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PHOENIX INTERNATIONAL LIMITED

Regd. Office : 3rd/4th Floor, Gopala Tower, 25 Rajendra Place, New Delhi-110 008.

10th ANNUAL REPORT 1996-97

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PHOENIX INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Managing Director

Shri Ajay Kalsi

Director

Shri V.B. Oberoi

Shri Vikram Prakash

Shri V.N. Nadkarni

Shri S.K. Mandal (Nominee of IFCI)

Vice President (Corporate Affairs) &

Company Secretary

Shri Rakesh Lumb

Auditors

Khanna & Annadhanam

Bankers

Bank of Tokyo

Oriental Bank of Commerce

Punjab & Sind Bank

State Bank of Patiala

Times Bank

Registered Office

3rd/4th Floor, Gopala Tower,
25, Rajendra Place,
New Delhi - 110 008

Works

A-37, Sector-60,
Noida-201 301,
Distt. Ghaziabad (U.P.)



PHOENIX INTERNATIONAL LIMITED

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PARK LEATHER INDUSTRIES LIMITED

(Subsidiary Company)

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PHOENIX CEMENT LIMITED

(Subsidiary Company)

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PHOENIX INTERNATIONAL LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF PHOENIX INTERNATIONAL LIMITED WILL BE HELD ON **SATURDAY THE 27TH SEPTEMBER, 1997 AT 11:00 A.M. AT MPCU, SHAH AUDITORIUM, 2 - RAJ NIWAS MARG, NEW DELHI - 110 054**, TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss account for the year ended 31st March, 1997 together with the reports of the Directors' and Auditors' thereon.
2. To declare the dividend on Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri V.N. Nadkarni, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s Khanna & Annadhanam, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of the Foreign Exchange Regulation Act, 1973 and the Portfolio Investment Scheme framed thereunder and subject to the approval of the Reserve Bank of India and other appropriate authorities, if applicable, the consent of the shareholders be and is hereby accorded for purchase/ acquisition of Equity Shares and Convertible Debentures or such other securities convertible into Equity Shares or linked to or represented by Equity shares of the company by Non-Resident Indians(NRIs), Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), etc. under the Portfolio Investment Scheme of the RBI, however that the Equity Shares/Convertible Debentures so purchased/acquired under the Scheme shall not exceed 24% of the paid up Equity Share Capital of the Company.

RESOLVED FURTHER THAT the said purchase/acquisition of shares/convertible debentures as aforesaid upto a limit of 24% of the paid up share capital shall be subject to the conditions and restrictions laid down under the Portfolio Investment Scheme for the time being in force and as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and/or desirable to give effect to this resolution."

By order of the Board of Directors

PLACE : NEW DELHI
DATE : 28.06.1997

(Rakesh Lumb)
Vice President
(Corporate affairs) &
Company Secretary



PHOENIX INTERNATIONAL LIMITED

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. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the companies act, 1956 in respect of special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 16th September, 1997 to Saturday the 27th September, 1997 (both days inclusive).
4. The dividend as recommended by the Board if approved at the Annual General Meeting will be paid to those members whose names appear in the Register of Members on 27th September, 1997.
5. Members are requested to bring with them at the meeting the copies of the Annual Report and attendance slip, sent herewith, duly filled-in and signed by the them and also by the proxyholder wherever Proxy is appointed, as the same will not be supplied again at the meeting as a measure of economy.
6. Change of address, if any, should be informed to the Company immediately alongwith pin code number.
7. Members intending to require information about Accounts to be explained at the meeting are requested to write to the Company atleast 10 days before the Annual General Meeting.
8. Members who have not received their Interim Dividend for the year ended 31st March, 1995 may write the company for issue of fresh Pay Order/Demand Draft as the same will be transferred to Central Government Account as required by law on or after 2.3.98.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS

Reserve Bank of India announced an Investment Portfolio Scheme (the Scheme) for investment in the Indian securities by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and others, subject to the terms and conditions contained therein. The scheme at present lays down 5% limit to such investments which may be raised to 24% if consented to by the shareholders of a Company in general meeting. The resolution set out in the notice is intended to provide for such investments in the securities of the Company by FIIs, NRIs, OCB's and others. The Board recommends the resolution to be passed.

No Director has any interest or concern in the proposed special resolution.

By order of the Board of Directors

PLACE : NEW DELHI
DATE : 28.06.1997

(Rakesh Lumb)
Vice President
(Corporate affairs) &
Company Secretary



PHOENIX INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Members,
Your Directors have pleasure in presenting the 10th Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

SUMMARY OF FINANCIAL RESULTS

	1996-97 Rs. (in Lakhs)	1995-96 Rs. (in Lakhs)
Sales & Services	10,851.57	11387.40
Other Income	255.13	652.86
Profit before Depreciation and Taxation	792.83	3586.91
Less : Depreciation	236.66	149.65
Profit before taxation	556.17	3437.26
Less Provision for taxation	76.57	3.05
profit after taxation	479.60	3434.21
Less provision for tax for earlier years	—	(0.13)
Net Profits available for appropriation	479.60	3434.34
Appropriations		
Proposed dividend	41.77	251.57
Tax on proposed dividend	4.18	—
Transfer to General Reserve	—	350.00
Transfer to Debenture Redemption Reserve	10.00	10.00
Balance Carried to Balance Sheet	423.65	2822.77
	479.60	3434.34

