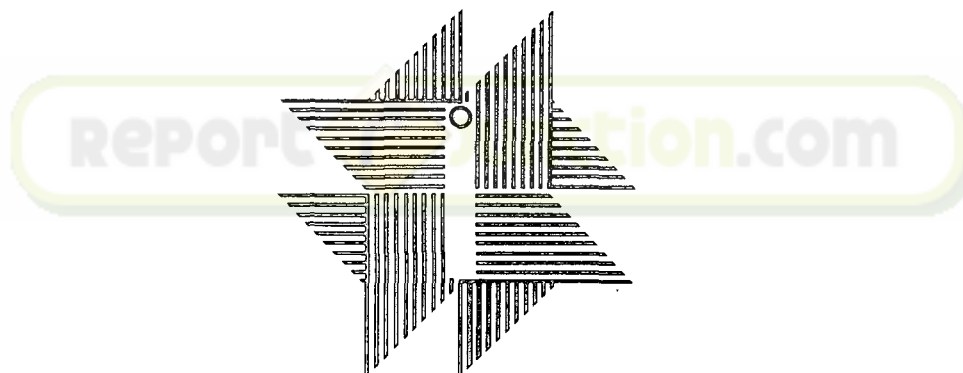


INTERFACE

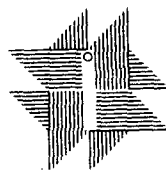
FINANCIAL SERVICES LTD.

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



ANNUAL REPORT 1997-98





INTERFACE FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

Shri Harshad H. Choksi, Chairman
Shri Gaurang H. Dalal
Shri Himal K. Parikh
Shri Shaunak H. Choksi
Shri Russell Mehta

BANKERS

Bank of Baroda
Bank of Maharashtra
The Federal Bank Ltd.
Bank of Madura Ltd.
Textile Traders Co-op. Bank Ltd.
The Kalupur Commercial Co-op. Bank Ltd.
IndusInd Bank Ltd.

AUDITORS

Shah Narielwala & Co.
Chartered Accountants
608, Shitiratna,
Near Panchvati Circle,
Ellisbridge, Ahmedabad 380 006.

REGISTERED OFFICE*

2nd Floor, Agrawal Complex,
Near Municipal Market,
C G Road, Navrangpura,
Ahmedabad 380 009.

BRANCHES

MUMBAI

- (i) 4, Jolly Bhavan-2,
New Marine Lines,
Mumbai 400 020.
- (ii) 214/216, Maker Bhavan III,
21, New Marine Lines,
Mumbai 400 020.

VADODARA

13-A, Nutan Bharat Society,
Alkapuri,
Vadodara-390 007.

SHARE TRANSFER AGENTS

Akshar Share Services Pvt. Ltd.
6, Malhar'A', Behind Ratnam Building,
C G Road, Ahmedabad 380 009.

***NOTE** : The Company has shifted its Registered Office with effect from 1st June, 1998.



INTERFACE FINANCIAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the members of Interface Financial Services Limited will be held on **Friday, 31st July, 1998 at 3.00 p.m.** at ATMA Hall, Ashram Road, Ahmedabad 380 009 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the period ended as on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Shaunak H. Choksi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Russell Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors and fix their remuneration and for that purpose to pass with or without modifications the following Resolution as **ORDINARY RESOLUTION** :

"RESOLVED THAT M/s. Shah Narielwala & Co., Chartered Accountants, Ahmedabad, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

Regd. Office :

2nd Floor, Agrawal Complex, .
Near Municipal Market,
C G Road, Navrangpura,
Ahmedabad 380 009.

By order of the Board of Directors

For **INTERFACE FINANCIAL SERVICES LTD.**

Place : Ahmedabad.
Date : 29/06/1998.

HIMAL K. PARIKH
D I R E C T O R

ANNUAL REPORT 1997-98

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must reach the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 21st July, 1998 to Friday, 31st July, 1998 (both days inclusive).
3. The instruments of Share Transfer, completed in all respect should reach to the Share Transfer Agents of the Company-Akshar Share Services Pvt. Ltd., 6, Malhar-A, Behind Ratnam Building, C G Road, Ahmedabad 380 009 prior to the closure of the Register of Members as stated above.
4. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. and 5.00 p.m.
5. Members are requested :-
 - a) to bring their copy of the Annual Report at the Meeting.
 - b) to notify any change in address to the Company.

Regd. Office :

2nd Floor, Agrawal Complex,
Near Municipal Market,
C G Road, Navrangpura,
Ahmedabad 380 009.

