

MD	✓		BKC	✓
CS	✓		DDY	✓
RO	✓			✓
TRA	✓			✓
AGM	✓			✓
YE	✓			✓



ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD.

1997-98
7th Annual Report



Allianz Capital & Management Services Ltd.

BOARD OF DIRECTORS

Mr. Samir Chhabra
(Managing Director)
Mr. Ramesh Peer
Mr. Raj Kumar Bhandari

REGISTERED OFFICE:

K-13, Green Park Extension
New Delhi - 110 016

COMPANY SECRETARY

Sandeep Kapoor

BANKERS

Punjab & Sind Bank
Corporation Bank.

AUDITORS

M/s Jain Gaurav & Associates
Chartered Accountants
879, Sector 28
Faridabad

CONTENTS

PAGE

Notice	01
Director's Report	03
Auditor's Report	05
Balance Sheet	07
Profit & Loss Accountant	08
Schedules	09
Cashflow Statement	18
Balance Sheet Abstract	19
Statement U/S 212 & Annual Report of Allianz Securities Ltd.	20


Allianz Capital & Management Services Ltd.
NOTICE

NOTICE is hereby given that the 7th Annual General Meeting of the Members of ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD. will be held on Wednesday, the 24th March, 1999 at 11.45 A.M, at Indian Law Institute, Bhagwan Das Road, New Delhi to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 30th September, 1998, Profit & Loss Account for the year ending on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint 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

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

"RESOLVED THAT Mr. Samir Chhabra who was appointed as an Additional Director and who ceases to hold office as per provisions of Section 260 of the Companies Act, 1956 at 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 Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and Schedule XIII of the Companies Act, 1956 as amended and other applicable provisions of the law prevailing for the time being, approval of members of the company be and is hereby accorded to appointment Mr. Samir Chhabra as Managing Director of the Company, with effect from 1st July, 1998 ."

"RESOLVED FURTHER THAT the remuneration payable to Mr. Samir Chhabra shall be the salary which comprises Rs. 12,000/- towards Basic and Rs.6,000/- towards HRA."

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

"RESOLVED THAT Mr. Ramesh Peer who was appointed as an Additional Director and who ceases to hold office as per provisions of Section 260 of the Companies Act, 1956 at 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 Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Raj Kumar Bhandari who was appointed as an Additional Director and who ceases to hold office as per provisions of Section 260 of the Companies Act, 1956 at 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 Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT company will not carry on the fund based activities for the time being in the light of depressed capital market scenario and will diversify its business into other areas like Industry & Service sector subject to various statutory compliances".

By Order of the Board of Directors

Date : 20-02-99

Place : New Delhi

(Samir Chhabra)
Chairman/Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.


Allianz Capital & Management Services Ltd.

2. The Explanatory Statement setting out material facts, in respect of the business under item No. 3 to 7 is annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 P.M. up to the date of Annual General Meeting.
4. Members/ Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. The Register of Members shall remain closed from Tuesday the 23rd March, 1999 to Wednesday the 24th March, 1999.
6. Shareholders seeking any information or having any query with regard to accounts are requested to write to the Company early so as to enable the Management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956 :
Explanatory Statement for Item Nos. 3 to 7 set out herein above is as under :

Item No. 3

Mr. Samir Chhabra was appointed as Additional Director of the company by the Board of Directors. He has vast experience in the Management, Finance & other related fields. It is proposed to appoint Mr. Samir Chhabra as director of the company in the Annual General Meeting. None of the directors except Mr. Samir Chhabra are in any way concerned or interested in this matter. The Board of Directors recommend the resolution for the Member's approval.

Item No. 4

The board of directors of the company in its meeting held on 1st July, 1998 appointed Mr. Samir Chhabra as Managing Director of the company, in place of Mr. Ashwajit Singh who was appointed as Managing Director on 1-7-93 for five years and cease to be Managing Director w.e.f. 30-6-98. Mr. Samir Chhabra has vast experience in the Management, Finance & other related fields. The remuneration to paid shall be well within the limits laid down in Part-II of Schedule XIII of the Companies Act, 1956. None of the directors except Mr. Samir Chhabra are in any way concerned or interested in this matter.

The Board of Directors recommend the resolution for the Members' approval.

