

# **16th Annual Report 2006-07**



**INTEGRATED FINANCIAL SERVICES LTD.**



Integrated Financial Services Ltd.

## Integrated Financial Services Ltd.

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

### NOTICE

NOTICE is hereby given that **Sixteenth Annual General Meeting** of INTEGRATED FINANCIAL SERVICES LTD will be held on Saturday the 29th day of September, 2007 at 10.00 A.M. at B-3/6 & 7, Asaf Ali Road, New Delhi - 110 002 to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007, 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, 2007.
3. To appoint a Director in place of Mr. Suni Sobti, 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 with or without modification(s), the following as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956, ('the Act') read with Schedule XIII of the Act and subject to the approval of the shareholders, as may be required, Smt. Rajni Khaneja be and is hereby re-appointed as Whole Time Director of the Company upon the following terms and conditions:

##### A. TENURE OF APPOINTMENT

For a period of five years w.e.f. April 1, 2007.

**B. REMUNERATION :** Salary Rs. 20,000/- per month with Annual increments effective April 1 every year as may be approved by the Board of Directors in the scale of Rs. 20000-3000-32000.

**C. MINIMUM REMUNERATION :** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the company has no profits or inadequate profits, the remuneration as aforesaid shall be within the maximum limits as stipulated under Sections 198, 269 and 309 and other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time.

**D. PERQUISITES :** Perquisites, benefits and other allowances as may be determined by the Board of Directors from time to time, restricted to an amount not exceeding the limits prescribed in Schedule-XIII to the Companies Act, 1956.

**RESOLVED FURTHER THAT** this Resolution shall be deemed to confer necessary authority on Board of Directors to sanction at their discretion, increments in due course together with the allowances and benefits as may be applicable and as they may deem fit and proper subject to condition that the Salary and perquisites payable to the appointee shall be restricted within the maximum limits as stipulated under Sections 198, 269 and 309 and other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time and subject to such approvals as may be required.

By order of Board of Directors

Sd-

Rachna Batra  
Director

Place : New Delhi  
Date : 28.08.2007



## Integrated Financial Services Ltd.

### 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, 22<sup>nd</sup> September, 2007 to Saturday, 29<sup>th</sup> September, 2007 (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.
8. The Company has designated an e-mail ID called [investorrelation@rediffmail.com](mailto:investorrelation@rediffmail.com) exclusively for redressal of shareholders complaints/grievance. For any query please write to us at [investorrelation@rediffmail.com](mailto:investorrelation@rediffmail.com)

Place: New Delhi  
Date : 28.08.2007

By order of Board of Directors  
sd/-

Rachna Batra  
Director

### ANNEXURE TO NOTICE

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

##### Item No. 5

In the Annual General Meeting of the company held on 30<sup>th</sup> September, 2002, Smt Rajni Khaneja was appointed as Wholetime director of the company with effect from 1<sup>st</sup> April, 2002 for a period of five years.

The Board of directors have re-appointed Smt Rajni Khaneja as a Wholetime director and approved payment of remuneration to her with effect from 1<sup>st</sup> April, 2007 for a period of five years as per the terms mentioned in the resolution subject to the shareholders approval in Annual General Meeting.

Hence the proposed resolution seeking approval of shareholders.

None of the directors except Shri S.C.Khaneja, Smt. Rajni Khaneja and Shri Virender Khaneja are interested in the resolution.

By order of Board of Directors

Place : New Delhi  
Date : 28.08.2007

Rachna Batra  
Director



## Integrated Financial Services Ltd.

## DIRECTOR'S REPORT

To The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report and Audited Accounts of the company for the year ended 31st March, 2007.

## FINANCIAL RESULTS

(Rs. in Lakhs)

	YEAR ENDED	
	31ST MARCH, 2007	31ST MARCH, 2006
Income from Operation	351.03	329.86
Other Income	3.60	5.70
Profit before Depreciation and Tax	333.66	313.71
Depreciation	2.44	3.25
Profit before Tax	331.22	310.46
Provision for Tax	35.25	19.11
Profit After Tax	295.97	291.35
Proposed Dividend	66.00	60.00
Tax on Dividend	8.42	8.42
Transfer to General Reserve	219.86	223.61

## OPERATIONS

During the year under review, the performance of the company has been reasonably good. The Company's Income from operations stood at Rs.351.03 Lacs in the year under review as against Rs. 329.86 Lacs in the previous year. The profit after tax stood at Rs. 295.97 Lacs during the year under review against Rs. 291.35 Lacs during the year.

## DIVIDEND

The Directors are pleased to recommend the payment of dividend of 11% (Re. 1.10 per share) for the year under review as compared to 10% in the previous financial year. 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 22<sup>nd</sup> September, 2007. 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, 21<sup>st</sup> September, 2007 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. 66 Lacs. The Company will also have to bear the distribution tax of Rs. 9.26 Lacs.

