

EXPLICIT FINANCE LIMITED

18TH

ANNUAL REPORT

2011 – 2012

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BOARD OF DIRECTORS

Shri Jayesh Jain
Shri Gopal Dave
Shri Avinash Mainkar
Shri Satish Pai
Shri Deepak Oza

AUDITORS

M/s MVK Associates, Chartered Accountants
Mumbai.

REGISTRAR & TRANSFER AGENTS

Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Andheri (E), Mumbai - 400 059.

Explicit Finance Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of "EXPLICIT FINANCE LTD." will be held at the registered office 305, Sohan Commercial Plaza, Vasai (E), Thane - 401210 on Friday, 28th September, 2012 at 9.30 A.M. to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, and the Audited Statement of Profit & Loss Account for the year ended on that date and the Auditors' and Directors' Reports thereon.
2. To appoint a director in place of Mr Deepak Oza, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Avinash Mainkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and if thought fit, to pass the following resolution with or without modification(s), as an Ordinary Resolution

"RESOLVED THAT pursuant to section 224 of the Companies Act, 1956, M/s MVK Associates, Chartered Accountants, Mumbai having registration number as 120222W be and are hereby re-appointed as Auditors of the Company to hold office till conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors in consultation with them."

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 the proxy need not be a member of the Company. Proxy in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.*
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business set above to be transacted at the meeting is annexed hereto and forms part of this notice.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries at least seven days before the date of the meeting of the Company so that the information require may be made available at the meeting.
5. **Re-appointment of Directors:**
Mr. Deepak Oza and Mr. Avinash Mainkar who retire by rotation and being eligible, offers themselves for re-appointment.

The information required to be provided under the Listing Agreement in respect of Directors being re-appointed is given herein below.

Explicit Finance Limited

Mr. Deepak Oza, is a Chartered Accountant with indepth knowledge in the field of Accounts, Finance and Capital market and has more than 18 years of experience in various sectors and industries.

Directorship in other companies:

i. Merlin Pharma (I) Limited

Mr. Avinash Mainkar, is a Company Secretary by qualification and has wide experience in Corporate Laws & Compliances, Finance. His total work experience is around 25 years.

Directorship in other Companies:

i. Trunadhanya Tarding P Limited.

6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to send the same to the Office of the registrar and Transfer Agent of the Company.
7. Members are requested to bring their Attendance slip sent herewith duly filled for attending the Meeting.
8. Members are requested to notify immediately any change in their address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the company or to its Share Transfer Agents M/s Adroit Corporate Services Pvt. Ltd. 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai- 400 059 in respect of their holdings in physical form.
9. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
10. The register of members and the share transfer books will remain closed from Friday, 21st day of September, 2012 to Friday 28th day of September, 2012 (Both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.

REGD OFFICE:
305, Sohan Plaza, Vasai (E),
Thane - 401210
Dated: 28th August, 2012

By Order of the Board of Directors

Gopal Dave
Managing Director

Explicit Finance Limited

REPORT OF THE DIRECTORS' AND MANAGEMENT DISCUSSION ANALYSIS

To the Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31st March 2012.

FINANCIAL RESULTS

Financial results of the company during the year vis-à-vis previous year are as follows: -

(Rs. In Lacs)

	Year Ended 31.03.2012	Year Ended 31.03.2011
Total Income	1651.17	620.72
Profit before Depreciation and Tax	9.20	(2.18)
Less: Depreciation	0.85	0.36
Profit before Tax	8.35	(2.54)
Less: Provision for Income Tax	0.89	0.63
Profit after Tax	7.46	(3.17)
Balance brought forward from previous years	(45.93)	(42.76)
Balance carried to Balance Sheet	(38.47)	(45.93)

DIVIDEND

In view of brought forward losses the directors do not recommend any dividend for the year ended 31st March, 2012.

PERFORMANCE

The world economy has been passing through stress. Financial turmoil in Europe has affected other countries. This contagion has pushed up borrowing cost and slowed growth in many parts of the world, and capital flows to developing countries have fallen. As a result, and despite a strengthening of activity in the United States and Japan, world trade has slowed down. Under this scenario the forecast for global economic growth has been revised downward to about 2.5% in 2012. Indian economy also slowed down in 2011-12 mainly due to weak industrial growth. Inflation remained a major concern constraining RBI to pursue tight monetary policy. These recessionary conditions resulted negative profitability of the company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE & DEVELOPMENT

The business of the Company is that of a Non Banking Finance Company (NBFC). Non Banking Financial Companies (NBFCs) play a crucial role in broadening access to financial services, enhancing competition and diversification of the financial sector.