By order of the Board of Directors

For **INTERFACE FINANCIAL SERVICES LTD.**

Place : Ahmedabad.
Date : 29/06/1998.

HIMAL K. PARIKH
D I R E C T O R



INTERFACE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To,
The Members,
INTERFACE FINANCIAL SERVICES LIMITED.

Your Directors hereby present their **6TH ANNUAL REPORT** of your Company together with audited accounts for the accounting year ended on 31st March, 1998.

1. FINANCIAL RESULTS :

(Rs.in lacs)

	For the Accounting Year ended on 31/03/1998 (18 Months)	Previous Accounting Year ended on 30/09/1996 (18 Months)
Gross Income	837.92	1638.63
Profit Before Interest & Depreciation	6.50	1332.91
Finance Charges	270.56	356.03
Profit/(Loss) Before Depreciation	(264.05)	976.87
Depreciation	456.29	500.86
Profit/(Loss) Before Tax	(765.32)	476.01
Provision for Tax	0.20	0.36
Profit/(Loss) for the year After Tax	(765.52)	475.65
Adjustments of earlier years (Net)	(47.18)	(0.13)
Net Profit/(Loss)	(812.70)	475.52
Paid up Equity Share Capital	486.44	476.41
Reserves Excluding Revaluation Reserve	1857.13	2654.65

2. OPERATIONS :

The period under review was the most difficult period for almost all Non-Banking Financial Companies due to various reasons. During this period, even some of the largest NBFCs have faced critical financial position. The loss of confidence of the investing public resulted into a run on the deposits and other financial instruments which affected mobilisation programs of most of the Companies. Moreover, RBI also became more circumspect and watchful and issued various stringent norms. Subsequently, all Nationalised Banks stopped giving any type of relaxation to almost all NBFCs, which further vitiated position of NBFCs.

Your Company has also been passing through severe financial problems owing to unexpected delays/defaults by many of its clients including some corporate clients in repayment of ICDs/Loans and Lease rentals. More over, due to general recession in the industry and capital market for a sustained phase of time, your Company could not generate substantial fresh revenues. The only recourse left with your Company for generating revenue was fund based activities, but due to blockage of huge amounts in respect of funds already deployed by your Company for ICDs/Lease/H.P.Finance, the recycling has been almost in a standstill position.

Thus, due to severe liquidity crunch coupled with sluggish market conditions, profitability of your Company has been severely affected.

During the period, the total gross income was Rs.837.92 lacs and due to some defaults by the corporates and higher provisions for NPA in the books as per the RBI guidelines, the Company has made loss of Rs.812.70 lacs.

ANNUAL REPORT 1997-98**3. DIVIDEND :**

In view of the losses incurred, the Directors have not recommended any dividend.

4. PARTICULARS REGARDING EMPLOYEES :

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence no information is required to be furnished.

5. FUTURE PROSPECTS :

With the close monitoring norms of the RBI and with the new Government in place, it is expected that the Indian Economy would revive and the Government would take various measures for the growth and revival of the functioning of all NBFCs.

6. PUBLIC DEPOSITS :

The Company has stopped accepting/renewing Public Deposits with effect from 5th January, 1998. At the close of the accounting period on 31st March, 1998, total deposits stood at Rs.102.95 lacs which is further reduced to a level below Rs. 60.00 lacs as on date. The Company has repaid all public deposits on time. There are no deposits unclaimed or due to be renewed by the Depositors.

7. INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

The Company is not a manufacturing Company and hence there is no activity relating to Conservation of Energy and Technology Absorption. There was neither inflow nor outgo of Foreign Exchange during the year.

8. DIRECTORS :

Shri Shaunak H. Choksi and Shri Russell Mehta, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your Directors recommend their reappointment.

9. AUDITORS :

M/s. Shah Narielwala & Co., Auditors of the Company, retire and are eligible for reappointment. The members are requested to consider their reappointment for the year 1998-99.

10. ACKNOWLEDGEMENTS :

The Directors sincerely express their deep appreciation to the Employees at all levels, Shareholders, Banks, Depositors, Customers for their sustained support and co-operation during this tough year. Your Directors also acknowledge the support and guidance received from the RBI, SEBI, ROC, Stock Exchanges and other Regulatory Bodies. Banks and other Financial Groups also deserve special appreciation for significant contribution to your Company's operations.

For and on behalf of the Board of Directors

Place : Ahmedabad.

Date : 29/06/1998.