## DEPOSITS

The company has neither accepted nor invited any fixed deposit within the meaning of Companies (Acceptance of Deposits) Rules, 1975 from the public, during the year.

## DIRECTORS

Mrs. Rajni Khaneja was appointed as Whole time Director of the Company for a period of five years with effect from 1<sup>st</sup> April, 2002 and her current tenure expires on 31<sup>st</sup> March, 2007. The Board of directors in their meeting held on 31<sup>st</sup> January, 2007 has reappointed her as Whole time Director of you company for a period of five years with effect from 1<sup>st</sup> April, 2007 till 31<sup>st</sup> March, 2012, however, subject to the approval of the shareholders in the General Meeting. The terms of reappointment of Mrs. Rajni Khaneja as Whole time Director have been dealt in detail in the explanatory statement to the notice of the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Sunil Sobti, Director retires by rotation and being eligible offers himself for the reappointment.

## 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 31st March 2007, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;



## Integrated Financial Services Ltd.

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 2006-07, 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 year under review 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.

for and on behalf the order of Board of Directors

Date : 28.08.2007  
Place: NewDelhi

Sd/-  
S.C. KHANEJA  
CHAIRMAN



## MANAGEMENT DISCUSSION AND ANALYSIS

**INDUSTRY OVERVIEW:** During the year under review, the Indian Capital Market continued to be robust with GDP Growth for the year at around 9%. The flow of foreign funds remained strong with FIIs investing aggressively during the year. The performance of the Indian corporate Sector has also been good. The Bombay Stock Exchange (BSE) Sensex registered a rise of 15% leading to 13072 points as on 31<sup>st</sup> March, 2007.

Indian Economy will continue to provide several attractive growth opportunities in view of the GDP growth forecasts of 7 to 8% in the years to come. The increased thrust on the Sectors like infrastructure, power, telecom etc will continue to provide excellent investment opportunities in the future.

In addition, the Service Sector which is growing rapidly and contributes substantially to GDP will provide many opportunities for financial services in India.

Rising inflation and interest rates are the key concerns. Some hardening of interest rates is inevitable inflation. The growth momentum in the stock market can be maintained if the Government can create encouraging climate for private investments in the country.

**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 Company like any other company is exposed to the risk factors relating to the business of the company and the industry in which it operates. 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.

### HUMAN RESOURCES

The company has adequate human resources which is commensurate with the current volume of activity and is reviewed by the management periodically and the company would induct competent personnel on increase/expansion of the activity.

## 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 transparent by adequate disclosures made in the report.

### 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 remaining 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 2006-2007, the meeting of the Board of Directors were held on 26th June, 2006, 31st July, 2006, 31st October, 2006, 30th November, 2006 and 31st January, 2007.



## Integrated Financial Services Ltd.



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	5	1	Yes	1	----
Smt Rajni Khaneja	Promoter, Executive	5	Nil	Yes	----	----
Sh Virender Khaneja	Promoter, Non-Executive	5	Nil	Yes	----	----
Ms. Rachna Batra	Independent, Non-executive	5	1	Yes	2	2
Sh Sunil Sobti	Independent, Non-executive	5	Nil	Yes	2	----

Mrs. Rajni Khaneja has been re-appointed as a wholetime director with effect from 1<sup>st</sup> April, 2007, subject to the approval of shareholders. She is M.A. (Economics) by qualification. She has experience of nearly 14 years. She is also a director in the associate company, Integrated Master Securities (P) Ltd, a member of NSE, BSE, DSE, LSE, VSE and DP of NSDL & CDSL. Mr. Sunil Sobti, Director of the company, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment. Mr. Sobti is an Associate Member of Institute of Company Secretaries of India and Law Graduate from Delhi University. He has a rich experience of nearly 7 years in the financial and capital market. He is also a director in Mehak Infoarts (P) Ltd.

**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 heading the Committee. The terms of reference of the Audit Committee are as contained in Section 292A of the Companies Act, 1956 and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met five times during the year. The attendance of the members of the Committee during the financial year 2006-2007 is given as below :-

Committee Member	Category	No. of Meetings Attended
Ms. Rachna Batra.	Member, Chairperson	5
Mr S.C.Khaneja	Member, Director	5
Mr. Sunil Sobti	Member, Director	5

**REMUNERATION COMMITTEE:**

None of the Managerial Personnel have received or drawn any remuneration during the year under report. Therefore, the constitution of Remuneration committee will not serve any purpose in view of the limited staff, present operations and activities of the company

Mrs. Rajni Khaneja, Executive Director has drawn a remuneration of Rs. 20000/- per month from the company subject to TDS. Other directors have not drawn any remuneration from the company. Non executive directors are being paid sitting fees @ Rs. 1000/- per meeting.

**SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:**

As a measure of good Corporate Governance and to focus on the shareholders' grievances and towards strengthening investor relations, Shareholders' Investors' Grievance Committee has been constituted as a Committee of the Board.