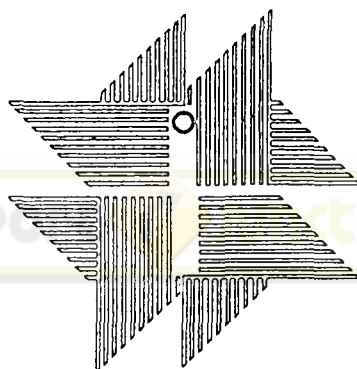


INTERFACE

FINANCIAL SERVICES LTD.

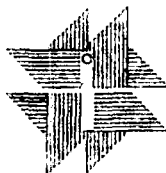


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ANNUAL REPORT

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INTERFACE FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

Shri Himat K. Parikh, Managing Director
Shri Mahesh C. Shah
Shri L. N. Patel
Shri Bhupendra K Shah
Shri Praful S. Shah

REGISTERED OFFICE

2nd Floor, Agrawal Complex,
Nr. Municipal Market,
C. G. Road, Navrangpura,
Ahmedabad - 380 009
Ph. Nos. (079) 2646 2300, 2640 6950/51
Fax Nos. (079) 2656 8735
Email : interface1@icenet.co.in

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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) 2644 0630, 2656 4605
Fax Nos. (079) 2644 5217

SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
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 Fifteenth Annual General Meeting of the members of Interface Financial Services Limited will be held on Thursday, the 27th September 2007 at 4.00 p.m. at 2nd Floor, Agarwal Complex, Near Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2007 and the Profit & Loss Account for the year ended as on that date and the Directors' Report and Auditors' Report thereon.
2. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri L N Patel who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby appointed as director retiring by rotation."

4. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Mahesh C. Shah who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby appointed as director retiring by rotation."

5. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Bhupendra K. Shah who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby appointed as director retiring by rotation."

6. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Praful S. Shah who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and Articles of Association of the Company, be and is hereby appointed as director retiring by rotation."

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

"RESOLVED THAT in accordance with the Provision of Section 269, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 or any other amendments or reenactments thereof, Articles of Association, and subject to the Statutory Approvals, if any required, approval of the Company be and is hereby accorded for reappointment of Himat K. Parikh as the Managing Director of the Company for a further period of 5 years with effect from 1st July, 2007 without drawing any remuneration, on the terms and conditions as set out in the draft agreement to be entered into between the company and Shri Himat K. Parikh which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment, as may be agreed to between the Board and Shri Himat K. Parikh.

"RESOLVED FURTHER THAT Board be and is hereby authorised to take such steps as may be deemed expedient to give effect to above resolution."

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

Place : Ahmedabad
Date : 02.07.2007.

HIMAT PARIKH
CHAIRMAN

ANNUAL REPORT 2006-2007**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 Friday, the 21st September, 2007 to Thursday, the 27th September, 2007 (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. to 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 2007-08 have been paid.

**Explanatory Statement pursuant to Section 173(2) of
the Companies Act, 1956 in respect of Special Business is annexed hereto.**

ITEM NO. 3 to 6

Shri L N Patel, Shri Mahesh C. Shah, Shri Bhupendra K. Shah and Shri Praful S. Shah were appointed as an Additional Directors by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, they hold office as Directors only upto the date of ensuing Annual General Meeting. In view of their proficiency in the business of the company, Board considers it desirable that the Company should continue to avail their services. The Directors recommend the resolution to the members for their approval.

Shri L N Patel, Shri Mahesh C. Shah, Shri Bhupendra K. Shah and Shri Praful S. Shah are deemed to be interested in the Resolution for their appointment.

None of the other directors is interested in the said resolution.

ITEM NO.7

Shri Himat K. Parikh was appointed as Managing Director with effect from 1st July, 2002.

Shri Himat K. Parikh is a promoter Director and manages the state of affairs of the Company as Managing Director. He shoulders responsibilities in overall business of the Company. It is in the best interest of the Company to reappoint him as Managing Director for a period of five year.

Your directors recommend the resolution as embodied in the notice to be passed with or without modification as an Ordinary Resolution.

None of the Directors of the Company except Shri Himat K. Parikh is interested in the resolution.

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

Place : Ahmedabad
Date : 02.07.2007.