HIMAL K. PARIKH
D I R E C T O R



INTERFACE FINANCIAL SERVICES LIMITED

AUDITORS' REPORT

To,

**The Members,
INTERFACE FINANCIAL SERVICES LIMITED.**

We have audited the attached Balance Sheet of INTERFACE FINANCIAL SERVICES LIMITED as at 31st March, 1998 and the annexed Profit and Loss Account for the year ended on that date and report that :-

- 1.0 As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government under Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2.0 As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India U/s.45MA(1A) of the Reserve Bank of India Act, 1934 (2 of 1934), we annex hereto a statement on the matters specified in para 3 of the said directions.
- 3.0 Further to our comments in the Annexures referred to in paragraphs (1) and (2) above;
 - 3.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - 3.2 In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of those books.
 - 3.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the Company.
 - 3.4 In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No.6 regarding Non-provision of Interest of Rs. 6,47,260/- on Intercompany Deposits taken by the Company and read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) in the case of Balance Sheet, of the state of the Company's affairs as at 31st March, 1998.
 - b) in case of the Profit and Loss Account, of the loss for the year (18 months) ended on that date.

For SHAH NARIELWALA & CO.
Chartered Accountants

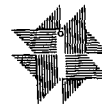
Place : Ahmedabad
Date : 29th June, 1998

D. R. Shah
Partner

ANNUAL REPORT 1997-98**Annexure to the Auditors' Report referred to in paragraph 1 of our Report of even date**

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government under section 227(4A) of the Companies Act, 1956 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we further report that :-

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at the end of the year, which in our opinion is reasonable. We have been informed that no material discrepancies were noticed on such verification.
- (b) None of the fixed assets have been revalued during the year.
- (c) The management has conducted physical verification of stock of shares and securities at reasonable intervals. The same are also verified at the end of the year.
- (d) In our opinion, the procedure of physical verification of stock of shares and securities followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (e) No material discrepancies were noticed on physical verification of stock of shares and securities as compared to book stock.
- (f) On the basis of records verified, in our opinion, the valuation of stock of shares and securities is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- (g) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956 and from the companies under the same management as this Company within the meaning of Section 370 (IB) of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.
- (h) In our opinion, the terms and conditions on which loans have been granted to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to the companies under the same management as this Company within the meaning of Section 370 (IB) of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.
- (i) The parties to whom loans and advances in the nature of loans have been given, are generally repaying the principal amounts as stipulated or as rescheduled from time to time and have also generally been regular in payment of interest, wherever applicable, except those loans which have been identified as non-performing assets and treated accordingly.
- (j) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of equipments and other assets and sale of shares and securities.
- (k) On the basis of information and explanations given to us, in respect of transactions entered into for purchase and sale of shares, securities and other investments and for services rendered in pursuance of contract arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, we are of the opinion that the transactions are made at prices which are reasonable having regard to the prices available with the Company and the prevailing market prices for such shares, securities and services.
- (l) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the directions issued by the Reserve Bank of India in respect of deposits accepted from the public.
- (m) The Company has an internal audit system, commensurate with its size and nature of its business. However, in our opinion, the same needs to be further strengthened.



INTERFACE FINANCIAL SERVICES LIMITED

- (n) According to the records of the Company, Provident Fund and ESI dues have been regularly deposited with the appropriate authority during the year under review.
- (o) According to the information and explanation given to us, no undisputed amounts payable by the Company in respect of Income tax, Wealth tax, Sales tax, Custom duty or Excise duty were outstanding as on 31st March, 1998 for a period of more than six months from the date they became payable.
- (p) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- (q) The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 do not apply to the Company not being an industrial Company as defined under the said Act.
- (r) In our opinion and according to information and explanations given to us, the nature of services rendered by the Company does not require any allocation of man-hours.
- (s) We are informed that the provisions of special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- (t) The Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities and in respect of which, in our opinion, proper documents and records have been maintained by the Company.
- (u) In our opinion, the Company has maintained proper records of the transactions and contracts relating to dealing or trading in shares, debentures and other securities and timely entries have been made therein. All the investments referred to in Schedule- F are either held in the name of the Company or are in process of transfer in the name of the Company.
- (v) In our opinion, sub-clauses (xii), (xiv) and (xvi) of Clause (A) and sub-clauses (ii) and (iv) of Clause (B) of para 4 of the aforesaid order are not applicable to the Company for the year under review.

For SHAH NARIELWALA & CO.
Chartered Accountants

Place : Ahmedabad.
Date : 29/06/1998.

D. R. Shah
Partner