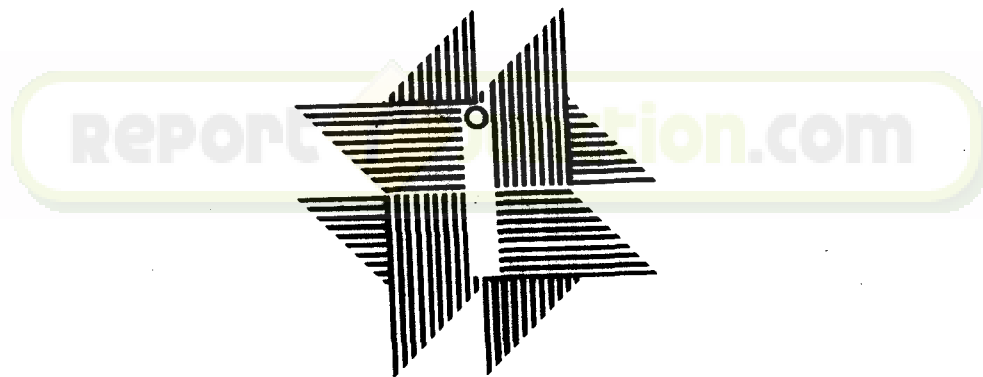


INTERFACE

FINANCIAL SERVICES LTD.



ANNUAL REPORT
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INTERFACE FINANCIAL SERVICES LIMITED

DIRECTORS

Shri Himal K. Parikh, Managing Director
Shri Gaurang H. Dalal
Shri Shaunak H. Choksi
Shri Ketan H. Gandhi
Shri Hemendra D. Sanghvi

REGISTERED OFFICE

2nd Floor, Agrawal Complex,
Near Municipal Market,
C G Road, Navrangpura,
Ahmedabad 380 009.
Ph.Nos.(079) 646 2300, 640 6950/51
Fax Nos.(079) 656 8735/646 5005
E-mail : interface1@icenet.net

Report  junction.com

BANKERS

HDFC Bank Ltd.
State Bank of India
Bank of Baroda
Textile Traders Co-op. Bank Ltd.

AUDITORS

Shah Narielwala & Co.,
Chartered Accountants
608, Shitiratna,
Near Panchvati Circle,
Ellisbridge,
Ahmedabad 380 006
Ph. Nos.(079) 644 0630, 656 4605
Fax No. (079) 644 5217

SHARE TRANSFER AGENTS

Sharepro Services
Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Above Bank of Baroda,
Chakala, Andheri (East),
Mumbai 400 099.
Ph. Nos.(022) 28215168/69
Fax No. (022) 28375646

INTERFACE FINANCIAL SERVICES LIMITED



NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Interface Financial Services Limited will be held on Friday, the 26th September, 2003 at 3.45 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 on 31st March, 2003 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 Shaunak Choksi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors and fix their remuneration.

Regd. Office :

2nd Floor, Agrawal Complex,

Near Municipal Market,

C. G. Road, Navrangpura,

Ahmedabad - 380 009.

By Order of the Board
For, INTERFACE FINANCIAL SERVICES LTD.

Place : Ahmedabad.

Date : 26th April, 2003

HIMAL PARIKH
CHAIRMAN

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 the 16th September, 2003 to Friday, the 26th September, 2003 (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.
 - c) to get their physical shares converted to demat form.
5. The shareholders desiring any information on records of the Accounts are requested to write to the Company before 10 days of Annual General Meeting so as to enable the Management to keep the information ready.
6. Annual Listing Fees of all stock exchanges where company's shares are listed for the year 2003-04 have been paid.

ANNUAL REPORT 2002-2003**DIRECTORS' REPORT**

To,

The Members,

INTERFACE FINANCIAL SERVICES LIMITED

Your Directors hereby present their Eleventh **ANNUAL REPORT** of your Company together with audited accounts of the accounting year ended on **31st March, 2003**.

