

INTERFACE FINANCIAL SERVICES LIMITED

INTERFACE FINANCIAL SERVICES LIMITED

Annual Report 2009-2010

NOTICE

Notice is hereby given that the Annual General Meeting of the members of Interface Financial Services Limited will be held on Thursday, 30th September, 2010 at 3.00 p.m. at 2nd Floor, Agrawal Complex, Near Municipal Market, C. G. Road, Navarangpura, Ahmedabad – 380 009 to transact the Following Businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st march, 2010 and the Profit & Loss Account for the year ended as on that date and the Director's Report and Auditor's Report thereon.
2. To appoint a director in place of the one retiring by rotation.
3. To appoint the auditors and fix their remuneration.

SPECIAL BUSINESSES:

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

"RESOLVED THAT Shri Nileshkumar Kava who was appointed w.e.f. 07.06.2010 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 Anand Pardesi who was appointed w.e.f. 07.06.2010 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 Special Resolution:

"RESOLVED that, pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment thereto or re-enactment thereof) and subject to the provisions of the Memorandum of Association and Articles of Association of the company and the Listing Agreement entered into with the Stock Exchanges where the securities of the company are listed and subject to other applicable provisions, if any, of the SEBI(Issue of Capital And Disclosure Requirements) Regulation, 2009 and subject to the approval, consent, permission and/or sanction, as may be necessary of the appropriate authorities, institution or body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction and which may be agreed to by the Board of directors of the company, consent of the company be and is hereby accorded to the Board which includes any sub- committee thereof, to issue, offer and allot 20,00,00,000(Twenty Crore) convertible warrants in aggregate in one or more tranches on a preferential basis, with an option to convert into equal number of equity shares to non-promoters of the company, in such manner and on such terms and conditions and at such price as may be determined by the Board in its absolute discretion, provided that the aggregate number of resultant equity shares of the Company to be issued against warrants shall not exceed 20,00,00,000 (Twenty Crore) fully paid shares of Rs.1/- each, at a minimum price not less than the price determined in compliance with the ICDR Regulations, 2009 or other provisions of law as may be prevailing at the time."

"FURTHER RESOLVED THAT the 'Relevant Date' for the preferential issue as per SEBI (Issue of Capital And Disclosure Requirements) Regulation, 2009 and every statutory modifications and re-enactments thereof from time to time, for determination of applicable price for the convertible warrant is 31st August, 2010.

"FURTHER RESOLVED THAT the resultant equity shares to be issued and allotted upon exercise of right attached to the warrants in terms of this resolution shall rank pari passu in all respects with the existing shares of face value of Rs.1/- each of the Company and subject to approval of the stock exchanges, be listed on stock exchanges where the equity shares of the Company are listed."

"FURTHER RESOLVED THAT the board in its absolute discretion, be and is hereby authorized to accept and make in the interest of the Company, any alteration(s), modification(s), to the terms and conditions as it may deem necessary, concerning any aspect of the issue including the decrease in the aggregate quantum of the preferential issue and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in relation to the proposed issue, offer and allotment of the said warrants, including utilization of the issue proceeds at any stage without requiring the Board to seek any further consent or approval thereto expressly by the authority of this resolution."

"FURTHER RESOLVED THAT The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee(s) of directors or any other officer or officers of the Company or to any other person or persons as it may deem fit, for the purpose of giving effect to the aforesaid resolution.

Date : 03/09/2010
Registered Office:
2nd Floor, Agrawal Complex,
Nr. Municipal Market, C.G.Road
Ahmedabad - 380 009.

By order of the Board
For Interface Financial Services Limited

Sd/-
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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 20th September, 2010 to Thursday 30th September, 2010 (Both days inclusive).
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
4. All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Sundays between 11.00 a.m. and 1.00 p.m., up to the date of the ensuing Annual General Meeting.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
6. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
7. Members are required:
 - 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.
8. 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.