Item No. 5

Mr. Ramesh Peer was appointed as Additional Director of the company by the Board of Directors in its meeting held on 31st October, 1998. He has good experience in Finance, investment activities & other related fields. It is proposed to appoint Mr. Ramesh Peer as director of the company in the Annual General Meeting. None of the directors except Mr. Ramesh Peer are in any way concerned or interested in this matter.

The Board of Directors recommend the resolution for the Members' approval.

Item No. 6

Mr. Raj Kumar Bhandari was appointed as Additional Director of the company by the Board of Directors in its meeting held on 31st October, 1998. He has good experience in Finance, Retail Banking & other related fields. It is proposed to appoint Mr. Raj Kumar Bhandari as director of the company in the Annual General Meeting. None of the directors except Mr. Raj Kumar Bhandari are in any way concerned or interested in this matter.

The Board of Directors recommend the resolution for the Members' approval.

Item No. 7

Keeping in view the depressed capital market condition it has been decided not to carry on the fund based activities for the time being. As part of its diversification, the company plans to foray into industrial/service sector through investments in new/existing ventures. The company which has the main object to buy & sell shares is not covered u/s 372(A) and would hold these investments as current assets.

The Board of Directors recommend the resolution for the Members' approval.

By Order of the Board of Directors

(Samir Chhabra)
Chairman/Managing Director

Registered Office :
K-13, Green Park Extn.,
New Delhi-110016.
Date: 20-02-99

**Allianz Capital & Management Services Ltd.****DIRECTOR'S REPORT TO THE MEMBERS**

Your Directors hereby present the 7th Annual Report together with Audited Accounts for the financial year ended 30th September, 1998.

FINANCIAL RESULTS:-

Financial results of the Company for the year under review are summarised below:-

	(Rs. in lacs.)	
	Year ended 30.09.98 (12 months)	Year ended 30-09-97 (15 months)
Gross Income	254.60	606.32
Gross Operating Profit/(Loss)	83.48	200.65
Profit/(Loss) Before Tax	(898.56)	(1071.74)
Provision for Taxation	—	—
Profit/(Loss) After Tax	(898.56)	(1071.74)

The financial year 1997-98 has been another difficult period due to overall depression in the capital and money market. The preceding year has been a recession in the market operation particularly in the financial sector. During the year company tried to curtail all possible expenses and focussed only to the core activities resulting thereof. As an effort to curtail expenses the company has shifted its registered office w.e.f February 1, 1999.

DIVIDEND

Since during the year under review, your company could not achieve the profits, your directors have not recommended any dividend for the current financial year.

PROJECTIONS Vs ACTUALS

The Projections as made out in the Prospectus for the Public Issue of the Equity Shares made in March, 1996 and the Actual are as follows:

	(Rs. in lacs.)	
Particulars	Actuals for the Period 1997-98	Projections for the year 1997-98
Total Income	254.60	3970.90
Profit/(Loss) Before Tax	(898.56)	2696.79
Profit/(Loss) After Tax	(898.56)	2696.79
Dividend	—	35%
Equity Share Capital	562.80	1000.00
Reserves & Surplus	—	6004.95
Earnings per Share (Weighted & Annualised)	—	26.97

The variation in Actuals and Projected are mainly due to depressed capital market conditions and fund constraint as a result of call money not being paid and bank finance not being available.

FIXED DEPOSIT

Fixed Deposit collections including Non Convertible Debentures(NCD) as on 30th September 1998 stood at Rs. 527.60 lacs. The company has during the year under review reduced its fixed deposit/NCD liabilities from Rs. 740.72 lacs on September 30, 1997 to Rs. 527.60 lacs as on September 30, 1998.

FUNCTIONAL AREAS & FUTURE PROSPECTS

The company has decided to discontinue fund based activities for the time being. It would be focusing on non fund based i.e. fee based activities. The company is making all efforts to expedite recoveries and repay fixed deposits.

SUBSIDIARY

The Annual Accounts of the subsidiary company i.e. Allianz Securities Ltd. is attach together with the statement under section 2 2 of the Companies Act, 1956.

DIRECTORS

During the year Mr. Kawaljit Singh, Mr. Ashwajit Singh, Mr. C.K. Tikku, Mr. M.L. Kampani, Mr. Navjeet S. Sobti & Count Nicolo Sella De Monteluca resigned as Directors of your company. The board place on record the valuable services rendered by them during their tenure as Director of the company. Mr. Samir Chhabra, Mr. Ramesh Peer & Mr. Raj Kumar Bhandari were appointed as Additional Directors during the year. Since all the directors are additional directors so there is no director who is liable to retiring by rotation.

