

**17th  
Annual Report  
2007 - 08**



**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 Sh. S. P. Oberoi, Director
<b>Registered Office</b>	: 303-304, 3 <sup>rd</sup> 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 **Seventeenth Annual General Meeting** of INTEGRATED FINANCIAL SERVICES LTD will be held on Tuesday, 30th day of September, 2008 at 10.00 A.M. at 303-304, 3rd Floor, New Delhi House, 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, 2008, 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, 2008.
3. To appoint a Director in place of Shri S.C. Khaneja, who retires by rotation and being eligible offers himself for the reappointment.
4. To appoint a Director in place of Mr. Virender Khaneja, who retires by rotation and being eligible offers himself for the reappointment.
5. 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

6. To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution :  
"RESOLVED THAT Mr. S.P. Oberoi, who was appointed as an Additional Director of the company under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By order of Board of Directors

Sd/-

Rachna Batra

Director

Place : New Delhi

Date : 18.8.2008



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 Tuesday, 23<sup>rd</sup> September, 2008 to Tuesday, 30<sup>th</sup> September, 2008 (both days inclusive).
3. The disclosures required under clause 49 of the listing agreement in respect of the Directors being appointed/reappointed in this Annual General Meeting are given in the As annexure to this Notice.
4. Explanatory statement required under section 173(2) of the Companies Act, 1956 in respect of special business is attached.
5. 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.
6. Those members who are still holding shares in physical form are requested to get the same dematerialized by approaching any of the Depository Participants registered with SEBI.
7. 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.
8. 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.

By order of Board of Directors

Sd/-

Rachna Batra

Director

Place : New Delhi

Date : 18.8.2008

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**ANNEXURE TO NOTICE**

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

**Item No. 6**

The Board of Directors of the Company (the Board), under Section 260 of the Companies Act, 1956 (the Act) appointed Mr. S. P. Oberoi as an Additional Director of the Company in their meeting held on June 30, 2008.

In terms of Section 260 of the Act, Mr. S. P. Oberoi holds office upto the date of this Annual General Meeting.

The Company has received a notice in writing proposing the candidature of Mr. S.P. Oberoi for the office of the Director of the Company under Section 257 of the Act.

Mr. S.P. Oberoi is not disqualified from being appointed as Director under Section 274(1)(g) of the Act and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act.

A brief resume of Mr. S. P. Oberoi, nature of his expertise in specific functional areas and names of the companies in which he holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchange in India, are provided in Report on Corporate Governance forming part of the Annual Report.

Mr. S. P. Oberoi does not hold any shares in the Company.

He has a considerable experience in the field of Law and Finance and the Board feels that the Company will benefit from his professional expertise and rich experience.

None of the Directors, except Mr. S.P. Oberoi is concerned or interested in the Resolution.

By order of Board of Directors

Sd/-

Rachna Batra

Director

Place : New Delhi

Date : 18.8.2008



Integrated Financial Services Ltd.

**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Accounts of the company for the year ended 31st March, 2008.

**FINANCIAL RESULTS**

	(Rs. in Lakhs)	
	YEAR ENDED	YEAR ENDED
	31ST MARCH, 2008	31ST MARCH, 2007
Total Income	496.20	354.63
Profit before Depreciation and Tax	473.17	333.66
Depreciation	2.02	2.34
Profit before Tax	471.15	331.32
Provision for Tax	51.87	35.25
Profit After Tax	419.27	295.97
Proposed Dividend	66.00	66.00
Tax on Dividend	11.22	9.26
Transfer to General Reserve	342.41	219.86

**OPERATIONS**

The Company has recorded total income of Rs.496.20 Lacs in the year under review as against Rs. 354.63 Lacs in the previous year, demonstrating a robust growth of 40%. The profit after tax grew by 41% to Rs. 419.27 Lacs from Rs. 295.97 Lacs in the previous year.

