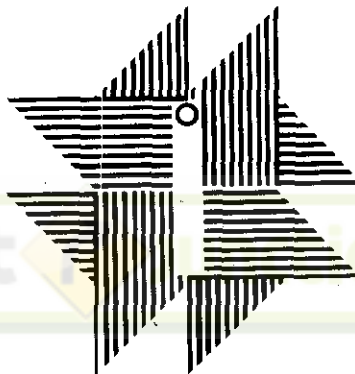


INTERFACE

FINANCIAL SERVICES LTD.



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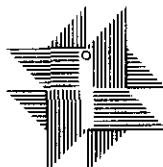
1999-2000

CERTIFIED TO BE TRUE COPY

For Interface Financial Services Ltd

Authorized Signatory/Director

ANNUAL REPORT 1999-2000



INTERFACE FINANCIAL SERVICES LIMITED

DIRECTORS

Shri Gaurang H. Dalal
Shri Himat K. Parikh
Shri Shaunak H. Choksi
Shri Russell A. Mehta

REGISTERED OFFICE

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

BANKERS

Bank of Baroda
Bank of Maharashtra
The Federal Bank Ltd.

BRANCHES

MUMBAI

4, Jolly Bhavan-2,
New Marine Lines,
Mumbai - 400 020.

AUDITORS

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

SHARE TRANSFER AGENTS

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



INTERFACE FINANCIAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the members of Interface Financial Services Limited will be held on 29th September, 2000 at 3-00 p.m. at ATMA Hall, Ashram Road, Ahmedabad 380009 to transact the following Business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended as on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of SHRI HIMAL K. PARIKH who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESSES

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered in the following manner:

- A) Following new definition be inserted after the definition of 'Year' and 'Financial Year'.

Beneficial Owner

'Beneficial Owner' shall have the meaning assigned thereto by Section 2 (91) (a) of the Depositories Act, 1996.

SEBI

'SEBI' means Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

Depository

'Depository' shall have the meaning assigned thereto by Section 2 (1) (e) of the Depositories Act, 1996.

Depositories Act, 1996

'Depositories Act, 1996' shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.

Member

'Member' means the duly registered holder from time to time of the shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and also every person whose name is entered as the beneficial owner of any shares in the records of the Depository.

- B) The existing Article 2 (b) be deleted and substituted as under:

"Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act and/or the Depositories Act, 1996."

- C) After Article 26 the following new Article as Article 26A be added under heading 'Dematerialisation of Securities'.

26A. (1) The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

- (2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

- (ii) Option for Investors:-

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

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If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities on Depositories to be in fungible form:-

All securities of the Company held by the Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:-

- a. Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security of the Company on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above, the depository as the registered Owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(v) Service of documents:-

Notwithstanding anything contained in the Act to the contrary, where securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:-

Nothing contained in Section 108 of the Act, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of securities dealt with in a depository:-

Notwithstanding anything contained in the Act, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Distinctive numbers of Securities held in a depository:-

Nothing contained in the Act regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(ix) Register and Index of members:-

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

D) After Article 76 the following new Article as Article 76 A be added under heading 'Nomination'.

- 76A (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his/her shares or debentures shall vest in the event of his/her death in such manner as may be prescribed under the Act.
- (2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to



INTERFACE FINANCIAL SERVICES LIMITED

confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his/her death, during the minority.
- E) After Article 76A the following new Article as Article 76 B be added under heading 'Transmission of Securities'.

76B (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either

- (a) to register himself as holder of the share or debenture, as the case may be ; or
(b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.

- (2) If the nominee elects to be registered as holder of the share or debenture himself, as the case may be, he/she shall delivery or send to the Company, a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

- (3) A nominee shall be entitled to the share dividend and other advantages to which he/she would be entitled if he/she was the registered holder of the share or debenture. Provided that he/she shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company. Provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

Regd. Office :

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

For, INTERFACE FINANCIAL SERVICES LTD.

GAURANG H. DALAL
CHAIRMAN

Place : Ahmedabad

Date : 30-06-2000

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 Thursday, 21st September, 2000 to Friday 29th September, 2000 (both days inclusive).
3. 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.
4. Members are requested :-
 - a) to bring the copy of the Annual Report at the Meeting.
 - b) to notify any change in address to the Company.
5. The annual listing fees of all the Stock Exchanges where Company's shares are listed for the year 1999-2000 have been paid.

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ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.5 :

The Company proposes to enter into agreement with the National Securities Depository Limited (NSDL) and / or Central Depositories Services (India) Limited (CDSL) which would facilitate the holding and trading in securities of the Company in electronic mode. The Company's shares will be dematerialised at the option of the shareholders. In order to bring the Company's Articles of Association in line with the Depositories Act, 1996 and the amendments made to the Companies Act, 1956, upon introduction of the Depository System, certain changes are required to be made in the Articles of Association of the Company as specified in the proposed Resolution.