AUDITORS

M/s Jain Gaurav & Associates, Chartered Accountants, Auditors of your company are liable for retirement at the ensuing Annual General Meeting, and being eligible have offered themselves for reappointment.

STATUTORY STATEMENTS

The statement pursuant to Section 217 (1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars


Allianz Capital & Management Services Ltd.

in the Report of Board of Directors) Rules 1988 and pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 are annexed hereto form part of the report.

CONSERVATION OF ENERGY

Your Company, being in the business of financial services, has not consumed energy of any significant level and accordingly no comments are necessary in respect of energy conservation and reduction of energy consumption.

TECHNOLOGY ABSORPTION

No comment is necessary considering the nature of activities undertaken by your company during the year under review.

FOREIGN EXCHANGE INCOME/OUTFLOW

There has been no foreign exchange income/outflow during the year under review.

PERSONNEL

Your Company draws its strength from its highly qualified, competitive and enterprising personnel drawn from the

financial services sector with good experience. Your Company is headed by professionals drawn from various disciplines.

ACKNOWLEDGEMENTS

Your Directors place on record due appreciation of the trust reposed in your Company by the Investors, Banks, Stock Exchanges and other government agencies. Your Directors also thank its Depositors, Clients and young team of professionals for their support.

Your Directors also place on record their sense of appreciation of the valuable contribution made by the staff of the Company.

On behalf of the Board

(Samir Chhabra)
Chairman/Managing Director

Place : New Delhi
Date : 20-02-1999

ANNEXURE

PARTICULARS OF EMPLOYEES
(Pursuant to Section 217 (2A) read with Companies
(Particulars of Employees)
Rules, 1975 forming part of Directors' Report)

Sl. No	Name of the Employee	Designation	Qualification	Age	Date of Commencement	Salary	Previous Employment
1.	Ashwajit Singh	Director	F.C.A., F.C.S. M.Sc. (London School of Economics), Certified Internal Auditor (U.S.A.)	37	01-07-93	236250	Practising Chartered Accountant

1. Salary includes H.R.A. and other taxable value of perquisites.



Allianz Capital & Management Services Ltd.

AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD., NEW DELHI.

We have audited the attached Balance Sheet of ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD., New Delhi as at 30th September, 1998 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, Issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above.
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts; in our opinion, these accounts have been prepared in compliance of applicable accounting standard referred in section 211 (3c) of the Companies Act, 1956.
 - d) Subject to our comments in the statement referred to in paragraph 1 above, in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i) in the case of Balance Sheet, of the State of affairs of the Company as at September 30, 1998; and
 - ii) in the case of Profit and Loss Account of the Loss of the Company for the period ended on that date.

For JAIN GAURAV & ASSOCIATES

Chartered Accountants

(PAWAN AGARWAL)

PARTNER

Place : New Delhi

Dated : 20-02-1999


Allianz Capital & Management Services Ltd.
**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT TO THE MEMBERS
OF ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD. ON THE ACCOUNTS FOR THE
PERIOD ENDED 30TH SEPTEMBER, 1998.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company are physically verified by the management at reasonable intervals, having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noted on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. The Company has valued its inventory at lower of Cost or Market Value which is fair and proper in accordance with the normally accepted accounting principles.
4. The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The Company has not taken any unsecured loans from parties entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 where the rate of interest and other terms and conditions are prima facie prejudicial to the interests of the Company.
7. Parties to whom loans, or advances in the nature of loans, have been given by the Company are generally repaying the principal amounts and the interest, where applicable.
8. The Company has not given any loans or advances to its employees in the nature of loans during the year.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business.
10. The company has discontinued to accept Public Deposits from the Public w.e.f. 1-1-1998. The company is generally repaying all its excess deposits as per the RBI guidelines and intends to repay all its excess deposits by December, 2001 as per the latest RBI notification No. DNBS.127/CGM(VSNM)-98 dated 18-12-98. The interest on all such deposits is being booked in the year of payment.
11. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 30th September, 1998 for a period of more than six months from the date they became payable.
12. We were informed that the Central Government has not prescribed the maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956.
13. The Company has an adequate internal audit system which is being strengthened to make it commensurate with the size of the Company and nature of its business.
14. The Employees State Insurance and Provident Fund dues have been regularly deposited during the year with the appropriate authority.
15. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account.
16. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (special provision) Act, 1985.
17. The Company has maintained proper records of transaction and contracts in respect of all shares, debentures and other securities, which have been held by the Company in its own name.