Banks and NBFCs compete for similar kinds of business. In spite of strong competition, the inner strength of NBFCs viz local knowledge, credit appraisal skill, well trained collection machinery, close monitoring of borrowers and personalized attention to each client, are catering to the needs of small and medium enterprises in the rural and semi urban area.

Non Banking Financial Companies (NBFCs) have become an integral part of India's financial system. In recent times, NBFCs have emerged as lenders to both companies and individuals. When it comes to lending, NBFCs are generally regarded to be complementary to banks and are often able to offer better services and products to their customers.

B. OPPORTUNITIES & THREATS

Your Company is mainly engaged in the business of Finance and Investment in Capital Market. Business opportunities for Finance Companies are enormous as the new areas and segments are

Explicit Finance Limited

being explored. There is a large scope of small size Finance & Investment Companies like ours, for certain segment of customers, which remain unserved by Banks and large size Investment & Finance Companies.

The major threat being faced by Investment & Finance Companies are regulatory changes in NBFCs, Interest Rate hikes by RBI, high Inflation, aggressive marketing of banks and volatility in global equity and commodity market.

C. RISKS AND CONCERNS

Your company's performance to a large extent depends upon scenario of the capital markets, finance scenario, RBI policies, industry performance and the general economic outlook of the country. The volatility in the stock Market, rate of interest and GDP would affect the profitability of the company.

D. OUTLOOK

As there was slowdown in the global economy, NBFCs had encountered structural challenges such as increased refinancing risk, short-term asset liability mismatch leading to decelerating growth and declining margins. This had a bearing on the profitability of NBFCs in the medium term. But it has been estimated, that in the long run there are vast opportunities for all NBFC's. Hence, the company is expecting to improve its performance and profitability in years to come and maintain its previous position.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control measures and systems are established to ensure the correctness of the transactions and safe guarding of the assets. The control systems set on place are checked and further supplemented by MIS which provided for planned expenditure and information on disposal and acquisition of assets.

F. HUMAN RESOURCES

The company always regards human resources as its most valuable asset and continuously evolves policies and process to attract and retain its substantial pool-of managerial resources through friendly work environment that encourages initiatives by individuals and recognizes their performance.

G. CAUTIONARY NOTE

Certain Statements in the Management Discussion and Analysis describing the company's views about the industry, expectations, objectives, etc may be understood 'forward looking statement' within the meaning of applicable laws and regulations. Factors like changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. may further influence the company's operations or performance. Actual results may differ substantially or materially from those expressed or implied.

CORPORATE GOVERNANCE

As a Listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges. A report on the Corporate Governance together with a certificate of compliance from the Auditors, forms part of this report.

PUBLIC DEPOSITS

The company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and/or rules framed there under.

SHARE CAPITAL

Your company has issued 60,00,000 convertible warrants of Rs.10/- each during the current year out of which 25,00,000 warrants have been converted into shares during the year.

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DIRECTORS

Mr. Deepak Oza and Mr. Avinash Mainkar retire by rotation in accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the loss of the company for the year under review;
- That the directors have taken proper and sufficient care 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;
- That the directors have prepared the accounts for the financial year, ended 31st March, 2012, on a 'going concern' basis.

STATUTORY AUDITORS

M/s MVK Associates, Chartered Accountants (Registration No. 120222W) Statutory Auditors of the company, retire from the office of the Auditors at the ensuing Annual General Meeting and being eligible have given a certificate in accordance with the provisions of section 224 (1-B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. MVK Associates, Chartered Accountants as the Statutory Auditors.

RBI GUIDELINES

The company continues to comply with all the requirements prescribed by the Reserve Bank of India from time to time as applicable to it.

PARTICULARS OF EMPLOYEES

There is no employee covered pursuant to Section 217(2A) of the companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the requirement under section 217(1)(e) of the Companies Act-1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988,

- a) The Company has no activity involving conservation of energy or technology absorption.
- b) Foreign exchange earnings and outgo
Earnings: Nil Outgo: Nil

ACKNOWLEDGEMENT

The Directors take the opportunity to thank all its colleagues at Explicit Finance Ltd. for their professionalism and dedication. The Board also wishes to place on record its appreciation for valuable support given by the Bankers, Clients and Shareholders.

