Central Government. Members who have not encashed the dividend warrant(s) for the financial year ended 31.03.1998 (for which the dividend was declared) are requested to send the un-encashed dividend warrant(s) to the company at its registered office at 3<sup>rd</sup> Floor, Gopala Tower, 25 Rajendra Place, New Delhi – 110 008.



## PHOENIX INTERNATIONAL LIMITED

### ANNEXURE TO THE NOTICE

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

##### ITEM NO. 04

The Board of Directors of the Company has pursuant to Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals as may be required, appoints Mr. Narender Makkar Director as Whole Time Director of the Company w.e.f. 01.10.2005 for a period of 5 years.

Mr. Narender Makkar, aged 43 years is a Chartered Accountant and Company Secretary and has been working with the Company as General Manager Accounts & Company Secretary since 1995. He has wide experience in Accounts, Secretarial and Taxation. He does not hold any equity shares of the Company.

The remuneration payable to Mr. Narender Makkar as per approval of the Board of Directors would be as follows

##### a) Salary

Rs. 40,200.00

##### b) Perquisites

In addition to aforesaid salary, he shall also be entitled to perquisites namely House Rent Allowance, Telephone, Company's Car for Official use, Reimbursement of Medical Expenses, Company Contributions towards Provident Fund, Gratuity, Encashment of Leave and any other perquisites as per policy and rules of the Company in force as may be approved by the Board from time to time. The monetary value of all such perquisites shall be determined as per Income Tax rules, wherever applicable and in the absence of any such rules, shall be valued at actual cost.

None of the Directors of the company except Mr. Narender Makkar are interested in the aforesaid resolution and your Board recommends for passing of the resolution in the interest of the Company.

##### ITEM NO. 05

Mr. Narender Aggarwal was appointed as an Additional Director of the company on 31st January 2005. As per the provision of Section 260 of the Companies Act, 1956, the Additional Director ceases to be a Director of the company on the date of the next Annual General meeting. In accordance with the provision of Section 257 of the Companies Act, 1956, Mr. Narender Aggarwal has given notice for the appointment as Director of the company. Accordingly, the Board recommends the resolution to be passed by the shareholders as per the requirements of the Companies Act, 1956.

None of the Directors of the company except Mr. Narender Aggarwal is interested in the resolution

##### ITEM NO. 06

The Company had subject to the approval of the Central Government pursuant to Section 21 of the Companies Act, 1956, vide its Board of Directors in their meeting held on 26.08.2005 had recommended the change in the name of the Company from "Phoenix International Limited" to "Phoenix Shoes Limited" as the Company is dealing in Shoes manufacturing, marketing & export and the name of the Company will be synonymous with business activities being carried out by the Company.

#### INFORMATION AS PER CLAUSE 49 (VI) OF THE LISTING AGREEMENT FOR ITEM NO 4 & 5 OF THE NOTICE FOR APPOINTMENT OF MR NARENDER MAKKAR AS WHOLE TIME DIRECTOR AND MR NARENDER AGGARWAL AS DIRECTOR

##### ITEM NO 04

Name of the Whole Time Director	Narendra Makkar
Date Of Birth	04.04.1962
Date of Appointment	01.10.2005
Expertise in Specific Functional Area	Accounts, Secretarial and Taxation
Qualification	B.Com. ACA, ACS
Directorship	1. Phoenix Capital Services Limited 2. Phoenix Real Time Services Limited 3. Phoenix Hydro Carbon Limited 4. Spartan Agro Industries Limited 5. Multidot Entertainment Limited 6. Yellow Valley Leasing & Finance Limited 7. Savare Trade Enterprises Limited 8. Phoenix Footwear Private Limited 9. Pronto iServices Private Limited 10. Phoenix Cement Limited
List of Committee Membership	01. Phoenix Cement Limited (Audit Committee) 02. Phoenix Real Time Services Limited (Audit Committee)

##### ITEM NO 05

Name of the Director	Narender Aggarwal
Date of Birth	15.07.1964
Date of Appointment	31.01.2005
Expertise in specific functional areas	International Trade
Qualifications	Graduate, Post Grad, Dip. In International Trade
Directorship	1. Phoenix Capital Services Limited 2. Phoenix Industries Limited 3. Phoenix Real Time Services Limited 4. Phoenix Hydro Carbon Limited 5. Phoenix Footwear Private Limited 6. Granada Footwear Private Limited
List of Committee Membership	1. Phoenix Cement Limited (Audit Committee) 2. Phoenix Real Time Services Limited (Audit Committee)