HIMAL PARIKH
CHAIRMAN



INTERFACE FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To,
The Members,
INTERFACE FINANCIAL SERVICES LIMITED

Your Directors hereby present their Fifteenth Annual Report of your Company together with audited accounts for the accounting year ended on 31st March, 2007.

FINANCIAL RESULTS:

PARTICULARS	(Rs. in lacs)	
	YEAR ENDED ON	
	31.03.2007	31.03.2006
Gross Income	22.49	206.15
Profit/ (Loss) Before Interest & Depreciation	10.35	181.63
Finance Charges	0.16	0.16
Profit/ (Loss) Before Depreciation	10.19	181.47
Depreciation	2.65	4.53
Profit/ (Loss) Before Tax & Extra Ordinary Items	7.54	176.94
Provision for Tax	—	60.17
Profit/(Loss) for the year after Tax	7.95	116.77
Adjustments of earlier years (Net)	0.06	—
Net Profit/ (Loss)	7.88	116.77
Paid up Equity Share Capital	486.44	486.44
Reserves Excluding Revaluation Reserve	794.66	786.78

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Financial Performance Review:

During the year under review, gross income registered was Rs. 22.49 Lacs, as against Rs. 206.15 Lacs in the previous year. Profit before depreciation was Rs. 10.19 Lacs as against Rs. 181.47 in previous year. Net profit for the year was Rs. 7.88 Lacs as against Rs. 116.77 Lacs in the previous year.

(ii) Industry Structure and Developments:

The Indian economy has registered impressive growth of 9.4% during fiscal year 2006-07. The average GDP growth rate reported for the last four years as 8.6%. Inflation has been moderate and is expected to be contained at the present level of around 5% supported by a strong rupee, timely monetary policy of RBI and a buoyant economy. The capital markets remained buoyant. Reserve Bank of India tightening of CRR and advance tax outflows, tight liquidity coupled with high credit growth increased the rates of deposits of banks. The operations of Non Banking Financial Companies (NBFCs) are regulated and supervised by the Reserve Bank of India vide powers conferred under Chapter III-B of Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFCs have been continuously strengthened in order to ensure strong and healthy functioning, by limiting excessive risk taking practices and protecting the interest of deposit holders.

The NBFC Sector in India has become very mature with reduced dependence on the acceptance of public deposits as part of its overall funding. The NBFC Sector is now represented by a mix of a few large companies with nationwide presence and a large number of small and medium-sized companies with regional focus.

(iii) Opportunities:

With GDP growth witnessing the upward position of 9% over the next few years, ushering an era of sustainable high growth rates and with domestic and international investors reposing confidence, India's growth potential is commendable. The Indian economy will continue to provide several attractive growth opportunities. The increased thrust on the

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infrastructure sector, including power, roads, ports, telecom and other urban infrastructure projects will continue to present investment opportunities in future.

In addition, the services sector which is growing at rapid base and contributes substantially to GDP will provide many new opportunities for the financial services industry in India.

(iv) Challenges:

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

(v) Outlook:

Sustained industrial buoyancy and demand pressures along with an unfavourable base effect, are expected to exert upward pressure on inflation. Nevertheless, the average inflation for the year is expected to remain in the 5-5.5 per cent band.

IFSL intends to actively pursue growth opportunities in the that fast growing financial services sector in the country, to become a full service financial services company.

(vi) Risks and Concerns:

IFSL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. IFSL manages those risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

(iv) Adequacy of Internal Control:

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.

(vii) Human Resource Management:

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

(viii) Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, changes in Government regulations, tax laws and other Statutes and other incidental factors.

PUBLIC DEPOSITS

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

DIRECTORS

Shri L. N. Patel, Shri Mahesh C. Shah, Shri Bhupendra K. Shah and Shri Praful S. Shah were appointed as Additional Directors. Your Directors recommend their appointment as directors retiring by rotation.

Mr. Hemendra Sanghvi, Gaurang Dalai, Shaunkh Choksi, Ketan Gandhi, Dipti Shah, Mayur Parikh, Varshesh Panchal resigned as directors. Board express gratitude to outgoing directors and invite incoming directors.

Mr. Dhaval A. Shah appointed as Additional director during the year under review had resigned w.e.f. 4th March, 2007.

