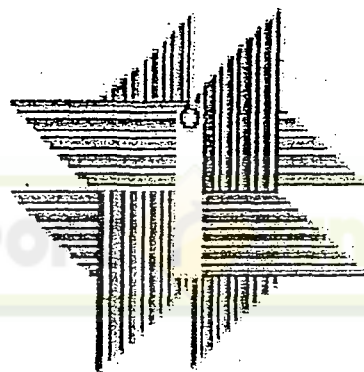
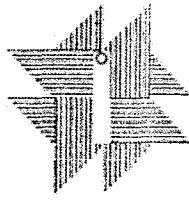


# **INTERFACE FINANCIAL SERVICES LTD.**



Report Junction.com

**ANNUAL REPORT  
2008- 2009**



**INTERFACE FINANCIAL SERVICES LIMITED**

**BOARD OF DIRECTORS**

Shri Mahesh C. Shah  
Shri Bhupendra K. Shah  
Shri Praful S. Shah

**REGISTERED OFFICE**

2<sup>nd</sup> Floor, Agrawal Complex,  
Near Municipal Market, C G Road,  
Navrangpura, Ahmedabad 380 009.  
Ph. Nos.(079) 2646 2300, 2640 6950/51  
Fax No. (079) 2656 8735  
Email Id : [interface1@interfaceonline.in](mailto:interface1@interfaceonline.in)

**BANKERS**

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

**AUDITORS**

M/s Naimesh K Shah  
Chartered Accountants

Ahmedabad.  
Ph. Nos.  
Fax No.

**SHARE TRANSFER AGENTS**

Sharepro Services (India) Pvt. Ltd.  
Satnam Industrial Estate, 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai 400 099.  
Ph. Nos. (022) 2821 5168/69  
Fax No. (022) 2837 5646

**NOTICE**

**Notice** is hereby given that the Annual General Meeting of the company will be held on Wednesday, 30<sup>th</sup> September, 2009 at 2.30 P.M. at the registered office of the Company at 2<sup>nd</sup> Floor, Agrawal Complex, Nr. Municipal Market, C.G.Road, Navarangpura - 380 009:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the period ended on that and the Reports of Directors and the Auditors.
2. To appoint a Director in place of Mr. Bhupendrabhai Shah, who retires by rotation and being eligible, to offers himself for re-appointment.
3. To appoint M/s. Naimish K. Shah, Chartered Accountants, Ahmedabad, as auditors of the Company to hold office until the conclusion of next Annual General Meeting and fix their remuneration by passing following resolution :

**"RESOLVED THAT** M/s. Naimish K. Shah, 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 on the remuneration decided by the Board of Directors besides reimbursement of the out of pocket expenses at actual."

This resolution was proposed by Mr. Mahesh Shah and seconded by Mr. Bhupendra Shah, and it was unanimously adopted.

**For and on behalf of Board of Directors**

**Place: Ahmedabad**  
**Date: 1<sup>st</sup> September, 2009**

**SD/-**  
**Mr. Mahesh Shah**  
**Chairman**

**Notes:**

- 1 No need of Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 as no special business in the Company.
- 2 **A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and on a poll, to vote instead of himself. A proxy need not be member of the company. A proxy may be sent in the Form enclosed and in order to be effective must reach the Registered Office of the company at least 48 hours before the commencement of the meeting.**
- 3 Members/ proxies should bring attendance slip, duly filled in, for attending the meeting.

- 4 Members / proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting. As Copies of Annual Report will not be distributed at the Annual General Meeting.
- 5 The Register of Members and Share Transfer Books of the Company was closed from Tuesday, 22<sup>nd</sup> September, 2009 to Wednesday, 30<sup>th</sup> September, 2009 (both days inclusive).
- 6 Members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their questions to the company so as to reach at least 7 days before the date of the meeting, so that the information required will be made available at the meeting, to the best extent possible.

**For and on behalf of Board of Directors**

**Place: Ahmedabad**  
**Date: 1<sup>st</sup> September, 2009**

**SD/-**  
**Mr. Mahesh Shah**  
**Chairman**



**DIRECTORS' REPORT**

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

Your Directors hereby present their Thirteenth Annual Report of your Company together with audited accounts for the accounting year ended on 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS:**

<b>PARTICULARS</b>	<b>YEAR ENDED ON 31-3-09 (Rs.)</b>	<b>YEAR ENDED ON 31-3-08 (Rs.)</b>
Gross Income	3304785	2087283
Profit/(Loss) Before Interest & Depreciation	257430	821462
Finance Charges	10154	28322
Profit/(Loss) Before Depreciation	247276	793140
Depreciation	232840	254451
Profit/(Loss) Before Tax & Extra Ordinary Items	14436	538689
Provision for Tax	-	-
Profit/(Loss) for the year after Tax	14436	485689
Adjustments of earlier Years (Net)	(3557)	2000
Net Profit/(loss)	17993	483689
Paid up Equity Share Capital	4864400	4864400
Reserve Excluding Revaluation Reserve	79967791	79949798

**DIVIDEND**

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

**MANAGEMENT DISCUSSION AND ANALYSIS****(i) Financial Review:**

The increased penetration of the banking sector in all segment of the financial services industry, and reduced direct costs of borrowing, have greatly reduced business opportunities for NBFCs.

