

13th ANNUAL REPORT 2004 - 2005



**ALLIANZ
CAPITAL & MANAGEMENT
SERVICES LIMITED**


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. Ashok Kumar Gupta	–	Non-Executive Director
Mr. Manoj Kumar Arora	–	Non-Executive Director

AUDITORS

M/s. H.K. Chhabra & Co.
Chartered Accountants
3/4, Dhaka Chambers,
20/68/38, Naiwala, Karol Bagh,
New Delhi-110 005

COMPANY SECRETARY

M. Yashwant Gupta

BANKERS

HDFC Bank
UTI Bank Ltd.
Bank of Punjab Ltd.

TRANSFER AGENTS

M/s Beetal Financial & Computer Services (P) L
"Beetal House", 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi-110 062

REGISTERED OFFICE

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

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Allianz Capital & Management Services Limited

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of ALLIANZ CAPITAL & MANAGEMENT SERVICES LTD. will be held on Wednesday, the 28th day of September, 2005, at 4.00 P.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, 2005, Profit & Loss Account for the year ended 31st March, 2005 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramesh Peer, 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 modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, and other applicable provisions, if any, and subject to the consent of the shareholders in the general meeting, an amount not exceeding Rs. 10 Lakhs during the Financial Year 2005-06, be contributed, to any institute, body, trust, society, association, or person, funds for any charitable or other purposes, not directly relating to the business of the Company or the welfare of its employees, notwithstanding that the said amount may exceed the limits laid down in Section 293(1)(e) of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions, and such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company, be and is hereby, accorded for investments by Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs), Non-Resident Indian's (NRIs) including their sub-accounts (hereinafter referred to as the "Foreign Investors"), in the shares of the Company, by purchase or acquisition from the market under FEMA, subject to the condition that the total holding of all Foreign Investors put together shall not exceed 49 per cent of the issued share capital of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby, authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

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

"RESOLVED THAT subject to such consents and permissions, if any, as may be necessary, as well as compliance with the applicable Laws, Regulations, Guidelines, etc. for the time being in force, the Equity Shares of the Company be delisted from The Delhi Stock Exchange Association Ltd."


Allianz Capital & Management Services Limited
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 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 20.09.2005 to 28.09.2005 (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 Ramesh Peer, Director of the Company, retires by rotation and, being eligible, offers himself for re-appointment. The information or details pertaining to the said Director, to be provided in terms of Clause 49 of Listing Agreement, are furnished in the Report on Corporate Governance in this Annual Report.

By Order of the Board of Directors

Place : New Delhi
Date : 01.07.2005

YASHWANT GUPTA
Company Secretary



Allianz Capital & Management Services Limited

EXPLANATORY STATEMENT

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

Item No 4

As per the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of a Public Company shall not, except with the consent of the members of such Public Company, contribute/donate to charitable and other funds which is/are not directly relating to the business of the Company or the welfare of its employees, in excess of Rs. 50,000/- or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years, immediately preceding, whichever is greater. Acknowledging the Company's increased responsibility towards social, philanthropic and other causes of public utility, your Directors recommend for approval by the shareholders that the limit of contribution/donation to the charitable and/or other funds, be fixed not exceeding Rs.10 Lakhs per annum, during the financial year 2005 - 06.

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

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

Item No 5

As various persons resident outside India such as the Foreign Institutional Investors, etc., are showing keen interest in your Company and recently have started investing in the equity shares of the Company. In view of that, your directors recommend the said Resolution to be passed by the shareholders of the Company in the ensuing Annual General Meeting authorizing the Board or any Committee thereof to be duly constituted, to accept the foreign shareholdings to the extent of 49% of the Issued Capital of the Company.

Therefore, 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, interested or concerned in the said Resolution.

Item No 6

Equity Shares of the Company are presently listed at Delhi, Mumbai and Calcutta Stock Exchanges (the delisting approval is awaited from Calcutta Stock Exchange). For quite a long time there has been hardly any trading in the equity shares of the Company at the Delhi Stock Exchange Association Ltd. the listing fees claimed by the said stock exchange do not offer any commensurate benefits to the Company / its investors and the continued listing on the said stock exchange is not considered necessary. Besides, the proposed voluntary delisting further contribute to the cost reduction initiatives being taken across various functional areas of the Company. Therefore, it is proposed to delist the Equity Shares of the Company from the Delhi Stock Exchange Association Ltd. which requires approval from the shareholders of the Company by way of Special Resolution in terms of the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003.