**DIVIDEND**

The Directors are pleased to recommend the payment of dividend @ 11% (Re. 1.10 per share) for the financial year 2007-08. 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 23<sup>rd</sup> September, 2008. 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 Monday, 22<sup>nd</sup> September, 2008 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 and dividend distribution tax of Rs. 11.22 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, Mr. S.C. Khaneja and Mr. Virender Khaneja, directors retire by rotation and being eligible offer themselves for the reappointment. Mr. S.P. Oberoi was appointed as an Additional Director on the Board of the Company and holds his office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice in writing proposing the candidature of Mr. S.P. Oberoi for the office of the Director of the Company under Section 257 of the Act.

Brief resume of the Directors proposed to be reappointed/appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange Ltd, are provided in Report on Corporate Governance forming part of the Annual Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. followed in the preparation of annual accounts, for the year ended 2007-2008, the applicable accounting standards



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- and that there is no material departure from the same;
2. 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 as at 31<sup>st</sup> March, 2008 and of the profit or loss of your company for that period;
  3. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
  4. prepared the Annual Accounts of the Company on a 'going concern' basis.

### CORPORATE GOVERNANCE

During the Financial Year 2007-08, the company has complied with all the norms of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

A detailed report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Auditors of the Company confirming compliance with the requirements of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the Report on Corporate Governance.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis also accompanies this report.

### LISTING OF SHARES

Presently, the shares of the company are listed at 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 (Disclosure of particulars in the report of Board of Director) 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 esteemed 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

Place : New Delhi  
Date : 18.8.2008

Sd/-  
S.C. KHANEJA  
CHAIRMAN





Integrated Financial Services Ltd.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Economy Review :** The Indian Economy continued to expand at a robust pace during the year 2007-08. At the end of the second quarter of the calendar year 2007, India has recorded a real GDP growth rate of 9.2%. The growth was contributed by all sectors of the economy but more remarkably by the manufacturing sector and service sectors. There has been a significant increase in the foreign exchange reserves and FDI and FII inflows into the country. The Global Economy activity went to slow down at the end of the calendar year resulting in investment concerns on account of the Sub-prime crisis in United States and other developed countries. As a result of which, the Indian economy is also looking ahead with some degree of concern over the future prospects.

**INDUS TRY OVERVIEW :** Corporate India continued its healthy performance, although it witnessed some moderation in growth on a relative basis and an increase on an absolute basis that was backed by strong domestic consumption led demand caused by increased disposable income. The increased liquidity combined with excellent performance of the corporate sector helped growth of equity market significantly. The sensex touched the peak level of 21,206 in the month of January 2008. As a result the volumes in the market also went up to remarkable level.

However the market witnessed deep corrections in the end of January 2008 as a fall out of the sub-prime crises and related economic concerns in the United States. Consequently volumes went down below half of its peak level and the index corrected by more than 30% from its peak level. The future outlook of the market continues to have been affected by these global events.

**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 hence 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. The recent fall down in the Capital Market and consequent reduction in liquidity in the market may have an adverse effect on the performance of the Company. The Company recognizes the importance of risk management on account of market volatility and 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, commensurate with the current volume of activity and is reviewed by the management periodically.

## CORPORATE GOVERNANCE REPORT :

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company has always attributed utmost importance to Corporate Governance and endeavors to achieve the highest levels of transparency, accountability, integrity and responsibility by following the best practices in Corporate Governance.

### BOARD OF DIRECTORS :

- a) **Composition :** The composition of the Board is governed by the Companies Act, 1956, the Listing Agreement and Article of Association of the Company. The Board comprises of a Non-executive Chairman and five Directors. Out of total strength of six directors, three directors are promoter directors and three are non-promoter directors. One of the



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directors is Executive Director and remaining five are Non-Executive Directors out of which three are independent directors. There are no nominee directors and institutional directors on the Board of the company.

- b) **Board Meetings :** The Board meets at least once a quarter and the time gap between two Board meetings is not more than four calendar months. During the financial year 2007-2008, the Board of the Company met five times on 30<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 29<sup>th</sup> September, 2007, 3<sup>rd</sup> October, 2007 and 31<sup>st</sup> January, 2008.

