

**21st  
Annual Report  
2011-12**



**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>	:	The Royal Bank of Scotland HDFC Bank Ltd.
<b>Auditors</b>	:	M/s. Dua & Kumar, Chartered Accountants P-1, Pilanji, Sarojni Nagar, New Delhi- 110023.

**NOTICE**

NOTICE is hereby given that Twenty First Annual General Meeting of INTEGRATED FINANCIAL SERVICES LTD will be held on Saturday, 29th day of September, 2012 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, 2012, 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 31<sup>st</sup> March, 2012.
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.

By order of Board of Directors

Sd/-

S.C. Khaneja

Director

Place : New Delhi

Date : 25.05.2012

**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/her 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 2012 to Saturday, 29<sup>th</sup> September 2012 (both days inclusive).
3. The disclosures required under clause 49 of the listing agreement in respect of the directors being appointed/reappointed at this Annual General Meeting are given in the annexure to this Notice.
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.

By order of Board of Directors

Sd/-

S.C. Khaneja

Director

Place: New Delhi

Date : 25.05.2012



## DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March, 2012.

### FINANCIAL RESULTS

	Rs. In Lakhs	
	YEAR ENDED 31ST MARCH, 2012	YEAR ENDED 31ST MARCH, 2011
Income from Operation	223.32	454.11
Profit before Depreciation and Tax	192.32	424.75
Depreciation	2.88	3.96
Profit before Tax	189.44	420.79
Provision for Tax	31.08	81.88
Profit After Tax	158.36	338.91
Proposed Dividend	24.00	54.00
Tax on Dividend	3.90	8.97
Transfer to General Reserve	130.53	276.58

### OPERATIONS

The year under review witnessed a revival of real economy and financial markets across the globe, more particularly in India. On a Consolidated basis, the Income from Operations of the Company for the financial year 2011-2012 stood at Rs. 223.32 Lacs against of Rs. 454.11 Lacs in the previous year. The profit after tax stood at Rs. 158.36 Lacs during the year under review against Rs. 338.91 Lacs during the previous year.



#### 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.

#### DIVIDEND

The Directors are pleased to recommend the payment of dividend of 4% (Paise Forty 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 21<sup>st</sup> September 2012. 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 close of the business hours on Friday, 21<sup>st</sup> September 2012 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. 24 Lacs. The Company will also have to bear the distribution tax of Rs. 3.90 Lacs.

#### DIRECTORS

In accordance with the provisions in section 256 of the Companies Act, 1956 and the Articles of Association of the company, Ms. Rachna Batra Director retire by rotation and being eligible offer herself for the reappointment.

Brief resume of the Directors proposed to be reappointed, nature of their experience 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 Bombay Stock Exchange Limited, are provided in the Report on Corporate Governance forming part of this Annual Report.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of section 217(2AA) of the Companies Act, 1956, your Directors wish to state that:

1. in the preparation of the annual accounts, for the year ended 2011-2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they had 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 31st March, 2012 and of the profit of your company for that period;
3. they had 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. they had prepared the Annual Accounts of the Company on a 'Going Concern' basis.

#### CORPORATE GOVERNANCE

During the Financial Year 2011-12, 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 Clause of the Listing Agreement is annexed to the Report on Corporate Governance.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis report 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 & KUMAR, Chartered Accountants, New Delhi, retire at the conclusion of the ensuing Annual General Meeting and bring eligible offer themselves for re-appointment.

#### AUDITORS REMARKS

The observations made by the Auditors with reference to notes on 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(2A) 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)(c) 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 for their continued cooperation, support and the confidence reposed by them in the company.

By order of Board of Directors

Sd/-

S.C. Khaneja

CHAIRMAN

Place : New Delhi

Date : 25.05.2012

## MANAGEMENT DISCUSSION AND ANALYSIS

**ECONOMIC OVERVIEW:** The Current macro-economic environment is passing through a severe slowdown led by weakening in investment activity. Indeed, GDP is tepid around 6.5% in Financial Year 2011-12, compared to a healthy 8.4% in Financial Year 2010-11.