Mr. Himai K. Parikh was reappointed as Managing director.



INTERFACE FINANCIAL SERVICES LIMITED

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

The Directors confirm that-

- In preparation of the annual account, 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, 2007 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 irregularities;
- Annual accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT:

M/s. Shah Narielwala & Co., Statutory 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 2007-2008. They will hold the office until the conclusion of the next Annual General Meeting. The Board recommends their reappointment.

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

The Company has no activities relating to conservation of energy or technology absorption. There has been no foreign exchange earning or outgo during the year under review.

SUBSIDIARIES

The audited statement of accounts for the year ended on 31st March, 2007 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 and hence no information is required to be furnished.

ACKNOWLEDGMENTS

The Directors sincerely express their deep appreciation to the Shareholders, Banks, Clients for their sustained support and co-operation during the year under 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 : 2nd July, 2007.

HIMAL PARIKH
CHAIRMAN

ANNUAL REPORT 2006-2007**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31ST MARCH, 2007**

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has been incorporating for the last few years, a separate section on Corporate Governance in its Annual Report. The Shareholders and Investors of the Company would have found the information informative & useful.

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2007 are given hereunder divided into the following areas:-

1. Company's philosophy on Corporate Governance:-

The Company continues to commit itself to maintaining the highest standards of integrity, transparency and accountability in all facets of its operations and to create Shareholders' value on a sustainable basis. The Company believes that good Corporate Governance, with transparency and independence as its key ingredients, provides a market-oriented framework for the running of Companies. It can ensure a proper balance between management, board and shareholders, adequate levels of transparency, appropriate compensation schemes and the prevention of conflict of interests.

2. Board of Directors:-

(a) Composition of the Board:

The Board of Directors of the Company as on 31/03/2007 comprise of two Non-Executive Directors and one Managing Director being Executive Director.

During the year 2006-07, the following Directors consist of the composition of the Board of Directors :-

Name of Director	Category of Directorship	No. of other Directorship (excluding Private Limited company)	No. of other Board Committee(s)* of which he/she is a member (including IFSL)	No. of other Board Committee(s)* of which he/she is a Chairperson (including IFSL)
Himal Parikh	Executive Director	3	2	2
Gaurang Dalat (Upto 18th January, 2007)	Non-Executive and Independent Director	-	-	-
Ketan Gandhi (Upto 8th March, 2007)	Non-Executive and Independent Director	-	-	-
Shaunak Choksi (Upto 19th December, 2006)	Non-Executive and Independent Director	-	-	-
Hemendra Sanghvi (Upto 29th September, 2006)	Non-Executive and Independent Director	-	-	-
Dipti Shah (Upto 18th January, 2007)	Non-Executive and Independent Director	-	-	-
Mayur Parikh (Upto 18th January, 2007)	Non-Executive and Independent Director	-	-	-
Varshesh Panchal (Upto 31st December, 2006)	Non-Executive and Independent Director	-	-	-
Dhaval A. Shah (Upto 4th March, 2007)	Non-Executive and Independent Director	-	-	-
Mahesh C. Shah (Appointed during 20th January, 2007)	Non-Executive and Independent Director	4	2	-
L N Patel (Appointed during 20th January, 2007)	Non-Executive and Independent Director	NIL	2	1

* Committee refers Shareholders Grievance and Audit Committee.

Note : Details of directorships/board committee memberships of these directors are not mentioned as they have ceased to be directors of the Company during 2006-07.



INTERFACE FINANCIAL SERVICES LIMITED

Information on Director's Reappointment:

A brief resume of Director being reappointed at the ensuing Annual General Meeting is furnished hereunder:
Shri Mahesh Shah is having more than 20 years experience in finance sector and accounts in large Industrial unit. He is on the board of other four companies.

- Shri L N Patel is a Chartered Accountant having more than 25 years of experience & he is not on any company.