## PHOENIX INTERNATIONAL LIMITED

### BOARD OF DIRECTORS

Mr V.B. Oberoi, Director  
Mr Narendra Aggarwal, Director  
Mr Narender Makkar, Director

### COMPANY SECRETARY

Mr Narender Makkar

### AUDITORS

M/s Gupta Mahesh & Associates

### REGISTERED OFFICE

3rd Floor, Gopala Tower  
25, Rajendra Place,  
New Delhi - 110 008

### Works

A-37, Sector 60,  
Noida-201-305  
Distt. Gautam Budh Nagar,  
Uttar Pradesh

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## PHOENIX INTERNATIONAL LIMITED

### DIRECTOR'S REPORT

Dear Shareholder,

The Directors of your company present the 18th Annual Report along with the Audited Statement of Accounts of the Company for the period ended 31st March 2005.

#### FINANCIAL RESULTS

	PERIOD FROM 01.07.2004 TO 31.03.2005 (Rs. In Lacs)	YEAR ENDED 30.06.2004 (Rs. In Lacs)
Sales & Other Income	676.04	880.03
(Loss) / Profit before depreciation	144.00	(3825.01)
Less: Depreciation	162.26	246.23
(Loss) / Profit before Taxation	(18.26)	(4071.24)
Less: Prov. For Taxation/paid earlier year		
	(18.26)	(4071.24)

#### OPERATIONAL PERFORMANCE

The company has carried out shoe related business at a low level during the financial period under review. The company has suffered net loss of Rs. 18.26 lacs as compared to net loss of Rs. 4071.14 during the previous financial year.

The company has repaid in full the one time settlement amounts to Punjab National Bank and Punjab & Sind Bank and has yet to repay part amounts of the settlement to State Bank of Indore and State Bank of Patiala.

#### FIXED DEPOSITS

The Company has not accepted or invited deposits covered under the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules 1975 from any person.

#### DIVIDEND

In view of the losses for the current period, your Directors are not in position to recommend any dividend for the period ended 31.03.2005

#### EXPORTS

Export sales in FOB terms were Rs.1.62 crores, in the period 2004 -2005.

#### PARTICULARS OF EMPLOYEES

During the period under review, the Company had no employees in respect of whom information as per Section 217 (2A) of the Companies Act, 1956 is required to be given in the Directors report.

#### CORPORATE GOVERNANCE

The code of Corporate Governance has already been implemented as per the Listing Agreement and a separate note on Corporate Governance is annexed herewith. The company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and the same is annexed.

#### DIRECTORS

During the year under review, Mr. Narender Aggarwal was appointed as Additional Director and Mr. Ajay Kalsi resigned from the Directorship Mr. V.B. Oberoi, Director of the Company retire by rotation and being eligible offer himself for re-appointment.

#### DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to information and explanation obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956.

- That in preparation of Annual Accounts for the period ended March 31, 2005 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- That selected accounting policies were applied consistently and the Directors have made judgment 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 period ended March, 31 2005 and of the loss of the Company for the period.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Annual Accounts for the period ended March 31, 2005 have been prepared on a going concern basis.

#### AUDIT REPORT

The observations of Auditors are self-explanatory.

#### AUDITORS

The Auditors, M/s Gupta Mahesh & Associates, Chartered Accountants retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate required under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment if made, shall be within the limits specified in the said section, has been obtained from them.

#### SUBSIDIARY COMPANIES

Statement regarding subsidiary companies pursuant to provision of Section 212 of the Companies Act, 1956 forming part of the Balance Sheet is attached.

#### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Annexure "A" to this report gives information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo, required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forms a part of the Directors Report

#### ACKNOWLEDGMENT

Your Directors place on record their appreciation for the assistance and support extended by all Government Authorities, Financial Institution, Banks Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere service rendered by employees of the Company.