The equity shares of the Company however, shall remain listed with the Stock Exchange, Mumbai.

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, interested or concerned in the said Resolution.

By Order of the Board of Directors

Place : New Delhi
Date : 01.07.2005

YASHWANT GUPTA
Company Secretary



Allianz Capital & Management Services Limited

DIRECTORS' REPORT

To the Members,

Your Directors hereby present the 13th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2005

FINANCIAL HIGHLIGHTS

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

(Rs. in Lacs)

	Year Ended 31.03.2005	Year Ended 31.03.2004
Gross Income	205.14	248.72
Profit Before Interest, Depreciation & Tax etc.,	14.89	182.17
Add : Provisions of Previous Years Written back	406.35	288.30
Less: Interest	3.11	18.06
Less: Depreciation	2.94	0.51
Less : Prior Period Adjustments	1.54	—
Net Profit After Tax	413.65	451.90
Transferred from General Reserve	—	151.50
Transferred from Share Premium Account	686.92	—
Transferred from Debenture Forfeited Account	146.56	—
Loss Brought Forward	(1062.13)	(1665.53)
Surplus / (Deficit) Carried to Balance Sheet	185.00	(1062.13)

RESULTS OF OPERATIONS

Revenues : Total revenues for the year ended March, 31, 2005 amounted to Rs. 205.14 Lacs.

Profits : Profit before interest, depreciation and taxes for the financial year 2004-05, including provisions of previous year written back, amounted to Rs. 421.24 Lacs. The Profit after Tax for the financial year was Rs. 413.65 Lacs as against Rs. 451.90 Lacs in the previous financial year, however, for the financial year ended 31st March, 2005, the surplus carried to the Balance Sheet amounted to Rs. 185 Lacs as against the deficit of Rs. 1062.13 Lacs in the last financial year ended on 31st March, 2004.

INVESTMENTS

At present, your Company is holding 3677000 Equity Shares in Allianz Securities Ltd., one of the group companies. Now, your Company has given consent for subscribing to 3370000 Warrants of M/s Allianz Securities Ltd., at Rs. 10.25 (Rupees Ten and Twenty Five Paise only) per Warrant, convertible into one Equity Share of Rs. 6/- (Rupees Six each) at a premium of Rs. 4.25 (Rupees Four and Twenty Five Paise only) per Warrant, on or before allotment.

Further, your Company has also subscribed to 1495000 Equity Shares of Almondz Capital Markets Pvt. Ltd., a Company promoted by the Group to acquire the membership of The National Stock Exchange of India Ltd. (NSE) and Mumbai Stock Exchange Ltd. (BSE) so as to deal in the Stock Broking.

DIVIDEND

It is felt 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. For the remaining amount of unclaimed deposit, your Company again advertised a Notice to the



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Fixed Depositholders in a national dailly, namely "Hindustan Times" (English); Date 19th December, 2004, soliciting the concerned Fixed Depositholders 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, 2005, is Rs. 2,68,665/- only.

REDUCTION OF CAPITAL

During the year under review, the Hon'ble High Court of Delhi, vide its Order Dt. 08.04.2004, has allowed the "Deemed Reduction of Share Capital" under Section 100 of the Companies Act, 1956, by transfer of 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 said Reduction has become effective on receipt of a Registration Certificate, dated 2nd September, 2004, from the Registrar of Companies, NCT of Delhi & Haryana.

PROPOSAL FOR CHANGE OF NAME

During the year under review, an Extra-ordinary General Meeting was held on 19th March, 2005, for passing a Special Resolution for change of name of the Company from "Allianz Capital & Management Services Ltd." to "Almondz Capital Holdings Ltd.", and accordingly Company took the consent of the shareholders. However, in the meantime, the Company received a letter from the Reserve Bank of India (Letter bearing Ref. No. DNBS. Nd. No. 3560 / P&W / 05.01.01.0883/2004-05; dated February 28, 2005) intimating that the Company cannot change its name without obtaining No-objection from the Reserve Bank of India. Therefore, the Board of Directors of the Company in its meeting held on 5th April, 2005, decided to drop the said proposal to change the name of the Company and is carrying on the business under its existing name "Allianz Capital & Management Services Limited".

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

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

A brief resume of the Director/s being appointed/re-appointed, nature of his/their expertise in the specific functional areas, and names of companies in which he/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 Corporate Governance Report elsewhere in the Annual Report.

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; and
- (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, offer themselves for re-appointment.

The Company has received letter from the said Auditors confirming that their appointment, 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 Exchanges, are duly complied with. A separate Report 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.