For and on behalf of the Board of Directors

Gopal Dave
Managing Director

Thane: 28th August, 2012

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REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY ON CORPORATE GOVERNANCE CODE

Your Company is committed to the principles of good business practices, transparency in its dealing, compliance of law, adherence to ethical standards and to have a better rapport with the client and shareholders. Above all your company has always endeavored to maximize the shareholders value and to protect the interest of stakeholders.

BOARD OF DIRECTORS

Composition:-

As on 31st March 2012 the Board of Directors comprised of Five (5) directors. The number of Independent Non-Executive Directors (NED's) is 2/3 of the total number of Directors. The composition of the Board is in conformity with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

Number of Board Meeting:-

The Board met 6 (Six) times during the year 2011 - 2012, on 2nd May,2011, 1st August,2011, 3rd September, 2011, 28th October,2011, 29th December,2011 and 7th February, 2012

All the directors have informed the company periodically about their Directorship and Membership on the Board Committees of other Companies. As per disclosure received from Director(s), none of the Directors hold membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees.

The details of the composition, nature of Directorship, the number of meetings attended and the directorship in other companies of the directors of the company are as follows. This table also signifies the relationship of the Directors with each other as required to be disclosed in terms of Clause 49 of the Listing agreement.

Name of Directors	Nature of Directorship	Relationship with each other	Attendance particulars		No. of Directorship and Committee Membership/ Chairmanship in other Public Companies*		
			Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Gopal Dave	Managing Director, Executive	None	6	Yes	Trunadhanya Tarding P Ltd. And Kalada	Nil	Nil

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					rshan Inv P Ltd.		
Avinash Mainkar	Non Executive, Non Independent	None	6	Yes	Trunad hanya Tardin g P Ltd.	Nil	Nil
Satish Pai	Non Executive, Non Independent	None	0	Yes	Nil	Nil	Nil
Deepak Oza	Non Executive, Independent	None	6	Yes	Merlin Pharm a (I) Ltd.	Nil	Nil
Jayesh Jain	Chairman, Non Executive, Independent	None	6	Yes	Nil	Nil	Nil

*** There is no relationship between any of the Independent Directors.

Notes: Private limited Companies, foreign companies and companies under section 25 of the Companies Act 1956 are excluded above purposes. Only Audit committee and shareholders grievances committee are considered for the purpose of committee positions as per Listing Agreement.

Board Procedure:-

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the company to discharge its responsibility effectively and take informed decision. Where it is not practicable to attach or send the relevant information, the same are tabled at the meeting or / and the presentations are made by the concerned manager to the Board.

The information as specified in Annexure 1A to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

COMMITTEES OF THE BOARD

Audit Committee

Composition

The Audit committee is constituted in accordance with various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement. The present Audit Committee consists of the following Directors,

- | | |
|-----------------|--|
| Mr. Gopal Dave | - Chairman, Non Independent, Executive |
| Mr. Deepak Oza | - Member, Independent, Non Executive |
| Mr. Jayesh Jain | - Member, Independent, Non Executive |

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Two members of the Audit Committee are Independent- Non Executive Directors and all directors are financially literate.

During the financial year 2011-12, five (6) Audit Committee meetings were held as under- 2nd May,2011, 1st August,2011, 3rd September, 2011, 28th October,2011, 29th December,2011 and 7th February, 2012

All the Committee members were present at all the meetings.

Power & Terms of Reference:-

The Power and Terms of Reference of the Audit Committee are mentioned in Clause 49II(C), (D) & (E) of the Listing Agreement entered into with Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issue and issues related to risk management and compliances. The Director Finance and the Statutory Auditors are invited to the meeting.

Remuneration Committee

Brief description of terms of reference

- 1) To recommend to the Board salary, perquisites and commission to be paid to the Company's Managing/Whole-time directors,
- 2) To finalise the perquisites package within the overall ceiling fixed by the Board.

Constitution and Composition

The constitution of the Remuneration Committee is as follows:

Mr. Deepak Oza	- Chairman, Independent, Non-Executive
Mr. Jayesh Jain	- Member, Independent, Non Executive
Mr. Avinash Mainkar	- Member, Non Independent, Non Executive

All the three Members of the Remuneration Committee are Non Executive Directors and the Chairman of the Committee is an Independent Director.

Meetings and attendance

During the financial year ended 31st March, 2012, no Remuneration Committee Meeting was held since the need for any reference to such committee did not arise during the said financial year.

Remuneration policy

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing /Whole time directors.

No Remuneration is paid to Directors of the Company.