for and on behalf of the Board  
PHOENIX INTERNATIONAL LIMITED

Place : New Delhi  
Date : 26/08/2005

Narendra Aggarwal  
Director

V.B. Oberoi  
Director





## PHOENIX INTERNATIONAL LIMITED

### ANNEXURE "A" FORMING PART OF THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo.

	Current period	Previous Year
<b>A. CONSERVATION OF ENERGY</b>		
1. (a) Energy conservation measures undertaken	Nil	Nil
(b) Proposed energy conservation measures	Nil	Nil
2. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods	Nil	Nil
3. The details of energy consumption :		
a.) Power and Fuel consumption	Nil	Nil
b.) Consumption per unit of production	Nil	Nil
<b>B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :</b>		
1. Specific areas in which R&D was carried out by the Company	Nil	Nil
2. Benefits derived as a result of the above R&D	Nil	Nil
3. Future Plan of Action	Nil	Nil
4. Expenditure on R&D	Nil	Nil
<b>C. FOREIGN EXCHANGE EARNING &amp; OUTGO</b>		
The foreign Exchange Earning & Outgo during the period, are as under :		
Foreign Exchange Earning	161.95 lacs	250.88 lacs
Foreign Exchange Outgo	387.28lacs	45.78 lacs

### REPORT ON CORPORATE GOVERNANCE

#### (1) Company's Philosophy

Phoenix International Limited believes that efficient Corporate Governance requires a clear understanding of the respective roles of the Board and of Senior Management and their relationships with others in the corporate structure. The relationships of the Board and Management shall be characterized by sincerity; their relationships with employees shall be characterized by fairness; their relationship with the communities in which they operate shall be characterized by good citizenship; and their relationships with Government shall be characterized by a committee to compliance.

We believe that the essence of Corporate Governance lies in the phrase "Your Company". It is "Your Company" because it belongs to you the shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. Their objectives is to take the business forward to maximize "Your" long term value.

Phoenix International Limited is committed to meet the highest standards of Corporate Governance and disclosures. Phoenix International Limited belongs to a group, which has a reputation for integrity, fair play and sound business practices. Phoenix International Limited believes that Corporate Governance is not just about complying with a set of norms and regulations but is an article of faith and an integral part of core value.

A brief report on Corporate Governance for the nine months period ended on 31st March, 2005 is given below:

#### (2) Board of Directors

##### (A) Composition of Category of Directors

The Board of Directors comprises of 3 Directors which includes one Executive Director and two Non Executive Directors. The composition of Directors, their attendance at Board Meetings during the nine months period from 1st July 2004 to 31st March 2005 and last Annual Meeting and their Directorships/Committee Memberships in other Companies as on 31<sup>st</sup> March, 2005 are as follows:

##### (B) Details of Meetings of Board of Directors held during the year

Name of Directors	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships in other Companies	As Member in Committees of Other Companies	As Chairman in Committees of Other Companies
Mr. Ajay Kalsi*	Promoter and Managing Director	3	NO	6	2	NIL
Mr. V.B. Oberoi	Non Executive Director	4	YES	12**	3	2
Mr. Narendra Aggarwal***	Non Executive Director	1	YES	10****	5	NIL
Mr. Narendra Makkar	Executive Director	4	YES	12*****	2	3
Mr. Dev Datt*****	Non Executive Director	NIL	NO	NIL	NIL	NIL

\* Mr. Ajay Kalsi resigned from the directorship on 31.01.2005.

\*\* Out of them 2 Directorships are in Private Limited Companies

\*\*\* Mr. Narendra Aggarwal was appointed as Director on 31.01.2005

\*\*\*\* Out of them 5 Directorships are in Private Limited Companies

\*\*\*\*\* Out of them 3 Directorships is in Private Limited Company.

\*\*\*\*\* Mr. Dev Datt ceased to be director on 31.12.2004

Non of the Directors on the Board is a members on more than 10 Committee and Chairman of more than 5 Companies (as specified in clause 49) across the Companies in which he is a Director.



## PHOENIX INTERNATIONAL LIMITED

Date	No. of Directors Present
31.08.2004	3
04.12.2004	3
31.01.2005	3
21.03.2005	3

The maximum time gap between any two meetings did not exceed four calendar months

### (C) Remuneration to Directors

Due to financial crunch faced by the Company, Managing Director had foregone his salary for the period upto 31st January 2005, the date on which he resigned was paid to him during the nine months period under report.

