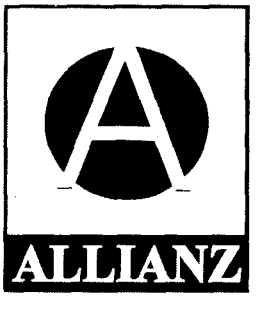
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12th ANNUAL REPORT 2003 - 2004

ALLIANZ CAPITAL & MANAGEMENT SERVICES LIMITED

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Allianz Capital & Management Services Limited

BOARD OF DIRECTORS

Mr. Jagdeep Singh	—	Managing Director
Mr. Samir Chhabra	—	Non-Executive Director
Mr. Ramesh Peer	—	Non-Executive Director
Mr. Manoj Kumar Arora	—	Non-Executive Director
Mr. Ashok Kumar Gupta	—	Non-Executive Director

AUDITORS

H. K. Chhabra & Co.,
Chartered Accountants
324, Dhaka Chambers,
2068/38, Naiwala, Karol Bagh,
New Delhi-110 005

COMPANY SECRETARY

Ashu Gupta

BANKERS

Standard Chartered Bank
HDFC Bank
UTI Bank Ltd.
Bank of Punjab Ltd.

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SHARE TRANSFER AGENTS

Beetal Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi
New Delhi-110 017
Phones : 29250390, 29251990

REGISTERED OFFICE

101, Bharat Chambers,
70, Scindia House, Connaught Circus,
New Delhi - 110 001

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NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD. will be held on Saturday, the 31st day of July, 2004, at 11.30 A.M. at M.P.C.U. Shah Auditorium, Shree Delhi Gujarati Samaj (Regd.), 2, Raj Niwas Marg, Civil Lines, Delhi - 110 054, to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2004, Profit & Loss Account for the year ended 31st March, 2004 and Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Samir Chhabra, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint the Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution :

   "RESOLVED THAT Mr. Jagdeep Singh, who was appointed as an Additional Director as well as the Managing Director of the Company and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956, at the ensuing Annual General Meeting, and in respect of whom, the Company has received a notice in writing proposing his candidature for the office of the Director as per the provisions of Section 257 of the Companies Act, 1956, be and is hereby, appointed as the Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution :

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, including any amendment/substitution thereof, of the Companies Act, 1956 and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, as also the relevant provisions of the Articles of Association of the Company, approval of members of the Company be and is hereby accorded to the appointment of Mr. Jagdeep Singh as the Managing Director of the Company, for a period of 5 years w.e.f. 01.05.2004, upon the terms and conditions as set out below, with liberty to the Board of Directors or a Committee thereof, to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Company and Mr. Jagdeep Singh :

   A. **Salary**

      Basic Salary Rs. 35,000/- (Rs. Thirty Five Thousand Only) per month, in the slab of 35000-15000-95000 per month.

   B. **Perquisites**

      a) Free furnished Company's owned/hired/leased accommodation alongwith benefits of gas, fuel, water, electricity, telephone, as also upkeep and maintenance of such accommodation.

      OR

      House Rent Allowance @ 50% of the Basic Salary as above

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b) Reimbursement of actual medical expenses incurred in India and/or abroad for self and family (including dependent children and parents), subject to one month of basic salary in a year.

c) Leave Travel Allowance for self and family (including dependent children and parents) once in a year @ one month of basic salary.

d) Club Fees of two Clubs in India (including admission and life membership fees)

e) Personal Accident Insurance Premium as per the Rules of the Company.

f) Company's Contribution towards Provident Fund and Superannuation Fund as per the Rules of the Company.

g) Gratuity as per the Rules of the Company.

h) Company's car for use of Company's business. Provision of this facility shall not be considered as a perquisite.

i) Leave and encashment of leave, in accordance with the Rules of the Company.

j) Educational support for dependent children including their travel, hostel fees and tuition fees, subject to a maximum of one month's salary in a year.

k) Reimbursement of the Actual Corporate Relations expenses.

In addition to the above, the Managing Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

The Remuneration Committee will have the power to give one or more increments to the Managing Director in a year.

C. **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay the remuneration for a period not exceeding 3 years by way of salary, perquisites and allowances as specified above.

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

"RESOLVED THAT the re-issue of 2352320 Equity Shares @ Rs. 5.50 per share, aggregating to Rs.1,29,37,760 by the Board of Directors in their Meeting held on 29th March, 2004, earlier forfeited for non-payment of call, be and is hereby ratified."

7. To consider and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 81(A) and any other applicable provisions of the Companies Act, 1956, including any modification or re-enactment thereof, and the applicable Guidelines of the Stock Exchange(s) in respect of the re-issue, and subject to the consent of the shareholders of the Company, 1379780 equity shares of Rs. 10/- each being the forfeited share capital of the Company, be issued at such price and to any person or persons or in such manner and at such time, as the Board of Directors may think fit.

FURTHER RESOLVED THAT Mr. Ramesh Peer and/or Mr. Ashok Kumar Gupta, Directors of the Company, be and is/are hereby authorized to apply for the trading approval from the stock exchange(s) concerned, and to do all other incidental and ancillary things as may be necessary to do in this respect."