Date : 03/09/2010

Registered Office:

2nd Floor, Agrawal Complex,

Nr. Municipal Market, C.G.Road

Ahmedabad - 380 009.

**By order of the Board
For Interface Financial Services Limited**

**Sd/-
CHAIRMAN**

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

ITEM NO. 4 & 5

Shri Nileshkumar Kava and Shri Anand Pardesi were appointed as additional directors by the Board of Directors of the Company with effect from 7th June, 2010. 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 is desirable that the Company should continue to avail their services.

The company has received a notice in writing under section 257 of the Act from a member along with a deposit of Rs. 500/- proposing the candidature of Shri Nileshkumar Kava and Shri Anand Pardesi for the office of Director of the Company.

Shri Nileshkumar Kava and Shri Anand Pardesi were not disqualified from being appointed as director under section 274(1)(g) of the Act and has complied with the requirement of obtaining the Director Identification Number in terms of section 266A of the Act. The company has receive requisite Form from Shri Nileshkumar Kava and Shri Anand Pardesi in terms of Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003 confirming his eligibility for such appointmen.

The directors recommended the resolution to the members for their approval.

Except Shri Nileshkumar Kava and Shri Anand Pardesi no director of the Company is, in any way concerned or interested in this resolution.

ITEM No. 6

The resolution at item no. 5 relates to the proposal to issue and allot 20,00,00,000 (Twenty Crore) convertible warrants to be converted into equal number of equity shares of Re. 1/- (Rupee One Only) each at par within 18 months from the date of allotment at a price of Re. 1/-(Rupee One Only) per equity share on preferential allotment basis to the investors. The provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, (ICDR Regulation, 2009) shall govern such issue and allotment of equity shares to investors.

The Company has taken shareholders approval to issue and allot 20,00,00,000 (Twenty Crore) convertible warrants to be converted into equal number of equity shares of Re. 1/- (Rupee One Only) each at par within 18 months from the date of allotment at a price of Re. 1/-(Rupee One Only) per equity share on preferential allotment basis to the investors vide resolution passed in the Extra Ordinary General Meeting dated 8th July, 2010. The company has

received the consent of the Shareholders in the EGM and has received In-principal approval from the Bombay Stock Exchange vide their letter dated 26th July, 2010, ref no. DCS/PREF/AKS/PRE/387/10-11. But as per Chapter VII 74 (1) of SEBI (Issue of Capital And Disclosure Requirements) Regulation, 2009, Company has to complete the allotment of such preferential warrants to the Shareholders within 15 days from the date of passing of the resolution by the shareholders provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and the subscription received from the investors. The Company has received approval from Bombay Stock Exchange as on 26.07.2010. So Company has to make allotment of preferential warrants upto 10.08.2010 (within 15 days from the approval from the Bombay Stock Exchange). The Company was unable to issue the warrants to the shareholders due to unavailability of subscription money towards the allotment of preferential warrants. So, Company has decided to issue and allot 20,00,00,000 (Twenty Crore) convertible warrants to be converted into equal number of equity shares of Re. 1/- (Rupee One Only) each to the different non-promoters subject to the approval, consent, permission and/or sanction, as may be necessary of the shareholders of the Company, appropriate authorities, institution or body.

The issue price has been calculated as per the SEBI (ICDR Regulation, 2009). The equity shares proposed to be issued would not be more than 15% of the expanded capital, individually or collectively and therefore it will not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Section 81 of the Companies Act, 1956 and listing agreement provide, inter alia that when it is proposed to increase the issued capital of a Company by allotment of further shares the same be offered in the manner laid down in Section 81, unless the shareholders in General Meeting decide otherwise. The company proposes to raise funds by issue of convertible warrants on preferential basis for an amount not exceeding Rs. 20,00,00,000 (Rupees Twenty Crores Only) to be converted into equal number of equity shares in one or more tranches, into 20,00,00,000 (Twenty Crores) equity shares of Re. 1/- each.

The aforesaid issue and allotment of Securities will be governed by the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, SEBI (ICDR Regulation, 2009).