(b) Board Meetings and attendance of Directors:

During the year the Board of Directors met 8 times on the following dates; 28.04.2006, 19.07.2006, 26.07.2006, 29.09.2006, 31.10.2006, 08.12.2006, 20.01.2007 and 20.02.2007

Directors	No. of Board Meetings		Attendance at the last AGM
	Held	Attended	
Himal Parikh	8	8	Yes
Gaurang Dalal (Upto. 18th January, 2007)	6	6	Yes
Shaunak Choksi (Upto 19th December, 2006)	6	-	-
Ketan Gandhi (Upto 8th March, 2007)	8	5	Yes
Hemendra Sanghvi (Upto 29th September, 2006)	4	3	-
Mayur Parikh (Upto 18th January, 2007)	6	6	Yes.
Dipti Shah (Upto 18th January, 2007)	6	6	Yes
Varshesh Panchal (Upto 31st December, 2006)	1	1	N.A.
Dhaval Shah (Upto 4th March, 2007)	3	2	N.A.
Mahesh C. Shah (Appointed on 18th January, 2007)	2	2	N.A.
L N Patel (Appointed on 18th January, 2007)	2	2	N.A.

No. of meetings held are during the tenure of the directorships of directors who have resigned.

3. Board Committees:

(a) Audit Committee :

(i) 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.

(ii) Composition

On changes in the Board of Directors during the year, the Audit Committee as on 31/03/2007 consist of the following :-

- Shri Himal Parikh
- Shri Mahesh C. Shah
- Shri L N Patel

Except Shri Himal Parikh all members of the Audit Committee are Non-executive Directors. The Committee has elected Shri L N Patel as its Chairman. All the members of Audit Committee are financially literate and one member is having vast experience in the field of financial management expertise and other in these related matters.

(iii) Meetings and attendance during the year

The Committee met four times during the year on the following dates: on 28.04.2006, 19.07.2006, 31.10.2006 and 20.01.2007. The attendance of each Member of the Committee is given below:

Name of Audit Committee Member	No. of meetings	
	Held	Attended
Shri Gaurang Dalal@	4	3
Shri Himal K. Parikh	4	1
Shri Ketan Gandhi@	4	2
Shri Mayur Parikh@	4	3
Shri Mahesh C. Shah#	4	1
Shri L N Patel#	4	1

@ Resigned during the year.

Appointed during the year.

ANNUAL REPORT 2006-2007**(b) Shareholders / Investors Grievance Committee:****(i) 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.

(ii) Constitution

On changes in the Board of Directors during the year, the Shareholders/Investors Grievance Committee as on 31/03/2007 consist of the following :-

1. Shri Himat Parikh
2. Shri Mahesh C. Shah
3. Shri L N Patel

The Committee met four times during the year:

Name of the Members	No. of meetings	
	Held	Attended
Shri Himat Parikh	4	4
Shri Gaurang Dalal@	4	3
Shri Ketan Gandhi@	4	3
Smt. Dipti Shah@	4	3
Shri Mahesh Shah#	4	1
Shri L N Patel#	4	1

@Resigned during the year.

Appointed during the year

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

(c) Remuneration Committee :**(i) 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. Details of sitting fees, commission and remuneration paid/payable to Directors:

Name of the Directors	Commission Payable for the year	Sitting fees paid during the year	Total Rs.
Shri Himat Parikh	NIL	NIL	NIL
Shri Gaurang Dalal@	NIL	30,000	30,000
Shri Shaunak Choksi@	NIL	NIL	NIL
Shri Ketan Gandhi@	NIL	25,000	25,000
Shri Mayur Parikh@	NIL	30,000	30,000
Smt. Dipti Shah@	NIL	30,000	30,000
Shri Hemendra Sanghvi@	NIL	NIL	NIL
Shri Varshesh Panchal@	NIL	NIL	NIL
Shri Dhaval Shah@	NIL	10,000	10,000
Shri Mahesh C. Shah#	NIL	10,000	10,000
Shri L N Patel#	NIL	10,000	10,000

@Resigned during the year.

Appointed during the year.

(d) Code of Conduct:

The Company has framed a code on conduct for the members of the Board of Directors of the Company. The said code of conduct is available on the website of the Company. The declaration by Shri Himat Parikh, Managing Director of the Company regarding compliance by the Board members with the said code of conduct is given as Annexure 1 to this Report. In addition to this, a separate code of conduct for dealing in equity shares and other securities having voting rights of the Company is also in place.

2. Disclosures:

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties were not in the normal course of business to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.