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INTEGRATED FINANCIAL SERVICES LIMITED

TWELVETH ANNUAL REPORT 2002-2003



INTEGRATED FINANCIAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that Twelfth Annual General Meeting of INTEGRATED FINANCIAL SERVICES LTD. will be held on Tuesday, 30th day of September, 2003 at 10.00 A.M. at 48, Todar Mal Road, Bengali Market, New Delhi -110 001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003, the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Kathuria, who retires by rotation and being eligible offers himself for the reappointment.
3. To appoint a Director in place of Mr. Naval Kishore Kaira, who retires by rotation and being eligible offers himself for the reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to the provisions of SEBI Delisting Guidelines, 2003; Companies Act, 1956; Securities Contracts (Regulation) Act, 1956; and the rules framed under, listing agreements and all other applicable laws, rules, regulations, and guidelines and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution) the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company from Delhi Stock Exchange Association Ltd."

By order of Board of Directors

Place : New Delhi
Date : 02.09.2003

Rachna Batra
Director

Notes :

1. A member entitled to attend and vote at the Annual General Meeting may appoint a "proxy" to attend and vote on a poll on his behalf and such proxy need not be a member of Company. Proxies, in order to be effective, must be deposited at the Registered office of the company not less than 48 hours before the commencement of this Annual General Meeting.
2. The Register of Members and the Share transfer books of the Company will remain closed from Tuesday, 23rd September, 2003 to Tuesday, 30th September, 2003 (both days inclusive).
3. Members/Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.
4. W.e.f. 26th December, 2000, trading of equity shares of the company are in compulsory dematerialized form and the International Securities Identity Number (ISIN) allotted to the company is INE898B01017.
5. Members who hold shares in dematerialized form are required to bring their client ID and DP ID numbers for easier identification of attendance at the meeting.
6. Members can avail of the nomination facility by filling Form 2 B with the company. Blank forms will be supplied on request.
7. Explanatory statement required under Section 173(2) of the Companies Act, 1956 in respect of special business is attached.

By order of Board of Directors

Place : New Delhi
Date : 02.09.2003

Rachna Batra
Director



INTEGRATED FINANCIAL SERVICES LIMITED

Annexure to Notice

Explanatory Statement Under Section 173 (2) of Companies Act, 1956

Item No. 5

Presently, the equity shares of the company are listed in the Stock Exchange, Mumbai and Delhi Stock Exchange Association Ltd.

Under SEBI (Delisting of Securities) Guidelines, 2003, it is now permissible for the company to voluntarily delist its securities from Regional Stock Exchange provided the securities of the company continue to remain listed in a stock exchange having nation wide trading terminals.

The equity shares of the company are tradable in dematerialized form by all the investors since 26th December, 2000.

The Stock Exchange, Mumbai offers extensive networking and extension of its trading terminals to various cities in the country, making it affordable for all the investors to have access to online dealings in the equity shares of the company. Most of the trading in the shares of the company takes place on the BSE and trading volume at DSE is extremely low. In view of the extremely low trading volumes, the benefits accruing to the investors with continued listing of its shares on the DSE are not commensurate with the costs incurred by the company and multiplicity of compliances.

Therefore, it is proposed to delist the equity shares of the company from Delhi Stock Exchange Association Ltd.

The proposed delisting from the DSE would not adversely affect the interest of investors as the equity shares of the company continue to remain listed on the Stock Exchange, Mumbai.

In accordance with the provisions of SEBI (Delisting of Securities) Guidelines, 2003, the approval of the shareholders is necessary for seeking delisting from the DSE and therefore, the directors recommend the resolution to the shareholders for their approval.

None of the directors are interested in the resolution.

By order of Board of Directors

**Place : New Delhi
Date : 02.08.2003**

**Rachna Batra
Director**



INTEGRATED FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the twelfth Annual Report and Audited Accounts of the company for the year ended 31st March, 2003.