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NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in writing, should, however, be deposited at the Registered Office of the Company, not less than forty eight hours before the commencement of the Meeting.

2. Explanatory Statement for Item Nos. 4, 5, 6, and 7 of this Notice is annexed hereto.

3. Shareholders are requested to bring their copy of Annual Report to the Meeting.

4. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the Meeting.

5. In case of joint holders attending the meeting, only such joint holder who is first in the order of names, will be entitled to vote.

6. Members who hold shares in the Dematerialised form, are requested to write their Client ID and DP ID Numbers and those who hold shares in the Physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.

7. All documents referred to in the accompanying Notice and Explanatory Statement shall be open for public inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. to 1.00 p.m. upto and inclusive of the date of the Annual General Meeting.

8. The Company has already notified the Closure of Register of Members and Share Transfer Register from 22.07.2004 to 31.07.2004 (both days inclusive) pursuant to Section 154 of the Companies Act, 1956.

9. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.

10. Re-appointment/Appointment of Directors :

    At the ensuing Annual General Meeting, Mr. Samir Chhabra, Director of the Company, retires by rotation and, being eligible, offers himself for re-appointment. Mr. Jagdeep Singh is proposed to be appointed as a Director liable to retire by rotation. The information or details pertaining to these Directors, to be provided in terms of Clause 49 of Listing Agreement, are furnished in the Statement on Corporate Governance published in this Annual Report.

By Order of the Board of Directors

Place : New Delhi
Date : 19.06.2004

ASHU GUPTA
Company Secretary

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EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Mr. Jagdeep Singh was appointed as an Additional Director as well as the Managing Director of the Company by the Board of Directors. He has got 14 years of experience in the fields of Financial Services, Investment Banking and Capital Market. It is proposed to appoint Mr. Jagdeep Singh as a Director of the Company, liable to retire by rotation, in the forthcoming Annual General Meeting of the Company and in respect of whose candidature, a notice in writing has been received from a member of the Company, pursuant to Section 257 of the Companies Act, 1956.

The Board of Directors recommends the resolution for the members' approval.

None of the Directors, except Mr. Jagdeep Singh, is in any way concerned or interested in the said Resolution.

Item No. 5

Mr. Jagdeep Singh was appointed as the Managing Director of the Company w.e.f. 1st May, 2004, in conformity with Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956. The provisions of Schedule XIII require the consent of the members of the Company with respect to the said appointment.

The Board of Directors recommends the said Resolution to be passed as an Ordinary Resolution.

None of the Directors of the Company, except Mr. Jagdeep Singh, is in any way, concerned or interested in the said Resolution.

Item No. 6

37,31,700 Equity Shares of the Company were forfeited owing to the non-payment of the call moneys by the holders of those shares, by complying with all the statutory requirements prescribed. The Board of Directors of your Company decided to re-issue these forfeited shares. Accordingly, the Board of Directors of your Company re-issued 23,52,320 equity shares, out of the said 37,31,700 equity shares, to the following persons @ Rs.5.50 each, in the meeting held on 29th March, 2004 :

Sl No.	Names	No. of Shares	Consideration
1.	Rakam Money Matters Pvt. Ltd.	850000	By conversion of Unsecured Loans
2.	Vishvdeva Leasing & Investment Pvt. Ltd.	650000	By conversion of Unsecured Loans
3.	Evershed Services Pvt. Ltd.	850000	In Cash
4.	Pushpinder Kaur	2320	In Cash
	TOTAL	2352320	

Further, while applying for the listing/trading of the abovesaid shares, the Stock Exchange, Mumbai has required that the Company will get the above-re-issue of equity shares, ratified by the members of the Company in the ensuing General Meeting.

Therefore, the Board of Directors recommend the members to pass the above Resolution.

None of the Directors of the Company, is in any way, concerned or interested in the said Resolution.

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Item No. 7

Out of the 3731700 equity shares as forfeited, the Board of Directors has already re-issued 2352320 equity shares in its Meeting held on 29th March, 2004. The Company is contemplating to re-issue the rest of the forfeited shares numbering 1379780 equity shares @ Rs.5.50 per share, being the amount remaining unpaid on these shares, to the person or persons, on such terms, and at such time, as the Board of Directors may think fit. For that purpose, the said Resolution is required to be passed as a Special Resolution in the ensuing Annual General Meeting.

The Board of Directors recommends the said Resolution to be passed as a Special Resolution.

None of the Directors of the Company, is in any way, concerned or interested in the said Resolution.