FINANCIAL RESULTS :**(Rs. in lakhs)**

PARTICULARS	YEAR ENDED ON	
	31.03.2003	31.03.2002
Gross Income	60.27	172.45
Profit/(Loss) Before Interest & Depreciation	(79.60)	75.63
Finance Charges	0.43	0.38
Profit/(Loss) Before Depreciation	(80.03)	75.25
Depreciation	39.36	47.20
Profit/(Loss) Before Tax & Extra Ordinary Items	(119.39)	28.05
Less : Provision for permanent diminution in value of Investments	(150.00)	(204.71)
Less : Loss due to diminution in value of Fixed Assets	(165.94)	-
Provision for Tax	-	-
(Loss) for the year After Tax	(435.33)	(176.66)
Adjustments of earlier years (Net)	(0.91)	(2.94)
Net (Loss)	(436.24)	(179.60)
Paid up Equity Share Capital	486.44	486.44
Reserves Excluding Revaluation Reserve	551.58	987.83

DIVIDEND :

Your directors regret their inability to recommend any dividend for the year under review due to inadequate profit.

YEAR UNDER REVIEW

The income for the year under review has decreased to Rs. 60.27 lakhs from Rs. 172.45 lakhs on account of sluggish capital market and meager business activity.

Your company had incurred loss of Rs. 119.39 lakhs during the year under review as against the Profit of Rs. 28.05 lakhs in previous year. Due to provision of diminution of investments and loss in value of fixed assets of Rs. 315.94 lakhs (Previous year Rs. 204.71 lakhs) of permanent nature, the total loss incurred by the company has increased to Rs. 435.33 lakhs. After necessary adjustments of previous year income/expenditure, your company had incurred loss of Rs. 436.24 lakhs (previous year Rs. 179.60 lakhs).



INTERFACE FINANCIAL SERVICES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS (MD&A) :

(i) NBFC Sector

As reported last year, interest rates continued to decline. The overall operation had been affected badly due to adverse economic scenario and capital market situation. This year also, NBFC sector's growth is adversely affected due to high liquidity crunch in the market, lower interest rates and competition from Banks, FIs and MNCs.

Outlook and Company's Performance

Your company is taking steps to control the expenses. The operations during the year under review are meager. As a part of overall restructuring affairs of the Company, your company had made Interface Network Marketing Private Limited and Interface Housing Finance Limited, as wholly-owned subsidiary companies. Your company is involved in broking business through subsidiary company and necessary steps are taken for recovery of debts. Your directors are making vigorous efforts to improve the liquidity by disposing off the investments, fixed assets and utilizing available resources and infrastructure for overall improvement of the working of the Company. Looking to the prevailing market conditions and adverse factors in the NBFC Sector since last half decade, the management has decided to concentrate on past recovery, broking and other capital market related activities in coming years. To overcome the adverse circumstances and to serve shareholders to the extent possible, your company has decided to take inter alia, the following actions :

- Maximize recovery from corporate and retail clients.
- Reduce administrative expenses.
- Enhancing the liquidity of the company by disposing off non-productive assets.
- Concentrating on fee-based activities.

(ii) Industry Structure and Developments

As a part of the economic reforms, the government is reducing interest rate to lower the overall finance cost. In spite of this and other banking reforms, no major momentum is witnessed in credit off take by the industrial sector including core industries. With falling interest rates and stiff competition and interest rate war from Banks and Financial Institutions, NBFC sectors' growth is adversely affected.

(iii) Opportunities & Threats

IFSL is exposed to the normal industry risk factors of economic cycle and credit risk. IFSL manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

(iv) Internal Control System & their adequacy

IFSL has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, and that the transactions are authorised, recorded and reported correctly.

IFSL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The audit committee of the Board of Directors reviews the adequacy of internal controls.

(v) Human Resource Management

The company has hired the services of professionals for better monitoring of various operations of the Company including all statutory compliances.

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PUBLIC DEPOSITS :

Your Company has not accepted any deposit from the public during the year under review.

DIRECTORS :

Shri Shaunak Choksi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors confirm that -

- In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;
- Such accounting policies have been selected and consistently applied and judgments and estimates made 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, 2003 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care have been taken 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;
- Annual accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT :

M/s. Shāh 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 2003-2004. They will hold the office until the conclusion of the next Annual General Meeting. The Board recommends their appointment.