The performance of your company during the year under review is affected due to instability in overall economic environment. Your earned total income Rs.33.04 Lacs as compared to Rs.20.87 Lacs in 2007-08. The total income consists of financing activities, trading in shares and other income. The Net Profit during the year under review is Rs. 17,993 against Net Profit Of Rs. 4.83 Lacs, in corresponding year 2007-08.

As a measure to improve the performance, your Company has taken steps to control expenses. The administration and general expenses incurred during the year under review were Rs.30.31 Lacs compared to Rs.6.85 Lacs in 2007-08.

**(ii) Challenges:**

Reserve Bank of India continued to focus on the maintenance of financial stability by way of better linkages between various segments of the financial markets including money, government securities, and forex markets. Commercial Banks continued to face pressure on their margins in view of the highly competitive interest rate scenario and reducing yields on securities.

IFSL's over all financial position, reflected by its low debt: Equity ratios, and adopting of prudent business strategies, have enabled it to consistently post- satisfactory performance despite these competitive conditions.

**(iii) Risks and Concerns:**

IFSL is exposed to specific risks that are particular to its business and the environment within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. IFSL manages these 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 authorized, 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.

**(vi) 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 Bhupendrabhai Shah retires by rotation at the ensuring Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his Re-appointment.

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

The Directors confirm that-

1. In preparation of the annual account, the applicable accounting standards have been followed by the Company;
2. 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 31<sup>st</sup> March 2009 and of the Company for the year ended on that date;
3. 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;
4. Annual accounts have been prepared on a going concern basis.

**AUDITORS & AUDITORS' REPORT**

M/s. Naimish K. Shah, Chartered Accountant, Ahmedabad, Statutory Auditors of the Company retires and is eligible for reappointment. The members at the ensuing Annual General Meeting are requested to consider their reappointment for the year 2009-2010. 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 statements of accounts for the year ended on 31<sup>st</sup> March 2009 of 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.

Interface Brokerage and Research Ltd. ceased to be a subsidiary of the company in the current year on sale of 100% stake in the company.

**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, and 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 Group also deserve special appreciation for significant contribution to your Company's operations.

For and on behalf of Board of Directors

Place: Ahmedabad

Date: 1<sup>st</sup> September, 2009

SD/-

Mr. Mahesh Shah  
Chairman



**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2009****1. COMPANY'S POLICY:**

The company's policy on Corporate Governance envisages the assignment of high level of transparency and accountability in the functioning of the company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, clients, bankers and other business places with due emphasis on regulatory compliance.

The company firmly believes that its system and actions must be devoted for enhancing corporate performance and maximizing shareholder value in the long run.

**2. BOARD OF DIRECTORS:**

The Board of Directors of the Company comprises following Directors:

Name of Current Director's	Designation	Category	No. of Board Meetings attended during the year	Weather attended last AGM
Mr. Mahesh C. Shah	Chairman	Director	6	Yes
Mr. Bhupendra Shah	Non-Executive & independent	Director	6	Yes
Mr. Praful Shah	Non- Executive & Professional	Director	6	Yes

The Board of Directors met 6 times during the year dated 30.04.2008, 30.06.2008, 31.07.2008, 19.08.2008, 30.10.2008, & 31.01.2009.

**3. AUDIT COMMITTEE:****(a) Terms of Reference**

The terms of reference and powers of Audit Committee are per Clause 49 of the 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 was reconstituted and consists of the following Directors:

Sr. No.	Name of the Members	Category
1	Mr. Mahesh C. Shah	Chairman, Non- Executive Independent Director
3	Mr. Bhupendra Shah	Member, Non- Executive Independent Director
4	Mr. Praful Shah	Member, Non- executive Independent Director

**(c) Meeting and attendance during the year**

The Committee met four times during the year on the following dates on 30.04.2008, 31.07.2008, 30.10.2008 and 31.01.2009. The attendance of each Member of the committee is given below:

Sr. No	Name of Members	No. of Meeting attended
1	Mr. Mahesh C. Shah	4
3	Mr. Bhupendra Shah	4
4	Mr. Praful Shah	4

**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 Exchange.

**(b) Composition, name of members and chairperson**

The Committee consists of the following Directors:

Sr. No.	Name of the Members	Category
1	Mr. Mahesh C. Shah	Chairman, Non-Executive Independent Director
3	Mr. Bhupendra Shah	Member, Non-Executive Independent Director
4	Mr. Praful Shah	Member, Non-Executive Independent Director

The Committee met four times during the year on the following dates on 30.04.2008, 31.07.2008, 30.10.2008 and 31.01.2009. The attendance of each Member of the committee is given below:

Sr. No	Name of Members	No. of Meeting attended
1	Mr. Mahesh C. Shah	4
3	Mr. Bhupendra Shah	4
4	Mr. Praful Shah	4

Constitution of Remuneration Committee by listed public company pursuant to the Listing Agreement is voluntary. Presently company does not pay any remuneration to any Executive or non-executive Director other than sitting fees for attending Board Meetings. All directors waived off their right to receive sitting fees for attending the board meeting of the Company.