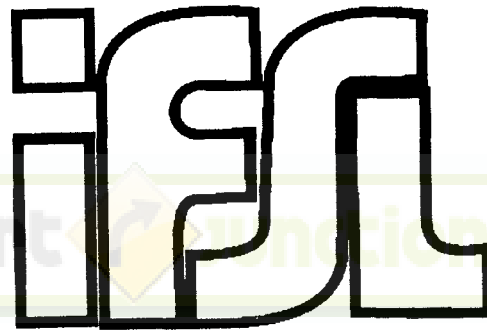


15th Annual Report 2005-06



INTEGRATED FINANCIAL SERVICES LTD.

Integrated Financial Services Ltd.

Board of Directors	:	Sh. S.C. Khaneja, Chairman Smt. Rajni Khaneja, Wholetime Director Sh. Virender Khaneja, Director Smt Rachna Batra, Director Sh. Sunil Sobti, Director
Registered Office	:	303-304, 3rd Floor, New Delhi House, 27, Barakhamba Road, New Delhi-110001.
Bankers	:	ABN-AMRO Bank HDFC Bank Ltd.
Auditors	:	M/s. Dua & Kumar, Chartered Accountants P-1, Pilanji, Sarojini Nagar, New Delhi-110023.



Integrated Financial Services Ltd.

NOTICE

NOTICE is hereby given that **Fifteenth Annual General Meeting** of INTEGRATED FINANCIAL SERVICES LTD will be held on Saturday, 30th day of September, 2006 at 10.00 A.M. at 303-304, 3rd Floor, 27, Barakhamba Road, New Delhi-110001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2006, the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2006.
3. To appoint a Director in place of Ms. Rachna Batra, who retires by rotation and being eligible offers herself 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 with or without modification(s), the following as an Ordinary Resolution
 "Resolved that Mr. Sunil Sobti who was appointed as an Additional Director of the company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of director under section 257 of the Companies Act, 1956 be and is hereby appointed as a Regular Director of the company."

Place : New Delhi
 Date : 29.08.2006

By order of Board of Directors
Prakash Bhatt
 Company Secretary

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 the 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 Saturday, 23rd September, 2006 to Saturday, 30th September, 2006 (both days inclusive).
3. Explanatory statement required under section 173(2) of the Companies Act, 1956 in respect of special business is attached.
4. Members holding shares in physical mode are requested to intimate any change in their address immediately. 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.
5. Those members who are still holding shares in physical form are requested to dematerialize the same by approaching any of the Depository Participants registered with SEBI.
6. Members who hold shares in dematerialized form are requested to bring their Client-ID and DP-ID for easy identification of attendance at the meeting.
7. Members are advised to avail ECS facility whereby the dividend will be directly credited electronically to their respective bank accounts. Members who hold shares in dematerialized form are requested to provide their ECS Mandate to their respective depository participants, if they have not done so already. Members holding shares of the company in physical form are requested to provide their ECS Particulars to the company at the earliest to avail the ECS facility.

Place : New Delhi
 Date : 29.08.2006

By order of Board of Directors
Prakash Bhatt
 Company Secretary



Integrated Financial Services Ltd.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

At the meeting of the Board of directors held on 15th December, 2005, Mr Sunil Sobti was appointed as an Additional Director of the Company to hold office until the beginning of forthcoming Annual General Meeting. The Company has received a notice in writing proposing his candidature for the office of director under Section 257 of the Companies Act, 1956.

The Directors recommend the resolution for your approval. None of the directors is interested in the resolution except Mr Sunil Sobti.

Place : New Delhi
Date : 29.08.2006

By order of Board of Directors
Prakash Bhatt
Company Secretary





Integrated Financial Services Ltd.

DIRECTOR'S REPORT

To The Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts of the company for the year ended 31st March, 2006.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	YEAR ENDED 31 ST MARCH, 2006	YEAR ENDED 31 ST MARCH, 2005
Income from Operation	329.86	326.83
Other Income	5.70	10.20
Profit before Depreciation and Tax	313.71	315.79
Depreciation	3.25	2.55
Profit before Tax	310.46	313.24
Provision for Tax	19.11	18.54
Profit After Tax	291.35	294.70
Proposed Dividend	60.00	60.00
Tax on Dividend	8.42	8.42
Transfer to General Reserve	223.61	226.12

OPERATIONS

During the year under review, the performance of the company has been reasonably good. The Company's Income from operations stood at Rs. 329.863 Lacs in the year under review as against Rs. 326.83 Lacs in the previous year.

DIVIDEND

The Directors are pleased to recommend the payment of dividend of 10% (Re. 1 per share) for the year under review. The dividend, if declared, at the ensuing Annual General Meeting, will be paid to those members whose name appears in the Register of Members on 23rd September, 2006. In respect of the shares held in electronic form, the dividend will be paid to those persons whose names shall appear as beneficial owners at the end of the business hours on Friday, 22nd September, 2006 as per details furnished by National Securities Depository Ltd and Central Depository Services (India) Ltd. The Payment of dividend will entail an outlay of Rs. 60 Lacs. The Company will also have to bear the distribution tax of Rs. 8.42 Lacs.

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.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Ms. Rachna Batra, director retires by rotation and being eligible offers herself for the reappointment.

During the year under review, Mr. Pawan Kumar Sharma left as director of the company on 15th December, 2005. The Board places on record the appreciation for the services rendered by him during his tenure as director of the company.

Mr. Sunil Sobti was appointed as an additional director of the company during the year. Accordingly a special resolution appointing him as a regular director forms part of the notice convening the Annual General Meeting.

Brief resume of the directors seeking appointment/reappointment, 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.