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.

CORPORATE GOVERNANCE REPORT :

A separate report on Corporate Governance is furnished as a part of the Directors' Report and the Certificate from the Company's Auditors regarding compliance of conditions of Corporate Governance is annexed to the said Report.

INFORMATION AS PER SECTION 217(1)(e) 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 as amended is not appended.

SUBSIDIARIES :

The audited statement of accounts for the year ended March 31, 2003 of Interface Brokerage and Research Limited, Interface Housing Finance Limited and Interface Network Marketing Private Limited; wholly owned subsidiary companies together with the report of the Directors and the Auditors, as required under section 212 of the Companies Act, 1956 are attached.

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.

ACKNOWLEDGEMENTS :

The Directors sincerely express their deep appreciation to the Shareholders, Banks, Clients for their sustained support and co-operation during the year review. 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 : 26th April, 2003.

HIMAL PARIKH
CHAIRMAN



INTERFACE FINANCIAL SERVICES LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31ST MARCH, 2003 :

1. Company's Philosophy on Code of Governance:

The Company's philosophy on corporate governance envisages commitment to ensure client satisfaction of grievances, if any, of all its shareholders, consistent with fairness and due concern for social responsibility.

2. Board of Directors:

(a) Composition

The Board of Directors of the company is comprised of four Non-Executive Directors and one Managing Director is Executive Director.

(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting and Number of other Companies or Committees the Director is a Director/ Member/ Chairman.

Sr. No.	Name of Director	Category of Directorship	No. of Board attended Meeting	Attendance at last Annual General meetings	No. of other Directorship	No. of other Committee in which member/ Chairman
1	Himal Parikh	Promoter and Executive Director	9	Yes	3	-
2	Gaurang Dalal	Promoter and Non-Executive Director	8	Yes	2	2
3	Shaunak Choksi	Promoter and Non-Executive Director	6	Yes	2	2
4	Ketari Gandhi	Non-Executive Director	5	Yes	5	3
5	Hemendra Sanghvi	Non-Executive Director	9	Yes	1	2

Information on Director's Reappointment :

A brief resume of Director being reappointed at the ensuing Annual General Meeting is furnished hereunder :

Mr. Shaunak Choksi is a promoter director, having over 25 years experience in the stainless steel industry in India. He is also whole-time Director of Choksi Tube Co. Ltd.

(c) Number of Board Meetings held and the dates of the Board Meeting

During the year, the Board of Directors met nine times on the following dates: on 22/04/2002, 25/05/2002, 29/06/2002, 27/07/2002, 23/08/2002, 27/09/2002, 26/10/2002, 21/12/2002 & 22/03/2003.

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3. Audit Committee:

(a) Terms of Reference

The terms of reference and powers of Audit Committee are as per Clause 49 of the Listing Agreement. The functions of the Audit Committee are as per Listing Agreement with the Stock Exchanges. This includes review of accounting and financial policies and procedures, review of financial reporting system and internal control procedure.

(b) Composition, name of members and chairperson

The Committee consists of the following Directors:

Sr. No.	Name of the Members	Category
1.	Mr. Ketan Gandhi	Chairman, Non-Executive Independent Director
2.	Mr. Gaurang Dalal	Member, Non-Executive Independent Director
3.	Mr. Hemendra Sanghvi	Member, Non-Executive Independent Director

(c) Meetings and attendance during the year

The Committee met three times during the year on the following dates: on 29th June 2002, 27th September 2002 and 25th January 2003. The attendance of each Member of the Committee is given below:

Sr. No.	Name of Members	No. of Meetings attended
1.	Mr. Ketan Gandhi	3
2.	Mr. Gaurang Dalal	3
3.	Mr. Hemendra Sanghvi	3

4. Remuneration Committee :

(a) Terms of Reference

The terms of reference and powers of Remuneration Committee are as per Clause 49 of the Listing Agreement. The functions of the Remuneration Committee are as per Listing Agreement with the Stock Exchanges.