The disclosure as required to be given in Explanatory Statement to the Special Resolution to be passed u/s 81 (1A) of the Companies Act, 1956 in terms of Chapter VII of the SEBI (ICDR Regulation, 2009), on Preferential issues, as in force on the date of this Notice:

1. Objects of the issue

Your Directors see opportunities in the expansion of the business of the Company. The object of the issue by preferential offer is to expand the business of the Company, to strengthen the equity base and to increase the net worth of the Company. The company wants to sale out financial products such as mutual fund, insurance etc. and expand financial services network through distribution channels all over India. Accordingly, the Company proposes to offer, issue and allot 20,00,00,000 (Twenty Crores) Convertible Warrants on preferential basis to be converted into Equity shares within 18 Months from the date of issue.

2. Relevant date and pricing of the issue

'Relevant Date' here refers to 31st August, 2010 i.e. 30 days prior to the date on which the Annual General Meeting of the shareholders to be held i.e. 30th September, 2010 in terms of provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, SEBI (ICDR Regulation, 2009) and section 81 (1A) of the Companies Act, 1956 to consider the proposed issue.

3. Intention of the promoters/ directors/ key management persons to subscribe to this offer:

None of the promoters/directors/key management persons intends to subscribe to this offer.

4. Identity of the proposed allottees and percentage of post preferential issue capital that may be held by them.

Sr No	Identity Of the Proposed Allottees	Category	Pre Issue No. of Equity Shares/warrants	% of Holding	Post issue capital on conversion of proposed equity warrants	% of Holding
1	Mahendra Tripuri	Individual	NIL	NIL	5000000	02.02%
2	Rajendra Tripuri	Individual	NIL	NIL	5000000	02.02%
3	Vastram Designs Private Limited	Company	NIL	NIL	30000000	12.14%
4	Neo Auto Technomedia India Pvt. Ltd.	Company	NIL	NIL	18000000	07.28%
5	Ramashiva Lease Finance Pvt. Ltd.	Company	NIL	NIL	27000000	10.92%
6	Pan Infosystems Private Limited	Company	NIL	NIL	30000000	12.14%
7	Alak Mercantile Private Limited	Company	NIL	NIL	30000000	12.14%
8	Trusha Mercantile Private Limited	Company	NIL	NIL	25000000	10.12%
9	Darshit Hydro Project Private limited	Company	NIL	NIL	30000000	12.14%
	TOTAL				200000000	

5. Shareholding pattern before and after the issue

The Shareholding pattern of the Company before and after the issue is given below:

Sr. No	Category	Pre Issue no. of Equity Shares as on 30.06.2010.	%	Equity Shares post conversion of 20,00,00,000 convertible warrants to be issued	%
1	Promoter Group	0	0	0	0
2	Institutional Investors	0	0	0	0
3	Private Corporate Bodies	5967823	12.66%	195967823	79.30%
4	Indian Public (Individuals)	40702827	86.37%	50702827	20.52%
5	NRIs & OCBs	458350	0.97%	458350	00.18%
6	Any other (s)	0	0	0	0
	Total Paid Up Capital	47129000 (Excluding Amt. of Forfeited shares)	100%	247129000 (Excluding Amt. of Forfeited shares)	100%

6. Proposed time within which the allotment shall be completed

The allotments of warrants shall be completed within 15 days from the date of passing of the resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and the subscription received from the investors.

7. Composition of the Board/control

There will be no change in the composition of the Board nor there do any change in the Control of the Company as a result of the preferential issue of shares.

8. Auditor's Certificate

The Statutory Auditors of the Company has certified that the preferential issue is being made in accordance with the requirements contained in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, (ICDR Regulations, 2009). A copy of the Certificate will be laid before the meeting of the shareholders. A copy of the Certificate of the Company's statutory auditor as per SEBI (ICDR Regulations, 2009) shall be placed before the shareholders.