		(Rs. in Lakhs)
FINANCIAL RESULTS	2002-2003	2001-2002
Income	93.50	81.58
Profit before Depreciation & Tax	77.75	52.07
Depreciation	3.14	3.73
Profit before taxation	74.61	48.34
Tax	15.00	10.00
Profit after taxation	59.61	38.34

DIVIDEND

The Directors regret their inability to propose any dividend for the year under review so as to conserve its resources.

FIXED DEPOSITS

The company has neither accepted nor invited any fixed deposit within the meaning of Company's (Acceptance of Deposits) Rules, 1975 from the public, during the year. There is no unpaid or unclaimed deposits lying with the company.

DIRECTORS

In accordance with the provisions of the companies Act, 1956 and the Articles of Association of the company, Mr. Vijay Kathuria and Mr. Naval Kichore Kalra, directors retire by rotation and being eligible offer themselves for the reappointment.

Brief resume of the above named directors, nature of their expertise and names of the companies in which they hold directorship or chairmanship/membership of committees of the Board, as stipulated under Clause 49 of the Listing Agreement, are given in the Corporate Governance Section in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors confirm :

1. That in the preparation of annual accounts for the year ended 2002-2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
2. 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;
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

The requirement of compliance with the code of corporate governance as per Clause 49 of the revised listing agreement with the stock exchanges, became applicable to the company for the Financial Year ended 31st March, 2003. However, as a responsible Corporate Citizen, the company was already complying with a majority of the mandatory recommendations.

During the Financial year 2002-2003, the company has complied with all the recommendations of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

A separate report on Corporate Governance is published in the Annual report as a part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement(s) is annexed to the Report on Corporate Governance.

A Management Discussion and Analysis also accompanies this report.



INTEGRATED FINANCIAL SERVICES LIMITED

LISTING OF SHARES

The shares of the company are listed with Delhi Stock Exchange and the Stock Exchange, Mumbai. The company has paid the Annual Listing fee for the period 1st April, 2003 to 31st March, 2004 to both the stock exchanges.

The approval of the shareholders is being sought in this Annual General Meeting for delisting of the equity shares of the company from the Delhi Stock Exchange Association Ltd as per the SEBI (Delisting of Securities) Guidelines, 2003.

The equity shares of the company will continue to remain listed in the Stock Exchange, Mumbai.

AUDITORS

M/s. Dua and Kumar, Chartered Accountants, New Delhi, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' REMARKS

The observations made by the Auditors with reference to notes on to the accounts for the year under report are self explanatory and need no further comments from the directors.

PARTICULARS OF EMPLOYEES

There is no eligible employee whose particulars under Section 217(2AA) of the Companies Act, 1956 are called for.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is not being furnished as the same is not applicable. No particulars are furnished on conservation of energy and technology absorption. There was no foreign exchange earning or outgo during the year under review.

ACKNOWLEDGEMENTS

The directors place on record their appreciation of the excellent performance and hard work put in by the employees at all levels in the company's growth and development. The Directors also convey their grateful thanks to the shareholders, banks and clients for their continued cooperation and patronage.

for and on behalf of the Board of Directors

Date : 02.09.2003
Place : New Delhi

S.C. KHANEJA
CHAIRMAN



INTEGRATED FINANCIAL SERVICES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The year under review was one of the most challenging year for our Indian Capital Market. The Capital Market in India witnessed major changes with the market regulator announcing various measures like reduction in the Settlement cycle from T+3 to T+2, introduction of STP, increase in the stocks for trading in Futures & Options Segment etc. The Capital market remained stagnant during the year but the performance of the company has been satisfactory.

Opportunities and Threats

Being an investment company, the opportunities and threats to the company are those which are applicable to all the companies operating in the Capital Market.

Segment-wise or product-wise performance

Your company is mainly engaged in investment activities which is the only business segment. Other segments are not applicable to the company.