Integrated Financial Services Ltd.

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 2005-2006, 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 judgments 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

During the Financial Year 2005-06, 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 forms 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

LISTING OF SHARES

Presently, the shares of the company are listed with the Bombay Stock Exchange Limited, Mumbai

The company has paid the Annual Listing fee for the period 1st April, 2006 to 31st March, 2007 to the stock exchange

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 Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Director), 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 and bankers for their continued cooperation, support and the confidence reposed by them in the company

Date : 29.08 2006
Place : New Delhi

for and on behalf the order of Board of Directors
S.C. KHANEJA
CHAIRMAN



Integrated Financial Services Ltd

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the year 2005-06, Indian Capital Market continued its buoyancy and scaled new peaks. The Bombay Stock Exchange (BSE) Sensex registered a rise of 74% as it opened at 6492.82 in April 2005 and closed at 11279.96 in March 2006.

Similar trend has been registered by NSE Nifty, which opened at 2035.65 in April 2005, closed at 3402.55 in March 2006 and registering an overall growth of 67% during the year under review.

Indian Financial Market continued to perform well as compared to the global markets during the year 2005-2006 in terms of Market Capitalization and Inflow of funds from foreign institutional investors (FIIs). With the economy growing at 8.1%, Indian Capital Market continued to rise steadily through out the year. The Service sector recorded a growth of 11.10% whereas the manufacturing sector recorded a growth of 9% (Source: Advance estimates by Central Statistical organization).

India has the distinction of consistent returns from the equities. Indian equities are highest across emerging Asia for the fiscal year (April 2005- March 2006). The returns from Indian equity markets have been far ahead of other emerging markets such as Mexico (52%), Brazil (43%) or Gulf Co-operation Council (GCC) economies such as Kuwait (26%). Indian equities have delivered the highest returns in the world.

OPPORTUNITIES AND THREATS

Being an investment company, opportunities and threats to the company are those which are applicable to all the companies operating in the Capital Market keeping in view of the present market sentiments and government policies.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Your company is mainly engaged in investment activities which is the only business segment. Segment-wise reporting is not applicable to your company.

OUTLOOK

Your company is mainly engaged in investment of shares and debentures of other companies. It has 49% equity stake in Integrated Master Securities (P) Ltd, which is a member of National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd, The Delhi Stock Exchange Association Ltd, The Ludhiana Stock Exchange Association Ltd, The Vadodara Stock Exchange Ltd and Depository Participant of National Securities Depository Ltd, Central Depository Services (India) Ltd.

RISK AND CONCERNS

The performance of your company to a major extent depends upon the Capital Market and therefore, it is exposed to the risk factors which are applicable to Capital Market. The company manages these risks by adherence to best practices, internal control measures and risk management systems.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has adequate internal control systems to ensure 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.



Integrated Financial Services Ltd.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

At the close of the year, the reserves and surplus stood at Rs 8 06 Crores against Rs 5 82 Crores during the previous year
The profit before tax during the year stood at Rs 313 24 Lacs as against Rs 310 46 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 employees of the company have been cordial during the year under review





Integrated Financial Services Ltd.

CORPORATE GOVERNANCE REPORT:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The company has always attributed utmost importance to Corporate Governance and has followed Corporate Governance in its operations to make them more transparent

BOARD OF DIRECTORS:

(a) Composition The Board comprises of a Non-executive Chairman and four Directors Out of total strength of five directors, three directors are promoter directors and two are non-promoter directors One of the directors is Executive Director and four are Non-Executive Directors out of which two are independent directors

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

(b) Board Meetings During the financial year 2005-2006 the meeting of the Board of Directors were held on 15th June, 2005 30th June 2005 30th July, 2005 30th September, 2005, 29th October 2005, 30th November, 2005, 30th January 2006 and 27th March 2006

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 Promoter Non Executive	8	1	Yes	1	---
Smt Rajni Khaneja	Promoter Executive	8	Nil	Yes	---	---
Sh Virender Khaneja	Promoter Non-Executive	8	Nil	Yes	---	---
Ms Rachna Batra	Independent Non-executive	8	1	Yes	2	2
Sh Ankit Jain*	Independent Non executive	3	Nil	No	2	---
Sh Pawan Kumar Sharma \$	Independent, Non-executive	3	Nil	Yes	2	---
Sh Sunil Sobti@	Independent Non-executive	2	Nil	No	2	---

*Appointed on 1st January 2005 and resigned on 30th July 2005

\$ Appointed with effect from 30th July, 2005 and resigned on 15 12 2005

@Appointed on 15 12 2005

Ms Rachna Batra, Director of the company, retires by rotation at the ensuing Annual General Meeting and offers herself for reappointment Ms Rachna Batra is an Associate Member of the Institute of Company Secretaries of India and Commerce Graduate from Delhi University by qualification She has a rich experience of over 9 Years in the financial and capital market

Mr Sunil Sobti was appointed as an additional director of the company to hold office till the conclusion of this AGM The Company has received a notice under Section 257 from a member proposing his candidature for the office of a director Mr Sunil Sobti is a director of the company since 15th Dec, 2005

He is an Associate Member of the Institute of Company Secretaries of India and LLB (Delhi University) by qualification He has experience of nearly 4 years in the capital market

He is a member of the Audit Committee and Shareholders/Investors Grievance Committee of the company

COMMITTEE OF THE BOARD:

AUDIT COMMITTEE

The Audit Committee of the company comprises of 3 directors i.e. Shri S C Khaneja Ms Rachna Batra and Sh Sunil Sobti all being Non-executive directors Ms Rachna Batra and Mr Sunil Sobti are independent directors Ms Rachna Batra is