While the fall in consumption also played a part in slowdown, the investment decline was much more pronounced. Worryingly, this trend of disproportionate decline in investment is being witnessed for the last 3-4 years (post-Lehman crisis)

**INDUSTRY OVERVIEW:** As you know that our Company is an investment oriented Company. We depend on the market sentiments. As compared to last year, the market sentiments are healthy for investment and market experts feel that the sensex will perform better in the current year as compared to the last year.

**OPPORTUNITIES AND THREATS:** The Company as a NBFC is engaged predominantly in the business of investment. The future business prospects are closely linked and influenced by global events and hence there is an amount of uncertainty in the near term outlook of the stock market. The Company is mainly exposed to market risk (including liquidity risk), interest risk and credit risk.

However prudent business and risk management practices followed by the Company over the years helped it to mitigate the normal industry risk factors, which inter-alia include economic/business cycle, fluctuation in the stock prices in the market, besides the interest rate volatility. And credit risk. Improved sentiments in the secondary markets will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business.

### 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 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., MCX-SX Stock Exchange and Depository Participant of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL).

**RISK AND CONCERNS:** The Company's operation involves inbuilt risk due to uncertain economic condition and unforeseen events beyond the Company's control.



**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:** The Company has an adequate and effective system of internal controls for business processes, with regard to operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibility for managerial positions gives strength to the internal control system of the organization. The Company believes that transparency of policies and operation and systems and control are keys to the success of any organization.

Additionally, we have set up adequate internal controls and systems to ensure that the Company is functioning in a balanced way and that any conflicting occurrences are taken care of. Regular Internal Audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors always look into core areas where there are deficiencies to be addresses and areas of improvement and submit their suggestions to the Audit Committee of Board of Directors on a quarterly basis or earlier, if so required.

## **HUMAN RESOURCES**

Success of every business depends on proper human resource planning. The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development. The company places significant importance to its human capital. The Company believes in sharing the growth and prosperity based on performance and potential. The Company has adequate and experiences professionals having varied experience related to the Industry to carry out its various operation.

The Company has been paying special attention to improve the skill set of the employees through various training programs. All employees are encouraged and incentivised to get themselves certified in relevant industry standard certifications.

## **CORPORATE GOVERNANCE REPORT:**

### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The basic philosophy of the Company on Corporate Governance is to achieve business excellence and to create and enhance the value for its Stakeholders. Corporate Governance deals with conducting the affairs of the Company in such a manner as to ensure that there is fairness to all the stakeholders and action benefit the greatest number of stakeholder.

Our policies and practices are framed keeping in view long term shareholder values without compromising on the ethical standards and corporate responsibilities. We uphold the core values of integrity, transparency and accountability which form the foundation upon which our business is built.



**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 directors is Executive Director and remaining five directors 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 2011-2012, the Board of Directors met five times on 28<sup>th</sup> May 2011, 09<sup>th</sup> August, 2011, 30 September, 2011, 12th November 2011 and 10<sup>th</sup> February, 2012.

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	4	1	Yes	2	2
Sh Sunil Sobti	Independent, Non-Executive	5	Nil	Yes	2	----
Sh. S. P. Oberoi	Independent, Non-Executive	5	Nil	Yes	----	----

Ms. Rachna Batra, Director of the Company, retires by rotation at the ensuing Annual General Meeting and offers herself for reappointment. Ms. Rachna Batra by qualification is B.COM (H) and fellow member of Institute of Company Secretaries of India (FCS). She has a rich experience of over 14 years in the financial and capital market.

**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, legislations, rules and regulations applicable to the company have been identified and compliance with such Legislations, rules and regulations is monitored by the compliance officer on a regular basis.

#### **COMMITTEES 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 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 2011-2012 is given as below:

Committee Member	Category	No. of Meetings Attended
Ms. Rachna Batra	Member, Chairperson	4
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/- (Rupees Twenty Thousand) per month from the company subject to TDS. Non-Executive directors do not draw any remuneration from the company except sitting fees of Rs. 2500/- 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.

##### **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.