9. Lock- in:

Equity shares arising out of the issue of fully convertible Equity Warrants to be allotted on preferential basis to persons named above shall be locked-in for a period of one year from the date of allotment of shares as per SEBI (ICDR Regulations, 2009).

The members are therefore requested to grant their approval to the passing of the resolution as set out in the Notice.

None of the directors are concerned or interested in the resolution proposed to be at Item No. 5.

The Board of Directors believe that the proposed offer will be in the best interest of the Company and hence recommend this Resolution for approval of the members.

Date : 03/09/2010
Registered Office:
2nd Floor, Agrawal Complex,
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Ahmedabad - 380 009.

By order of the Board
For Interface Financial Services Limited

Sd/-
DIRECTOR

DIRECTORS' REPORT

To
The Members,
INTERFACE FINANCIAL SERVICES LIMITED

Your Directors hereby present their Fourteenth Annual Report of your Company together with audited accounts for the accounting year ended on 31st March, 2010.

FINANCIAL RESULTS:

PARTICULARS	2009-10	2008-09
Profit /(Loss) before Depreciation	(1,13,822)	2,57,430
Less : Depreciation	-----	2,32,840
Profit / (Loss) before Tax	(1,15,587)	14,436
Less : Provisions for taxation	-----	-----
Profit / (Loss) After Tax	(1,15,587)	14,436
Excess/(Short) Provision for Tax	-----	-----
Add : Balance b/f from Previous Year	(16,67,93,767)	(16,68,11,760)
Balance carried forward	(166,909354)	(16,67,93,767)

BUSINESS OPERATIONS

The company has incurred Loss of Rs. 1, 15,587/- after tax of the Company during the year. As compared to Profit of Rs. 14,436/- of the last year.

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. You're earned total income Nil as compared to Rs. 33.04 Lacs in 2008-09. The total income consists of financing activities, trading in shares and other income. The Net loss during the year under review is Rs. 1,15,587/-against Net Profit of Rs. 17,993, in corresponding year 2008-09.

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.1.14 Lacs compared to Rs. 30.31 Lacs in 2008-09.

(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 Mahesh C. Shah retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend his Re-appointment.

Pursuant to provisions of section 260 of the Companies Act, 1956 and Articles of Association of the Company, Shri Nileshkumar Kava and Shri Anand Pardesi were appointed as additional directors on the Board with effect from 07.06.2010. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Nileshkumar Kava and Shri Anand Pardesi for the office of Director, liable to retire by rotation.

Shri Jaswant Panchal resigned from the office of Director of the Company with effect from 31st July, 2010. The Board wishes to place on record the valuable contribution made by him during the tenure as Director of the Company

INCREASE OF AUTHORIZED CAPITAL OF THE COMPANY

The Company has increased the Authorized share capital was increase from Rs. 6,00,00,000 to Rs. 76,00,00,000 by passing special resolution in the shareholders meeting dated 8th July, 2010. So, now the Authorized capital is Rs. 76,00,00,000. It was necessary to increase the Authorized share capital of the Company to issue preferential warrants and raised fund by of placement to Qualified Institutional Buyers through a Qualified Institutional Placement ("QIP") in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, (SEBI Guidelines); and/or By way of through Global Depository Receipts ("GDR") and/or American Depository Receipts ("ADR") and/or Foreign Currency Convertible Bonds ("FCCB") during the year.

PREFERENTIAL ISSUE:

The Company has passed special resolution to issue and allot convertible warrants of Rs. 20,00,00,000 on preferential basis in Shareholders meeting dated 8th July, 2010. Company has received shareholders consent in such EGM and in-principle approval vide their letter dated 26th July, 2010. But due to unwillingness of few investors, company is unable to allot the convertible warrants and so now company has decided to issue and allot convertible warrants of Rs. 20,00,00,000/- to other investors of the Company and so it is proposed in ensuing Annual General Meeting to issue and allot convertible warrants of Rs. 20,00,00,000/- subject to approval of shareholders of the Company and other statutory authorities.

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;