By Order of the Board of Directors

Place : New Delhi
Date : 19.06.2004

ASHU GUPTA
Company Secretary

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors hereby present the 12th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

Financial Results of the Company for the year under review are summarized as under :

(Rs. in Lacs)

	Year Ended 31.03.2004	Year Ended 31.03.2003
Gross Income	**248.74**	119.33
Profit before Interest, Depreciation & Tax	**182.17**	58.58
Less : Interest	**18.06**	7.19
Less : Depreciation	**0.51**	0.35
Net Profit(Loss) after Interest, Depreciation	**163.60**	51.34
Prior Period Adjustment / Provision written back	**288.30**	220.21
Profit/(Loss) brought forward	**(1665.52)**	(1934.35)
Surplus/(Deficit) carried to Balance Sheet	**(1062.12)**	(1665.52)

RESULTS OF OPERATIONS

Revenues: Total revenues for the year ended March, 31, 2004 grew by 108.45% over the previous reporting period.

Profits: Profit before interest, depreciation and taxes for the fiscal year 2003-04 amounted to Rs. 182.17 Lacs. The Profit after Tax for the fiscal year was 163.60 Lacs as against Rs. 51.34 Lacs in the previous fiscal period. Thus, your Company has posted a Profit after Tax of around 3.19 times the Profit after Tax of the Financial Year 2002-03.

DIVIDEND

Since your Company is having a large amount of the brought forward losses at the end of the Financial Year 2003-2004, and it is necessary for your Company to conserve the resources, your Directors have decided not to recommend any dividend on the Equity Shares of the Company for the current financial year.

FIXED DEPOSITS

During the year under review, your Company has settled all the requests of the Depositors for the payment of their deposits. Your Company advertised a Notice to the Fixed Deposit holders in two national dailies, namely "Hindustan Times" (English) and "Hindustan" (Hindi); Dt. 9th March, 2004, soliciting the concerned Fixed Deposit holders to claim the amount of their deposits, and those who approached the Company, were made prompt, full and final payment of their deposits. Still, the amount of the unclaimed deposits as on 31st March, 2004, is Rs. 4,31,665/- only.

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REDUCTION OF CAPITAL

During the year under review, your Company applied for the "Deemed Reduction of Capital" under Section 100 of the Companies Act, 1956, before the Hon'ble High Court, Delhi, by transferring the balance in the Share Premium Account amounting to Rs. 686.92 lakhs and Debenture Forfeited Account amounting to Rs. 146.56 lakhs as on 31.03.2003 as appearing in the Balance Sheet, to the Profit & Loss Account, amounting to the transfer of "Capital Reserves" to the Profit & Loss Account. The Hon'ble High Court of Delhi, vide its Order Dt. 08.04.2004, has allowed the said transfer and the Deemed Reduction of Capital. The said Reduction will become effective after registration of the Order of the Hon'ble High Court, Delhi, with the Registrar of Companies, NCT of Delhi & Haryana, and the same is under processing with the said Office.

RE-ISSUE OF FORFEITED SHARES

During the year under review, your Company re-issued 2352320 Equity Shares @ Rs.5.50 per share, out of 3731700 forfeited Equity Shares, in compliance of all the applicable laws.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, covering matters listed in Clause 49 of the Listing Agreement for the year under review, is given as a separate statement in the Annual Report.

DIRECTORS

During the year, Mr. Samir Chhabra resigned from the Managing Directorship of the Company, though he is continuing to act as an Ordinary Director. The Board places on record the valuable services rendered by him during his tenure as the Managing Director of the Company.

Mr. Samir Chhabra, Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting and offer himself for re-appointment.

A brief resume of the Directors being appointed/re-appointed, nature of their expertise in the specific functional areas, and names of companies in which they hold the Directorship and/or Membership/ Chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement, are given in the Statement of Corporate Governance elsewhere in the Annual Report.

Mr. Jagdeep Singh was appointed as the Managing Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed :

(a) that in preparation of the Balance Sheet and the Profit & Loss Account of the Company, the applicable accounting standards have been followed alongwith the proper explanation relating to the material departures;

(b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

(c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors have prepared the annual accounts on a going concern basis.

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AUDITORS AND AUDITORS' REPORT

M/s. H.K. Chhabra & Co., Chartered Accountants, Statutory Auditors of the Company, retiring at the conclusion of the forthcoming Annual General Meeting, and being eligible, offered themselves for re-appointment.

The Company has received letters from the said Auditors confirming that their appointments, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

STATUTORY STATEMENT

The statements, pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with respect to the conservation of energy, technology absorption, foreign exchange earnings and outgo, and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, with respect to the employee(s) of the Company drawing remuneration exceeding the sum prescribed therein, are not applicable to your Company.

CORPORATE GOVERNANCE

The Company is in the process of actively following the principles and practices of good corporate governance. The Company has ensured that the Corporate Governance requirements, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are duly complied with. A separate Statement on Corporate Governance is given elsewhere in this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of Clause 49 of the Listing Agreement is attached in this Report.

ACKNOWLEDGMENT

Your Directors would like to express their grateful appreciation for the assistance, co-operation and trust reposed in your Company by the Investors, Banks, Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and other Government Authorities during the financial year under review. Your Directors wish to place on record their deep sense of appreciation for its clients and for the devoted services of the young team of professionals of the Company for its success.

Your Directors also place on record their sense of gratification for the valuable contribution made by the brilliant work force of the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 19.06.2004

RAMESH PEER
Director

JAGDEEP SINGH
Managing Director

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