(b) Composition, name of members and chairperson

The Committee consists of the following Directors:

Sr. No.	Name of the Director	Category
1.	Mr. Ketan Gandhi	Chairman, Non-Executive Independent Director
2.	Mr. Gaurang Dalal	Member, Non-Executive Independent Director
3.	Mr. Shaunak Choksi	Member, Non-Executive Independent Director

As no director is drawing remuneration except sitting fees, Remuneration Committee Meeting was not held during the year.



INTERFACE FINANCIAL SERVICES LIMITED

5. Shareholders / Investors Grievance Committee:

(a) Terms of Reference

The role and functions of the said Committee are the effective redressal of the complaints of the shareholders regarding dematerialization, transfers, non-receipt of balance-sheet etc, The Committee also recommend the steps to be taken for further improvement in the quality of services to the investors.

(b) Constitution

The Shareholders/Investors Grievance Committee comprises of following Members:

Sr. No.	Name of the Director	Category
1.	Mr. Hemendra Sanghvi	Chairman, Non-Executive Independent Director
2.	Mr. Ketan Gandhi	Member, Non-Executive Independent Director
3.	Mr. Shaunak Choksi	Member, Non-Executive Independent Director

(c) The company received Nil complaints during the year.

(d) Name of the Compliance Officer is as follows:

Mr. Hemendra D. Sanghvi, Director

2nd Floor, Agrawal Complex, Near Municipal Market, C G Road, Navrangpura, Ahmedabad 380 009.
Ph.Nos.(079) 646 2300, 640 6950/51, Fax Nos.(079) 6568 735/646 5005 E-mail : interface1@icenet.net

6. General Body Meetings

(a) Location and time, where last three Annual General Meetings were held

Financial Year	Date	Time	Venue
31.03.2002	27 th September, 2002	1.30 p.m.	ATMA Hall, Ashram Road, Ahmedabad
31.03.2001	28 th September, 2001	3.00 p.m.	ATMA Hall, Ashram Road, Ahmedabad
31.03.2000	29 th September, 2000	3.00 p.m.	ATMA Hall, Ashram Road, Ahmedabad

(b) Whether Special Resolution were put through Postal Ballot last year No

(c) Persons who conducted the Postal Ballot exercise

N.A.

(d) Are proposed to be conducted through Postal Ballot this year

No Resolutions requiring postal ballot for matters as required under clause 4 of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 have been placed for Shareholders' approval at the Meeting.

(e) Procedure for Postal Ballot

N.A.

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7. Disclosure

- | | |
|--|------------------------------|
| (a) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large | None |
| (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. | None in the last three years |

8. Means of Communication:

- | | |
|--|---|
| (a) Half-yearly report sent to each household of shareholders | No |
| (b) Quarterly results
Newspapers in which results are normally published in | The Company has published quarterly results in The Western Times (English) and The Western Times (Gujarati), both at Ahmedabad. |
| Any website, where displayed | No |
| Whether it also display official news releases | No |
| The presentations made to institutional investors or to the analysts | No |
| (c) Whether MD&A is a part of Annual Report or not | Yes. Part of the Directors Report |

9. General Shareholder Information:

- | | |
|---|--|
| (a) Annual General Meeting: Date, time and venue | September 26, 2003 at 3.45 P.M. at ATMA Hall, Ashram Road, Ahmedabad-380 009. |
| (b) Financial Calendar 2003-04 (tentative)
Financial Results for quarter ending June 30, 2003
Financial Results for quarter ending September 30, 2003
Financial Results for quarter ending December 31, 2003
Financial Results for the year ending March 31, 2004 | Last week of July, 2003.
Last week of October, 2003
Last week of January, 2004
June, 2004. |
| (c) Date of Book closure | Tuesday, the 16/09/2003 to Friday, the 26/09/2003 (Both days inclusive) |
| (d) Dividend payment date | NIL |
| (e) Listing on Stock Exchange | The Stock Exchange, Ahmedabad
The Stock Exchange, Mumbai
The Company has paid the listing fees to both the Stock Exchanges |