The Company paid sitting fees to the Directors other than Managing Director; No remuneration other than sitting fee has been paid to Non-Executive Directors. The sitting fee paid to the Directors for attending the meeting of the Board of Directors for the nine months period ended as at 31<sup>st</sup> March, 2005 is as follows;

Name of Director	Amount of Sitting Fee (Rs.)
Mr. V.B. Oberoi	8,000/-
Total	8,000/-

### (D) Details of Directors seeking re-appointment at the ensuing Annual General Meeting

In respect of Directors seeking appointment or re-appointment, the notice for the AGM contains the relevant information, like brief resume of the Directors, nature of their expertise in specific, functional areas and names of the Companies in which they hold Directorship and Membership of any Committee of the Board.

### (3) Audit Committee

#### (A) Constitution

The Audit Committee of the Board was constituted in the year 2000-01. The following were the members of the Committee during the nine months period under report.

(A) Mr. V.B. Oberoi	Independent Director
(B) Mr. Ajay Kalsi*	Executive Director
(C) Mr. Narender Makkar	Executive Director
(D) Mr. Narendra Aggarwal **	Independent Director
(E) Mr. Dev Datt ***	Independent Director

\* Mr. Ajay Kalsi resigned from the Committee w.e.f. 31.01.2005

\*\* Mr. Narendra Aggarwal was appointed as member on 31.01.2005

\*\*\* Mr. Dev Datt ceased to be member on 31.12.2004

Mr. Narender Makkar, Company Secretary, is the Secretary of the committee.

#### (B) Terms of Reference

Keeping in view the provisions of Section 292 A of the Companies Act, 1956 and matters specified under clause 49 of the Listing Agreement with stock exchanges, terms of reference are as under:

- To select and recommend appointment of statutory auditors
- To review reports of the internal audit department and decide about the scope of work.
- To meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
- To review financial statements and to seek clarifications etc. from the statutory / internal auditors.
- To review the internal control system.
- To select and establish accounting policies.
- To act as a link between the statutory and internal auditors and the Board of Directors.
- To review the financial statements before submission to the Board of Directors.
- Generally to ensure that tendencies for extravagance, if any, are avoided.

#### (C) Meeting and Attendance during the year

Four meeting of the Committee were held during the nine months period ended on 31st March, 2005 (i.e.) on 31.08.2004, 04.12.2004, 31.01.2005, and 21.03.2005.

The attendance particulars are as follows:

Name of the Chairman /Member	Meeting	
	Held	Attended
Mr. V.B. Oberoi – Chairman	4	4
Mr. Narendra Aggarwal	4	1
Mr. Narender Makkar	4	4
Mr. Ajay Kalsi	4	3
Mr. Dev Datt	4	-

\* Mr. Narendra Aggarwal was appointed as member on 31.01.2005

\*\* Mr. Ajay Kalsi resigned from the committee w.e.f. 31.01.2005

\*\*\* Mr. Dev Datt ceased to be a member w.e.f. 31.12.2004



## PHOENIX INTERNATIONAL LIMITED

### (4) Share Transfer and Shareholders' /Investors' Grievance Committee

The Company has structured a system of reviewing the Shareholders'/Investors' Grievance at every Board Meeting. However, a Committee was constituted in the financial year 2001 with a specific authority to look into the Investors' / Shareholders' Grievance. The following were the members of the Committee during the year.

(A) Mr. V.B. Oberoi	Independent Director
(B) Mr. Narendra Aggarwal*	Independent Director
(C) Mr. Narender Makkar	Executive Director

\* Mr. Narendra Aggarwal was appointed as member on 31.01.2005

Mr. Narender Makkar, Company Secretary, is the Secretary of the committee and is also the Compliance Officer.

During the financial period under report, nine meetings of the committee were held on the following dates;

14/07/2004, 14/8/2004, 14/09/2004, 14/10/2004, 15/11/2004, 14/12/2004, 14/01/2005, 14/02/2005 and 14/03/2005.

The number of complaints received during the year were 24 and there were one pending as at the end of the financial period.

### (5) General Body Meeting

(A) The venue date and time of the last 3 Annual General Meetings were as follows:

Date & Time	Location
18 <sup>th</sup> August, 2003 at 9:30 a.m.	MPCU, Shah Auditorium, 2 Raj Niwas Marg, Delhi – 110 054
31 <sup>st</sup> December, 2003 at 9:30 a.m.	MPCU, Shah Auditorium, 2 Raj Niwas Marg, Delhi – 110 054
31 <sup>st</sup> December, 2004 at 9:30 a.m.	MPCU, Shah Auditorium, 2 Raj Niwas Marg, Delhi – 110 054

(B) No resolution has been moved through postal ballot.