Dividend

In order to conserve resources for future, the Directors recommend lower Dividend of Rs.0.25 per Equity Share of Rs. 10/- each i.e 2.5% absorbing Rs.41,77,325 for the Financial Year ended 31.03.97 which if approved in the Annual General Meeting will be paid to those members whose name appear in the Register of Members on 27.09.1997. Prorate Dividend will be payable on the Equity Shares allotted against Detachable Warrants and Bonus Shares issued thereon from the date of allotment.

Performance

Operation of the company were adversely affected primarily due to the pressure on the margins and lower exports. However members can look forward for better results in the current year.

Cement Project

As the members are aware that the company through its wholly owned subsidiary namely M/s Phoenix Cement Limited is setting up a cement project with a capacity to manufacture 3 million ton cement p.a. The company has contributed substantial part of its contribution towards promoters equity in its subsidiary. Most of the approvals for setting up the project have been received by its subsidiary company and the loan component of Rs.256 crores has been tied up from various Financial Institutions and Banks. The project envisages an equity of Rs.286 crores to be raised through public which is now proposed to be raised from bulk Foreign Investors who have shown keen interest in the project. As the loan component in the project is very low, the loan component is also proposed to be substantially increased by raising ECB at much cheaper rates so as to reduce the reliance of the project on equity. The directors are confident that the project will be put up without any cost escalation as the substantial machinery has already arrived even though there may be some delay in its implementation.

Particulars of Employees

The particulars of employees as per section 217 (2A) of the companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are annexed hereto as Annexure-I and forms part of this report.

Deposits

During the period under review the company has accepted fixed deposits of Rs. 2 crores under the provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975. Said amount of Deposit is outstanding as at the end of year under review. There were no overdue/unclaimed deposits at the end of the year.



PHOENIX INTERNATIONAL LIMITED

Directorate

During the year under review, Shri S.K. Mandal was co-opted as Director on the Board of the company as nominee of Industrial Finance Corporation of India Limited pursuant to the loan sanctioned by the said corporation. The Directors take pleasure in welcoming Shri Mandal on the Board and hope that his valuable guidance and experiences will be of immense help to the company.

During the year under review, Shri D.N. Kalsi resigned from the Board of Directors. The Directors express their heartfelt thank to Shri D.N. Kalsi for rendering invaluable services to the company during his tenure as Director on the Board and wish him all the best for future.

Shri V.N. Nadkarni, Director of the company retires by rotation and being eligible offers himself for reappointment.

Auditors Observation

The observation of Auditors are self explanatory.

Auditors

The auditors M/s Khanna & Annadhamam, Chartered Accountants retire at the conclusion of ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. 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

The Company has three subsidiary companies namely Phoenix Industries Ltd., Park Leather Industries Ltd. and Phoenix Cement Ltd., Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 forming part of the Balance Sheet as at 31.03.97 is attached. The Company has not attached the Audited Annual Accounts alongwith Directors and Auditors Reports of Phoenix Industries Limited as its Financial year has been extended to 18 months i.e. upto 30.09.1997.

Conservation of Energy

The company has installed state of art and most modern plant requiring least possible energy. The Company's operations being new, no additional investment was required to be made for energy conservation. However, Form A in respect of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable to footwear industries.

Technology Absorption, Adaptation and Innovation

The company has neither taken any indigenous nor imported technology for manufacturing of shoes. The company has installed the most latest Plant and Machinery for manufacturing of various kinds of footwear and as such question of absorption of technology does not arise.

Foreign Exchange Earnings and Outgo

The Foreign Exchange earnings and outgo during the year are as under:

Foreign Exchange Earnings - Rs. 9496.42 Lakhs

Foreign Exchange Outgo - Rs. 1371.23 Lakhs

Allotment of Shares Against Warrants

Promoters were entitled to exercise their rights against 50 lacs Detachable Equity Warrants to get allotment of Equity Shares at par between 24 and 36 months from the date of allotment of NCD. The said right against the warrants could not be exercised by the promoters because on exercise of right by the promoters, their holding would have exceeded 75% of the paid up share capital of the company in contravention of the terms of the prospectus.

Projections V/s Performance

In pursuance of listing agreement a statement showing comparison of actual figures with the projected figures given in prospectus dt. 22.2.94 is annexed hereto as Annexure II and forms part of this report.