Further, by the Companies (Amendment) Act, 1999, the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company will vest in the event of his/her death. It would be desirable if such a nomination clause is included in the Articles of Association of the Company. Hence amendments have to be made in the Articles of Association of the Company.

No Director of the Company is concerned or interested in the resolution.

The Directors recommend the resolution to the Members for their approval.

Regd. Office :

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

For, INTERFACE FINANCIAL SERVICES LTD.

GAURANG H. DALAL
CHAIRMAN

Place : Ahmedabad

Date : 30-06-2000



INTERFACE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To,
The Members,
INTERFACE FINANCIAL SERVICES LIMITED

Your Directors hereby present their Eighth ANNUAL REPORT of your Company together with audited accounts for the accounting year ended on 31st March, 2000.

1. FINANCIAL RESULTS :

	Rs. in Lacs	
	YEAR ENDED, 31-03-2000	YEAR ENDED, 31-03-1999
Gross Income	480.38	199.42
Profit / (Loss) Before Interest & Depreciation	217.15	(328.92)
Finance Charges	103.41	104.61
Profit / (Loss) Before Depreciation	113.74	(433.53)
Depreciation	172.31	158.07
(Loss) Before Tax	(58.57)	(617.36)
Provision for Tax	0.00	0.00
(Loss) for the year After Tax	(58.57)	(617.36)
Adjustments of earlier years (Net)	(6.86)	(1.24)
Net (Loss)	(65.43)	(618.60)
Paid up Equity Share Capital	486.44	486.44
Reserves Excluding Revaluation Reserve	1173.09	1238.52

2. OPERATIONS :

The market picked up in the second quarter, shrugging off political uncertainty and economic slowdown. Technology, media, and telecom sector led the recovery. Money flowed in from both overseas and domestic investors. The sensex scaled new highs. Your Company capitalised on the opportunities and recorded profit of Rs.248.13 lacs from investment activity.

To have a bird eye view of your company for the financial year under review, the gross Income registered was Rs. 480.38 lacs against previous year income of Rs. 199.42 lacs showing increase of 140.88 % as compared to previous year. Your company had earned profit before depreciation amounting to Rs. 113.74 lacs as compared to loss of Rs. 433.53 lacs of previous year. The turn around is due to recovery of capital market.

3. DIVIDEND :

In absence of profit, your directors regret their inability to recommend any dividend for the year.

4. FUTURE PROSPECTS :

The immediate focus of your Company to strengthen the financial position will be to liquidate the liabilities at the minimum level, to take effective steps for recovery of overdue lease rental income from corporate sector, cost reduction measures and exploiting new avenues of business. The directors hope that with their best effort the performance of your company will improve in near future.

5. YEAR 2000 (Y2K) STATUS :

Your Company did not face any disruptions on account of the Y2K bug, and completed a smooth transition into the new millennium.

ANNUAL REPORT 1999-2000**6. PUBLIC DEPOSITS :**

The Company has stopped accepting / renewing Public Deposits. The Company has repaid all public deposits in time.

7. DIRECTORS :

Shri Himat K. Parikh Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his reappointment.

8. AUDITORS & AUDITORS' REPORT :

M/s. Shah Narielwala & Co., Auditors of the Company, retire and are eligible for reappointment. The members at the ensuing Annual General Meeting are requested to consider their reappointment for the year 2000-2001.

Notes forming part of the accounts, which are specifically referred to by the Auditors in their Report are self explanatory and therefore do not call for any further comments.

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

As your company is a Non Banking Finance company not engaged in manufacturing activity a statement containing information as per Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors Rules.) 1988 is not appended.

10. SUBSIDIARIES :

The audited statement of accounts for the year ended March 31st, 2000 of Interface Brokrage and Research Limited; wholly owned subsidiary company together with the report of the Directors and the Auditors, as required under Section 212 of the Companies Act, 1956 is attached.

11. 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 as amended and hence no information is required to be furnished.

12. 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

GAURANG H. DALAL
CHAIRMAN

Place : Ahmedabad

Date : 30-06-2000



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, 2000** and the annexed Profit and Loss Account for the year ended on that date and report that :-

1. 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. 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. 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, the Profit & Loss Account and the Balance Sheet dealt with in this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - 3.5 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. 11 regarding writing off of total amount of preliminary expenses and public issue expenditure amounting to Rs. 27,84,894** 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, 2000.
 - b) in case of the Profit and Loss Account, of the loss for the year ended on that date.

For SHAH NARIELWALA & CO.

Chartered Accountants

Place : Ahmedabad

Date : 30-06-2000.

B.P. NARIELWALA

Partner.

ANNUAL REPORT 1999-2000**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 prima-facie not 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 prima-facie not 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 contracts 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