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	—
Sh. S.P. Oberoi *	Independent, Non-executive	—	Nil	—	—	—

\* Mr. S.P. Oberoi was appointed as an Additional Director of the Company at the Board Meeting held on June 30, 2008. Mr. S.P. Oberoi was appointed as 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. He is an Independent and Non executive Director. He is a Fellow Member of The Institute of Company Secretaries of India and LL.B. (from Delhi University) by qualification and holds a certificate in Proficiency of Law from Delhi University. He has experience over 40 years in the areas of Law and Accounts. He has worked as company secretary from 1993 to 2006 in Synthesis Medical (P) Ltd. Before such joining, he worked in M/s. Gem India Ltd as a Group Company Secretary from 1974 to 1993. During the period from 1965 to 1974, he has worked as Company Secretary with Delhi Safe Deposit Company Ltd. Presently, he is Company Secretary in Imation (India) Pvt. Ltd. Mr. S.P. Oberoi does not hold directorship in any other company.

Mr. S.C. Khaneja, Chairman of the Company, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment. Mr. S.C. Khaneja by qualification is M.Com (Delhi School of Economics, Delhi University). LLB (1<sup>st</sup> Class, Delhi University), Fellow Member of Institute of Company secretaries of India, Associate Member of Institute of cost and works accounts of India and Ph.D. in commerce. He has a rich experience of over 27 years in financial and capital market.

Mr. Virender Khaneja, Director of the Company, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment. Mr. Virender Khaneja by qualification is B.Com. He has a rich experience of over 13 Years in the financial and capital market. He holds directorship in Integrated Commodity Trades (P) Ltd.

### Relationship of Directors with other Directors

Name of Director	Relationship	Other Director Name
Sh. S.C.Khaneja	Husband	Smt. Rajni Khaneja
Sh. S.C.Khaneja	Brother	Sh. Virender Khaneja

Other directors are not related to each other.

- c) **Periodic review of compliances of all applicable laws :** The Company has adopted a system whereby all the acts, rules and regulations applicable to the company have been identified and compliance with such acts, rules and regulations is monitored by the compliance officer on a regular basis.



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**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. All the members have requisite financial and management expertise. The composition and terms of reference of the Audit Committee are as contained in Section 292A of the Companies Act, 1956 and also as contained in Clause 49 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 2007-2008 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 remuneration of Rs. 20000/- per month from the company subject to TDS. Non executive directors do not draw any remuneration from the company except sitting fees which were paid to them at the rate of Rs. 1000/- for each meeting of the Board attended by them. The Board of Directors of the Company have decided to increase the sitting fees for attending the Board Meetings from Rs. 1000/- to Rs 2500/- per meeting in their meeting held on 30<sup>th</sup> June, 2008, effective from this 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.

**CONSTITUTION AND COMPOSITION.**

The Shareholders / Investors Grievance Committee comprises of two non-executive (all being independent) directors as members namely Ms. Rachna Batra and Mr. Sunil Sobti. The details of the composition of the Audit Committee are given below :-

Committee Member	Category
Ms. Rachna Batra	Member, Chairperson
Mr Sunil Sobti	Member, Director

Mr. S.C.Khaneja, Chairman being a qualified Company Secretary (FCS) is the Compliance Officer of the company.

The company had received one complaint from a shareholder during the year which was duly resolved. No share transfers were pending as on 31<sup>st</sup> March, 2008. No dematerialisation requests were pending as on 31<sup>st</sup> March, 2008.

**GENERAL BODY MEETINGS:**

Detail of last three Annual General Meetings is as follows:-

Year	Venue	Date	Time	No. of Special Resolution passed at AGM
2006-2007	B-3/6-7, Asaf Ali Road, New Delhi-110002	29.09.2007	10.00A.M	None
2005-2006	303-304, New Delhi House, 27, Barakhamba Road, New Delhi-110001	30.09.2006	10.00A.M	None
2004-2005	303-304, New Delhi House, 27, Barakhamba Road, New Delhi-110001	30.09.2005	10:00 A.M.	Two