### (6) Disclosure

(A) The details of materially significant related party transactions are disclosed in Notes to the Financial Statements.

(B) Due to lock out and other problems, there were instances of non-compliance of Stock Exchanges requirements. However, steps have already been taken to comply with the non-compliances.

(C) There are no pecuniary relationships or transactions with the Non-Executive Directors other than sitting fees paid to them.

### (7) Means of Communication

(A) Half Yearly report sent to each Household of Shareholders	Due to the lock out and other internal problems, the annual and half yearly result were not published, and half-yearly results could not be sent to the shareholders.
(B) Quarterly Result	
(C) News papers where quarterly results are published.	
(D) Website where quarterly results are displayed	
(E) Whether the website also displays official news releases and presentations to institutional investors/analysts.	Steps are being taken to display it on website at the earliest, notice of Annual General Meeting along the Annual Report is being sent to each shareholders, with in time frame.
(F) News papers where Audited Financial Results are published	
(G) Whether Management Discussion and Analysis is a part of Annual Report or not.	YES

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Due to depressed Indian market and slowness in the economic development and financial crisis your company has done the business at lower level during the financial period under report. The Company is trying its best to overcome the situation despite of prevailing adverse conditions and Directors are hopeful of revival of business opportunity in the subsequent years.

Your Company has documented structural systems and procedures in every area. Periodical reviews are conducted to assess the performance and provide speedy solutions for problems founded.

Your Company is always striving to create a favorable work environment with the available resources at its command and is doing its best to retain the available talents within the company.

The Company was having expertise in the product line in which it was operating. The Company was a continuously profit earning and dividend paying Company. Your company is well aware of the opportunities, threats and risks involved in the business and it takes every effort to convert the threats and risks into opportunities.

The company has carried out shoe related business activities at a very low level during the financial period under review. The Company has repaid in full the one time settlement amounts to Punjab National Bank, Punjab & Sind Bank. The Company is yet to repay part amounts of the settlement amount to State Bank of Indore and State Bank of Patiala.

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

### (8) General Shareholder Information

#### (a) Annual General Meeting

Date & Time	26/09/2005 at 2 : 30 P.M.
Place	MPCU, Shah Auditorium, 2 Raj Niwas Marg, Delhi – 110 054





## PHOENIX INTERNATIONAL LIMITED

- (b) **Financial Calendar** : 2005-06  
**(Tentative)**  
 Financial Results for the Quarter Ended:  
 30th June, 2005 - 31st July, 2005  
 30th September, 2005 - 31st October, 2005  
 31st December, 2005 - 31st January, 2006  
 31st March, 2006 - 30th April, 2006  
 Approval of Audited Results for  
 The year-ended 31.03.2006 - 30th June, 2006  
 (c) **Date of Book Closure** - **26th September, 2005**  
 (d) **Listing on Stock Exchanges:**  
 The shares of the Company are listed on the following Stock Exchanges:

S.No.	STOCK EXCHANGE	ADDRESS
(a)	Mumbai Stock Exchange	Phiroze Jeejeebhoy Tower, 25 <sup>th</sup> Floor, Dalal Street, Mumbai- 400 021
(b)	Kolkata Stock Exchange	7, Lyons, Range, Calcutta - 700 001
(c)	Delhi Stock Exchange	The Delhi Stock Exchange DSE House, 3/1, Asaf Ali Road, New Delhi - 110002
(d)	Ahmedabad Stock Exchange	Ahmedabad Stock Exchange Association Ltd, Manek Chowk, Ahmedabad - 380 001
(e)	Jaipur Stock Exchange	Rajasthan Chamber Bhawan, MI Road, Jaipur - 302 001

The Company has not paid Annual Listing Fees to Stock Exchanges. However, steps are being taken to pay Annual Listing fees to respective Stock Exchanges

Due to some non-compliance, Mumbai Stock Exchange had suspended the trading of securities of Company. However, Company is taking steps to get the suspension revoked as soon as possible.

As per the statement received from Delhi Stock Exchange, there was nil trading of Shares of the Company during July 2004 to March 2005.