Acknowledgement

Your Directors take this opportunity to offer their sincere thanks to the various departments of State Government and Central Government, Financial Institutions, Banks and other Government Agencies for their valuable assistance. The Directors wish to place on record their sincere appreciation of the devoted services of the company's employees at all levels of the organisation which have in great way contributed to the company's progress.

for and on behalf of the Board

PLACE : NEW DELHI
DATE : 28.06.1997

Ajay Kalsi
Chairman



PHOENIX INTERNATIONAL LIMITED

ANNEXURE - 1

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

Sl. No.	NAME	DESIGNATION	AGE (YEARS)	QUALIFICATIONS	EXPERIENCE (YEARS)	GROSS SALARY (Rs.)	DATE OF JOINING	PREVIOUS EMPLOYMENT
1.	MR. RAKESH LUMB	VICE PRESIDENT (CORPORATE AFFAIRS) & COMPANY SECRETARY	40	B.COM(H), L.L.B., FCS	14	580.348	01.12.93	PHOENIX OVERSEAS LTD
2.	MR. PRAMOD MANOCHA	GENERAL MANAGER (FINANCE)	38	B.COM(H), FCA	14	513.889	05.11.93	MARUTI UDYOG LTD
3.	MR. SANJAY GADHOK	GENERAL MANAGER (PUBLIC RELATION)	33	B.COM.	8	424.560	11.11.93	MODI RUBBER LTD
4.	MR. SANJAY JAIN	GENERAL MANAGER (AGRO EXPORTS)	31	B.A. (H)	7	28.800	01.02.96	FORTUNE INTERNATIONAL
5.	MR. ASHOK AGARWAL	SR. MANAGER (CIVIL)	44	DIPLOMA IN CIVIL ENGG.	22	35.428	25.02.97	AHLUWALIA CONTRACTORS (I) LTD
6.	MR. ASHOK AGARWAL	VICE PRESIDENT (OPERATION)	43	B.TECH (CHEM), MBA (FINANCE & MARKETING)	19	67.354	03.04.96	WOODCRAFT PRODUCTS LTD.

1. The above employees are on regular employment.
2. The remuneration includes salary, allowances, Company's contribution to Provident Fund, benefits & perquisites which are taxable under the Income Tax Act, 1961.
3. The above employees are not in relation to any of the Directors of the Company.
- *4. Employed for part of the year.

ANNEXURE - 2

PROJECTIONS VS. ACTUAL

As required under the listing agreement, a comparison between the Projections and actual profitability for the year 1996-97 is given hereunder:

PARTICULARS	PROJECTED	ACTUAL
	(as per Prospectus dated 22.02.94)	(as per Audited Financial Results for the year 1996-97)
Total Income/Sales (Rs. in Lacs)	5,957.00	11,106.00
Net Profit after Tax (Rs. in Lacs)	2,091.00	475.00
Earning per share(Rs.)	25.87	2.84
Book value per share(Rs.)	120.07	73.54

The Operations of the company were adversely affected primarily due to the pressure on the margins and lower exports.

On behalf of the Board

PLACE : NEW DELHI
DATE : 28.06.1997

Ajay Kalsi
Chairman



PHOENIX INTERNATIONAL LIMITED

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

Name of Subsidiary	Phoenix Industries Ltd.	Park Leather Industries Ltd.	Phoenix Cement Ltd.
1. Financial year of the subsidiary	September 30, 1997*	March 31, 1997	March 31, 1997
2. Holding Company's Interest	Holding of 34,32,300 shares of Rs.10/- each out of the total issued and subscribed share capital of 44,32,300 shares.	Holding of 3,000 shares of Rs.100/- each out of the total issued and subscribed share capital of 3,000 shares.	Holding of 20,10,010 shares of Rs.10/- each fully paid up and 22,29,90,000 shares of Rs.10/- each, Rs.6.50 paid up out of the total issued share capital of 22,50,00,070 shares of Rs.10/- each, out of which 22,29,90,000 shares are Rs. 6.50 paid-up
3. Net aggregate amount of subsidiary's profits/losses so far as they concern member of the Holding Company and not dealt with in the Holding Company's accounts.			
i) For Subsidiary's financial year	Not applicable	Rs.0.36 lacs	Nil
ii) For Subsidiary previous financial year since it became Subsidiary	Not applicable	Rs.4.56 lacs	Nil
4. Net aggregate amount of subsidiary's profits/losses so far as they concern member of the Holding Company and dealt with in the Holding Company's accounts.			
i) For Subsidiary's financial year	Nil	Nil	Nil
ii) For Subsidiary previous financial year since it became Subsidiary	Nil	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	Not applicable
6. Material change between the end of Subsidiary's financial year and the Holding Company's financial year			
i) Fixed Assets	Not applicable	Not applicable	Not applicable
ii) Investments	Not applicable	Not applicable	Not applicable
iii) Monies lent by the Subsidiary	Not applicable	Not applicable	Not applicable
iv) Monies borrowed by the subsidiary other than for meeting current liabilities	Not applicable	Not applicable	Not applicable

* Company's financial year has been extended as approved by the Registrar of Companies, West Bengal vide letter No.PSH/EOT/35315 dated 20.05.97.

Pramod Manocha
General Manager
(Finance)

Rakesh Lumb
Vice President
(Corporate Affairs) &
Company Secretary

V. B. Oberoi
Director

Vikram Prakash
Director

Ajay Kalsi
Managing Director

PLACE: NEW DELHI
DATE : 28.06.1997