Outlook

Your company is mainly engaged in investment of shares and debentures of other companies. It has 46% equity stake in Integrated Master Securities (P) Ltd which is a member of National Stock Exchange of India Ltd., The Stock Exchange, Mumbai, The Delhi Stock Exchange Association Ltd, The Ludhiana Stock Exchange Association Ltd and Vadodara Stock Exchange Ltd and Depository Participant of National Securities Depository Ltd and Central Depository Services (India) Ltd.

Risk and Concerns

The performance of your company to a major extent depends upon the Capital Market Scenario and therefore, it is exposed to the risk factors which are applicable to Capital Market. The company has always been adhering to best practices and has requisite internal control systems and risk management system.

Internal Control Systems and their adequacy

As stated above, the company has adequate internal control systems in respect of all the activities of the company which also includes monitoring and controlling against unauthorized use/disposition of assets and ensuring that all the transactions are authorized, recorded and reported correctly.

The company ensures compliance with all the regulations applicable to the company.

The Audit Committee of the Board reviews Internal Control systems of the company on periodical basis.

Financial Performance with respect to Operational Performance

During the year, the reserves and surplus stood at Rs. 2.52 crores against Rs. 1.94 crores during the previous year. The net profit after tax during the year stood at Rs. 59.61 Lacs as against Rs. 38.34 Lacs during the previous year.

Material Development in Human Resources/Industrial Relations Front

The company is managed by a team of young Professionals and follows all good management practices.

The relationship with all the employees of the company have been cordial during the year under review.



INTEGRATED FINANCIAL SERVICES LIMITED

CORPORATE GOVERNANCE REPORT:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has adopted a Corporate Governance Policy. The Company has followed Corporate Governance in its operations to make them transparent.

BOARD OF DIRECTORS:

- (a) Composition: The Board comprises of a Chairman and five Directors. Out of total strength of six directors, three directors are Promoter Directors and three are Independent and Non-Executive Directors.

There are no nominee directors and institutional directors on the Board of the company.

- (b) Board Meetings: During the financial year 2002-2003, the meeting of the Board of Directors were held on 01.05.2002, 07.06.2002, 29.08.2002, 31.07.2002, 27.08.2002, 30.08.2002, 30.09.2002, 31.10.2002, 27.11.2002, 30.11.2002, 14.12.2002, 14.01.2003, 31.01.2003, 20.02.2003, 05.03.2003

The information regarding the meetings attended by the Directors is given below:-

Name of Director	Category of Director	No. of meetings attended/Attendance of Board Meetings.	Total No. of other Directorship in public Ltd. Companies	Attendance at last AGM	Committee Membership	Committee Chairmanship
Sh S.C.Khaneja	Chairman	15	1	Yes	—	—
Smt Rajni Khaneja	Wholetime Director	15	1	Yes	—	—
Sh Virender Khaneja	Director	15	1	Yes	—	—
Sh Vijay Kathuria	Director	15	1	Yes	2	2
Sh Naval Kishore Kalra	Director	15	1	Yes	1	—
Ms. Rachna Batra	Director	15	1	Yes	2	—

Mr. Vijay Kathuria retires by rotation and is eligible for reappointment. His brief resume is furnished below:

Mr. Vijay Kathuria, is a director of the company since its incorporation.

Mr. Vijay Kathuria is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also holds a degree of cost accountant from the Institute of Cost & Works Accountants of India.

Mr. Vijay Kathuria has experience of nearly 14 years.

He is a director of the following companies.

1. Integrated Master Securities (P) Ltd
2. Integrated Risk Insurance Brokers Ltd

Mr. Vijay Kathuria is chairman of the Audit Committee and Shareholder/Investor Grievance Committee of the company.

Mr. Naval Kishore Kalra retires by rotation and is eligible for reappointment. His brief resume is furnished below:

Mr. Naval Kishore Kalra is a director of the company since 1st September, 2001.

He is an Associate Member of the Institute of Cost Accountants of India.

He has experience of 8 years.

He is also a director of Integrated Risk Insurance Brokers Ltd.

He is a member of the Audit Committee of the company.