Non Executive Directors

The Non Executive Directors add substantial value to the Board and provide strategic insight from time to time. They play a vital role in safeguarding the interest of the investors and other stakeholders of the Company. Their active involvement and engagement with the Company's business as well as independent views ensure the highest level of governance. However the Company currently does not pay any compensation and sitting fees to Non Executive Directors

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The Company currently has no stock option plans for any of its directors and hence it does not form part of the remuneration package payable to the managing director. During the year under review, none of the Directors was paid any performance linked incentive.

The Company has not issued any Stock Options to any of the Directors. The term of managing director does not exceed five years.

Shareholding of a Non-Executive / Independent Directors of the Company as on 31st March 2012

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid up Capital
Avinash Mainkar	Non Executive, Non Independent	72,800	1.26
Satish Pai	Non Executive, Non Independent	58,000	1.01

Directors with materially significant, pecuniary or business relationship with the Company:

Note no. 22 of the Notes to the Financial Statements furnishes the transaction with related parties, as stipulated under accounting Standard 18 (AS-18). Apart from the aforesaid related party transactions, there are no transactions of material nature with the Directors or their relatives, etc; which may have a potential conflict with the interest of the Company.

There were no pecuniary relationship and transactions of any non executive director with the company.

Finance Committee

The constitution of the Finance Committee is as follows:

Mr. Gopal Dave	- Chairman, Executive, Non Independent
Mr. Deepak Oza	- Member, Independent, Non Executive
Mr. Jayesh Jain	-Member, Independent, Non Executive

The Board of Directors of the Company has constituted the finance committee to make recommendations to the Board relating to capital structure and the issuance of securities, guarantees, banking arrangement and cash management, review and approve certain short-term and long term investment and other financial transaction.

Shareholders' /Investors' Grievance Committee

The Shareholders / Investors Grievance committee which is Chaired by a Non Executive Director / Independent Director to specifically look into the redressal of shareholders queries and complaints.

The Company has constituted the shareholders/investors grievance committee comprising of Mr. Deepak Oza (Chairman), Mr. Jayesh Jain and Mr. Avinash Mainkar.

During the Financial year ended 31st March, 2012 the committee met twice on 16th April, 2011 and on 31st October, 2011 that were attended by all the members of the committee.

The terms of reference of the Committee includes the following:

1. To specifically look into the queries and complaints received from the shareholders of the Company.
2. To oversee the performance of the Registrar and Transfer agents of the company and
3. To recommend measures for overall improvement in the quality of service to the investors.

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Mr. Gopal Dave is the Compliance officer of the Company. During the year company has not any complaints..

Share Transfer Committee

During the financial year 2011-12, the Share Transfer Committee comprised of three Non-Executive Directors, Mr. Deepak Oza (Chairman), Mr. Jayesh Jain and Mr. Avinash Mainkar. It is constituted to monitor, supervise and approve the request received from the shareholders of the company and others, for transfer, transmissions, deletion, etc, handled by the Company in co-ordination with Adroit Corporate Services Pvt. Ltd., the Company's Registrar and Transfer Agent.

The Share Transfer Committee has been delegated powers to administer the following.

1. To effect transfer of shares;
2. To effect transmission or deletion of shares;
3. To issue duplicate share certificate, issue of certificates on receipts of requests for consolidation or split of share certificates;
4. To approve the register of members as on the record date(s) and / or book closure date for receiving dividends and other corporate benefits if any;
5. To review the correspondence with the shareholders and take appropriate decisions in that regard; and
6. To redress complaints from shareholders from time to time

The Committee comply the requirement of Clause 49 (IV) (G) of the Listing Agreement.

SUBSIDIARY COMPANIES

The Company does not have any non listed Indian Subsidiary Company in term of Clause 49 (III) of the Listing Agreement

CEO/ CFO CERTIFICATION

As required by clause 49 (V) of the Listing Agreement, a certificate from Managing Director and Acting Chief Financial Officer of the Company, on the financial statements of the Company was placed before the Board.

GENERAL BODY MEETING

The Last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
2008-2009	Registered Office	22 nd September, 2009	9.30 a.m.
2009-2010	Registered Office	30 th September, 2010	10.00 a.m.
2010-2011	Registered Office	30 th September, 2011	9.30 a.m.

Following special resolutions were passed in the last three Annual General Meetings.