- (e) **Share Transfer System:**  
 The Company has out sourced share transfer function to M/s Mas Services Pvt. Ltd., which is registered with SEBI as a Category-I Registrar and Transfer Agent.
- (f) **Dematerialization of Shares:**  
 As per SEBI guidelines the shares in the Company have come under compulsory dematerialization trading. The Company has entered into agreement with NSDL and CDSL for this purpose. The Company ISIN No. is INE245B01011.
- (g) **Distribution of Shareholding:**

Shareholding of Nominal Value (Rs.)	Shareholders		Share Amount	
1	Number 2	% to Total 3	Rs. 4	% to Total 5
Up to 5000	10380	92.64	19703650	11.74
5001 - 10,000	521	4.63	4060680	2.42
10,001-20,000	178	1.88	2653980	1.58
20,001-30,000	38	0.34	985250	0.59
30,001-40,000	31	0.28	1097050	0.65
40,001-50,000	12	0.11	563760	0.34
50,001-1,00,000	20	0.18	1503090	0.90
1,00,001- and above	28	0.25	137328140	81.79
	<b>11208</b>	<b>100.00</b>	<b>167895600</b>	<b>100.00</b>

- (h) **Registrar and Transfer Agents**  
 Mas Services Pvt. Ltd., AB-4, Safadarjang Enclave, New Delhi -110 029
- (i) **Plant Location**  
 A-37, Sector - 60, Noida, District Gautam Budh Nagar, Uttar Pradesh
- (j) **Address for Correspondence**  
 Phoenix International Limited  
 3<sup>rd</sup> Floor, Gopala Tower,  
 25, Rajendra Place, New Delhi - 110 008

for and on behalf of the Board  
 PHOENIX INTERNATIONAL LIMITED

Place : New Delhi  
 Date : 26/08/2005

Narendra Aggarwal  
 Director

V.B. Oberoi  
 Director



## PHOENIX INTERNATIONAL LIMITED

### AUDITOR'S REPORT ON CORPORATE GOVERNANCE

TO  
THE MEMBERS OF PHOENIX INTERNATIONAL LTD.,

We have examined the compliance of Report on Corporate Governance by Phoenix International Limited ("Company") for the nine months' period ended on 31<sup>st</sup> March, 2005 as stipulated in the Clause 49 of the Listing Agreement of the said Company with respective Stock Exchange.

The Compliance of conditions of Corporate Governance is the sole responsibility of the management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements and records maintained by the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the respective Stock Exchanges, subject to the following:-

1. The audit committee consists of three directors; out of them one is a Executive Director.
2. The Company has not complied with the requirements of respective Stock Exchanges regarding publishing of quarterly, half-yearly and annual financial results in the newspaper and half yearly limited review of accounts.

Subject to above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the listing agreement. We state that no shareholders grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company except for one complaint.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor the efficiency and effectiveness with which the management has conducted the affairs of the Company.

For Gupta Mahesh & Associates,  
Chartered Accountants

Place : New Delhi  
Date : 26/08/2005

(Raj Kumar Seth)  
(Partner)

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of Subsidiary	Phoenix Industries LTD.	Phoenix Cement LTD
1. Financial year of the subsidiary	31st March, 2005	31st March, 2005
2. Holding Company's Interest	Holding of 84,32,300 shares of Rs.10/- each out of the total issued and subscribed share Capital of 94,32,300 shares	Holding of 629,53,510 shares of Rs.10/- each out of the total issued and subscribed share Capital of 829,53,570 shares
3. Net aggregate amount of subsidiary's profits/losses so far as they concern member of the Holding Company and not dealt within the Holding Company's accounts i) For Subsidiary's financial year ii) For Subsidiary previous financial year since it became Subsidiary	Rs. (195.65) lacs Rs. (881.13) lacs	Rs. (2967.55) lacs Rs. (1152.40) lacs
4. Net aggregate amount of subsidiary's profits/losses so far as they concern member of the Holding Company and dealt within the Holding Company's accounts i) For Subsidiary previous financial year since it became Subsidiary	Nil	Nil
5. Change in the interest of Holding Company between the end of Subsidiary financial year and the end of Holding Company's financial Year	Not applicable	Not applicable
6. Material change between the end of Subsidiary financial year and the Holding Company's financial year i) Fixed Assets ii) Investments iii) Monies lent by the subsidiary iv) Monies borrowed by the subsidiary other than for meeting current liabilities	Not applicable Not applicable Not applicable Not applicable	Not applicable Not applicable Not applicable Not applicable

Place : New Delhi  
Date : 26.08.2005

NARENDER MAKKAR  
Company Secretary

NARENDRA AGGARWAL  
Director

V.B. OBEROI  
Director