For JAIN GAURAV & ASSOCIATES
Chartered Accountants

(PAWAN AGARWAL)
PARTNER

Place : New Delhi
Dated : 20-02-1999



Allianz Capital & Management Services Ltd.

BALANCE SHEET AS AT 30TH SEPTEMBER 1998

(Amount in '000)

	SCHEDULE	AS AT 30-09-98 (12 Months)	AS AT 30-09-97 (15 Months)
SOURCES OF FUND			
SHAREHOLDERS FUNDS			
Share Capital	1	56280.83	56208.93
Reserves & Surplus	2		16698.61
LOAN FUNDS			
Secured Loans	3	45908.12	55145.24
Unsecured Loans	4	46634.03	79542.03
TOTAL		148822.98	217594.81
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	59651.01	92200.17
Less: Depreciation		39763.45	41017.45
		19887.56	51182.72
Less : Lease Adjustment A/c		4025.10	1905.06
Net Block		15862.46	49277.66
INVESTMENTS	6	43946.64	89476.64
CURRENT ASSETS LOANS & ADVANCES			
Inventories	7	7885.75	12946.02
Sundry Debtors		6910.78	6837.37
Cash & Bank Balances		2330.59	9308.35
Loans & Advances		22505.85	86053.19
		39632.97	115144.93
Less: Current Liabilities & Provisions	8	13174.36	41037.57
Net Current Assets		26458.61	74107.36
MISC. EXPENDITURE. (to the extent not w/off or adj.)	9	4162.21	4733.15
PROFIT & LOSS ACCOUNT		58393.06	
TOTAL		148822.98	217594.81

Significant Accounting Policies
Notes to the Accounts

This is the balance sheet referred to in
our report of even date

For **JAIN GAURAV & ASSOCIATES**
Chartered Accountants

(**PAWAN AGARWAL**)
Partner

Place : New Delhi
Date : 20-02-99

The Schedules Referred to above form an
integral part of the Balance sheet.

For **ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD.**

(**SAMIR CHHABRA**)
MANAGING DIRECTOR

(**RAMESH PEER**)
DIRECTOR



Allianz Capital & Management Services Ltd.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH SEPTEMBER 1998

(Amount in '000)

SCHEDULE		AS AT 30-09-98 (12 Months)	AS AT 30-09-97 (15 Months)
INCOME			
Leasing and Hire Purchase	10	14956.11	43175.98
Less : Lease equalisation		<u>2794.24</u>	<u>1740.81</u>
		12161.87	41435.17
Merchant Banking operations		1100.00	3390.39
Money Market operations		6334.71	4070.00
Interest and Other Income	11	5093.56	12753.97
Dividend Income		551.91	472.42
Profit on sale of Investment		217.92	(1490.13)
		<u>25459.97</u>	<u>60631.82</u>
EXPENDITURE			
Loss on Trading of Shares	12	945.93	3807.62
Personnel Expenditure	13	2634.15	8178.23
Operating & Admn. Expenses	14	12492.20	24075.17
Interest and Finance Charges	15	3397.05	29947.69
Depreciation		15014.48	46642.57
Bad debts written off		471.34	3791.71
Miscellaneous Expenditure W/Off		570.93	713.66
Provisions & Contingencies		73361.26	50649.57
		<u>108887.34</u>	<u>167806.22</u>
Profit/(Loss) Before/After Tax		(83427.37)	(107174.40)
Prior Period Adjustments		<u>(6428.50)</u>	<u>-</u>
		(89855.87)	(107174.40)
PROFIT/(LOSS) BROUGHT FORWARD		(67035.83)	40138.57
Profit/(Loss) Carried forward to the Balance Sheet		<u>(156891.70)</u>	<u>(67035.83)</u>
Significant Accounting Policies	16		
NOTES TO THE ACCOUNTS	17		

This is the Profit & Loss Account referred to in our report of even date.

For **JAIN GAURAV & ASSOCIATES**
Chartered Accountants

The Schedules referred to above form an integral part of the Profit and Loss Account

For **ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD.**

(PAWAN AGARWAL)
Partner
Place : New Delhi
Date : 20-02-99

(SAMIR CHHABRA)
MANAGING DIRECTOR

(RAMESH PEER)
DIRECTOR