ACKNOWLEDGEMENT

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 : 01.07.2005

RAMESH PEER
Director

JAGDEEP SINGH
Managing Director



Allianz Capital & Management Services Limited

CORPORATE GOVERNANCE REPORT

1. CORPORATE ETHICS & PHILOSOPHY

The Company is observing standards of good governance by maintaining transparency, efficiency, full disclosure of every transaction, etc. in order to protect the rights and interests of the shareholders at large, besides achieving the overall organisational goals and objectives.

2. BOARD OF DIRECTORS

(a) Composition and Category of Directors :

The Board of Directors of the Company consists of 5 (Five) Directors. The composition and the category of Directors as well as the Number of Directorship in other Companies and Number of Chairmanship/ Membership in other Board Committees are as hereunder :

Sl. No.	Name	Category	No. of Directorship in other Companies		No. of Membership / Chairmanship in other Board Committees	
			Public	Private	Member	Chairman
1.	Mr. Jagdeep Singh	Managing Director	1	2	3	—
2.	Mr. Samir Chhabra	Non-Executive Director	1	—	—	2
3.	Mr. Ramesh Peer	Non-Executive Director	—	—	1	—
4.	Mr. Ashok Kumar Gupta	Non-Executive Director	—	—	2	—
5.	Mr. Manoj Kumar Arora	Non-Executive Director	—	—	—	—

During the year under review, 7 (Seven) Board Meetings were held on 20th April, 2004; 19th June, 2004; 30th July, 2004; 30th October, 2004; 25th January, 2005; 7th February, 2005 & 15th February 2005. The last Annual General Meeting for the Financial Year ended 31st March, 2004 was held on 31st July, 2004.

The attendance of the individual Directors in the aforesaid meetings was as follows :

Name of Director	Date of Meetings & Attendance						
	20.04.04	19.06.04	30.07.04	30.10.04	25.01.05	07.02.05	15.02.05
Mr. Jagdeep Singh Managing Director	N.A.	Present	Present	Present	Present	Present	Present
Mr. Samir Chhabra Director	Leave of Absence	Present	Present	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Mr. Ramesh Peer Director	Present	Present	Present	Present	Present	Present	Present
Mr. Ashok Kumar Gupta Director	Present	Present	Present	Present	Present	Present	Present
Mr. Manoj Kumar Arora Director	Present	Present	Present	Present	Present	Present	Present

(b) Brief Particulars of Directors Appointed / Re-appointed :

A brief resume of the Director / s being appointed/re-appointed at the Annual General Meeting, the nature of his / their expertise in specific functional areas are hereunder :

Mr. Ramesh Peer is a Masters in Commerce and is having around 15 years experience in the field of Finance and Investments.



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3. REMUNERATION OF DIRECTORS**a) Executive Directors :**

Name	Category	Salary & Perquisites (Rs.)
Mr. Jagdeep Singh*	Managing Director	35,000 per month with perquisites

* Mr. Jagdeep Singh was appointed as the Managing Director of the Company w.e.f. 01.05.2004. However, on account of his appointment as the Wholetime Director, designated as the Managing Director of M/s Almondz Capital Markets Pvt. Ltd., one of the Group Companies, w.e.f. 01.12.2004, from which he is drawing his remuneration, he is no longer getting any remuneration from the Company.

b) Non-Executive Directors :

Name	Category	Salary & Perquisites (Rs.)	Sitting Fees (Rs.) As on 31.03.2005
Mr. Samir Chhabra	Director	—	4000/-
Mr. Ramesh Peer	Director	—	19000/-
Mr. Ashok Kumar Gupta	Director	—	19000/-
Mr. Manoj Kumar Arora	Director	—	19000/-

4. AUDIT COMMITTEE

The present composition of the Audit Committee is as under :

Sl. No.	Name	Category
1.	Mr. Samir Chhabra	Non-Executive & Independent Director
2.	Mr. Ramesh Peer	Non-Executive Director
3.	Mr. Ashok Kumar Gupta	Non-Executive Director

The quorum of the Committee is 1/3rd of the total strength of the Committee or 2 members, whichever is higher and minimum of two independent Directors. Mr. Samir Chhabra, who is a non-executive and independent director, having sufficient accounting and financial management expertise and was elected as the Chairman of the Committee for all its meetings held during the year. The terms of reference of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 as well as with the requirements of Clause 49 of the Listing Agreement as entered into by the Company with the Stock Exchanges.

Accordingly, the terms of reference of the Audit Committee of the Company broadly are as under :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.