

**22nd
Annual Report
2012-13**



INTEGRATED FINANCIAL SERVICES LTD.



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 Sh. S. P. Oberoi, Director |
| Registered Office | : | 303-304, 3rd Floor, New Delhi House, 27, Barakhamba Road, New Delhi-110001. |
| Bankers | : | The Royal Bank of Scotland HDFC Bank Ltd. |
| Auditors | : | M/s. Dua & Kumar, Chartered Accountants P-1, Piliangi, Sarojini Nagar, New Delhi-110023. |

NOTICE

NOTICE is hereby given that **Twenty Second Annual General Meeting** of INTEGRATED FINANCIAL SERVICES LTD will be held on Monday, 30th day of September, 2013 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, 2013, 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, 2013.
3. To appoint a Director in place of Mr. Sunil Sobti who retires by rotation and being eligible offers himself for the reappointment.
4. To appoint a Director in place of Mr. S.P. Oberoi 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.

By order of Board of Directors

Sd/-

S.C. KHANEJA

Director

Date : 13.08.2013

Place : NewDelhi

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 Monday, 23rd September 2013 to Monday, 30th September 2013 (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.

Date : 13.08.2013
Place : NewDelhi

By order of Board of Directors
Sd/-
S.C. KHANEJA
Director

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March, 2013

FINANCIAL RESULTS

| | (Rs. in Lakhs) |
|------------------------------------|--------------------------------|
| YEAR ENDED 31ST MARCH, 2013 | YEAR ENDED 31ST MARCH, 2012 |
| Income from Operation | 262.38 |
| Profit before Depreciation and Tax | 232.41 |
| Depreciation | 1.74 |
| Profit before Tax | 230.67 |
| Provision for Tax | 39.74 |
| Profit After Tax | 190.93 |
| Proposed Dividend | 36.00 |
| Tax on Dividend | 5.84 |
| Transfer to General Reserve | 149.16 |
| | 158.36 |

OPERATIONS

On a Consolidated basis, the Income from Operations of the Company for the financial year 2012-2013 stood at Rs. 262.38 Lacs against of Rs. 223.32 Lacs in the previous year. The profit after tax stood at Rs. 190.93Lacs during the year under review against Rs. 158.36 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 6% (Paise Sixty 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 21st September 2013. 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 Saturday, 21st September 2013 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. 36 Lacs. The Company will also have to bear the distribution tax of Rs. 5.84 Lacs.

DIRECTORS

In accordance with the provisions in section 256 of the Companies Act, 1956 and the Articles of Association of the company, Mr. Sunil Sobti and Mr. S.P Oberoi, Directors retire by rotation and being eligible offer themselves 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.

DIRECTORS' 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 2012-2013, 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, 2013 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 2012-13, 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 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(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)(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.

By order of Board of Directors

Sd/-

S.C. KHANEJA

Chairman

Date : 13.08.2013

Place : NewDelhi

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW: The financial Year 2012-13 was, on the whole, a mixed year for the Indian economy. Financial year 2013 bought some respite to investors, after a dismal financial year 2012. The year started on a worrying note, owing to announcement of retrospective taxing of Fills. According to the first advance estimates of national income for the year 2012-13 of the Central Statistics Office (CSO), the Indian economy is expected to grow at its slowest pace in a decade at a mere 5 per cent in 2012-13, on the back of dismal performance by the farm, manufacturing and services sectors. According to the CSO's advance estimates Services sector, including finance, insurance, real estate and business services are likely to grow by 8.6 per cent during this fiscal year against 11.7 percent in the last fiscal year.

INDUSTRY OVERVIEW: The equity market performed comparably better this year than the broader economy. Yours 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. Meanwhile, to further strengthen the market, the Central Government continues to implement measures to attract more domestic investors to the capital markets, in particular the Rajiv Gandhi Equity Saving Scheme (RGESS) which is expected to be a game changer for the Industry.

OPPORTUNITIES AND THREATS: The NBFC industry holds immense potential and the Government of India's increased focus towards Financial Inclusion has created various opportunities for existing NBFCs. Your Company as an 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. Your company is conscious of the same and 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., Delhi Stock Exchange Ltd., The Ludhiana Stock Exchange Association Ltd., The Vadodara Stock Exchange Ltd., MCX-SX Stock Exchange and United Stock Exchange Limited 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. The company appreciates the varied forms of risk inherent in our industry and we continue to scrutinize our risk management system.

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. Key issues are specifically brought to the attention of the Audit Committee and deliberated in detail along with the action plan.

HUMAN RESOURCES: The company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the company's strategy. The emphasis has been given 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 experienced 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 such as NCFM, BCDE, NISM & AMFI.

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 Articles 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 2012-2013, the Board of Directors met five times on 25th May 2012, 08th August, 2012, 29th September, 2012, 07th November, 2012 and 07th February, 2013.

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 Member ship | Committee Chairman ship |
|---------------------|-----------------------------------|---|--|------------------------|-----------------------|-------------------------|
| 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 | 5 | Nil | Yes | — | — |

Mr. Sunil Sobti and Mr. S.P Oberoi, Directors of the company, retire by rotation at the ensuing Annual General meeting and offer themselves for re-appointment.

Mr. Sunil Sobti is a Fellow member of The Institute of Company Secretaries of India, L.L.B (Delhi University). He has an experience of nearly 13 years in the financial and capital market.

Mr. S.P Oberoi is a Fellow member of The Institute of Company Secretaries of India, L.L.B (Delhi University) and also holds a certificate in proficiency of Law. He has a rich experience of nearly 43 years in the area of Law and Accounts. He has worked as Company Secretary in Imation (India) Private Ltd. from 2006 to 2009. 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 group Company Secretary from 1974 to 1993. During the period 1965 to 1974, he has worked as Company Secretary with Delhi Safe Deposit Company 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, 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.

COMMITTEE OF THE BOARD

1. AUDIT COMMITTEE

In compliance of the provisions of Corporate Governance under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 the company has a qualified Audit Committee. It comprises of 3 directors i.e. Shri S.C.Khaneja, Mrs. Rachna Batra and Sh. Sunil Sobti, all being Non-executive directors. Mrs. Rachna Batra and Mr. Sunil Sobti are independent directors. Mrs. Rachna Batra is heading the Committee and was also present at the Annual General Meeting, as mandated under the listing agreement. All the members are financially literate having accounting and related financial management expertise.

During the year under review, 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 | 5 |
| Mr S.C.Khaneja | Member, Director | 5 |
| Mr. Sunil Sobti | Member, Director | 5 |

2. 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.

3. 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 Company has a specific Committee to consider matters relating to Shareholder's/Investor's grievances.

The Shareholders / Investors Grievance Committee comprises of two non-executive (all being independent) directors as members namely Mrs. Rachna Batra and Mr. Sunil Sobti.

| 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.

No complaint has been received from the shareholders during the year. No share transfers were pending as on 31st March 2013. No dematerialization requests were pending as on 31st March 2013.