Sr. No.	Date of Meeting	Description of Resolution
1.	30 th September, 2011	To approve and authorize the issue of warrants to the promoter of the company and / or others on Preferential Issue basis in terms of Chapter VII of SEBI (ICDR) Regulations, 2009

Explicit Finance Limited

During the year ended 31st March 2012, there have been no resolutions passed by the Company's shareholders by postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

DISCLOSURES

Disclosures on materially significant related party transactions:

Your Company has not entered into any transaction of a material nature except transactions with related parties which are furnished under Note No. 24 of the Notes to the financial statements as stipulated under Accounting Standards 18 (As-18), with the Promoters, Directors or the Management, their subsidiaries or relatives etc. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the company.

Details of Non compliance(s) by the Company

The Company has complied with the requirements of the Stock Exchange/SEBI and/or Statutory Authority on all matters related to capital markets during last three years. There are no penalties or strictures imposed on the company by the Stock Exchanges or SEBI or any authorities relating to the above.

Disclosure of accounting treatment

In the preparation of the financial statements, the company has followed the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India to the extent applicable.

Details of compliances with Mandatory and Non Mandatory requirements of Clause 49 of the Listing Agreement:

The Company has complied with the mandatory requirements of the code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. Following is the status of compliance with the non mandatory requirements.

i) **The Board**

The Chairman has been provided office in the Company's Office. However, no expenses are reimbursed.

ii) **Remuneration Committee**

The Company already has a Remuneration Committee with terms of reference mentioned above. It comprises wholly of Non Executive Directors and the Chairman is an Independent Director.

iii) **Shareholders Rights**

The Company's results are available on BSE website at www.bseindia.com as well as on Company's website at www.explicitfinance.net

iv) **Training of Board Members**

Presently the Company does not have such a training programme.

v) **Mechanism for evaluating non- executive Board Members**

Presently the Company does not have such a mechanism as contemplated for evaluation the performance of Non- Executive Board Members.

vi) **Whistle Blower Policy**

Presently the Company does not have a Whistle Blower Policy.

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Risk Management

The Company has laid down procedure to inform Board Members about the risk assessment and minimization procedure. These would be periodically reviewed to insure that executive management controls risks through means of a properly defined framework.

Proceeds from Public issues, right issues, preferential issues etc.

Company has issued 60,00,000 convertible warrants during the year out of which 25,00,000 warrants have been converted into equity shares during the year. Total proceeds of the issue have been deployed for the business during the year.

Code of Conduct:-

The Company has laid down a code of conduct for all the directors and senior management of the company. All the Directors and senior management personnel have affirmed compliance with the code for 2011-12. A declaration signed by the managing director of the company forms part of the report.

Management discussion and analysis

This is given elsewhere in the Annual Report.

Disclosure of material transactions

Under Clause 49, senior management is required to make periodical disclosures to the board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. Provision regarding the above has been adhered to.

Re-appointment of Director

Retiring director is Mr. Deepak Oza and Mr. Avinash Mainkar, being eligible, have offered their candidature for re-appointment. Brief profile of the retiring director is given in the notice convening the ensuing Annual General Meeting.

Review of Legal Compliance Reports:-

During the year, the Board periodically reviewed compliance report with respect to the various laws applicable to the company, as prepared and placed before it by the management.

MEANS OF COMMUNICATIONS

The Company has promptly reported all material information including Quarterly Results and press releases to the Stock Exchanges where the Company's securities are listed. The Quarterly results were communicated to the shareholders by way of advertisement in a national daily and in a vernacular language newspaper.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date and Time :	Friday, September 28, 2012 at 9.30 a.m.
Venue :	305, Sohan Commercial Plaza, Vasai (E), Thane -401210

Financial Calendar:

Financial year: 1st April to 31st March
For the year ended 31st March 2012, results were announced on:

1 st August, 2011	First Quarter
28 th October, 2011	Second Quarter

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7 th February, 2012	Third Quarter
9 th July, 2012	Fourth Quarter

For the year ending 31st March 2013, results will be announced as per the tentative schedule below

Last week of July, 2012	First Quarter
2 nd week of November, 2012	Second Quarter
2 nd week of February, 2013	Third Quarter
2 nd week of May, 2013	Fourth Quarter

Book Closure:

The dates of book closure are from Friday 21st September, 2012 to Friday 28th September, 2012

Dividend:

The company has not declared any dividend for the year ended 31st March 2012.

Listing on Stock Exchange:

The Company's shares are listed on The Bombay Stock Exchange Limited (BSE), Jaipur Stock Exchange Ltd., Madhya Pradesh Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd.

The company has paid the listing fees for the financial year 2012-13 to the Stock Exchange on which Company's shares are listed except Ahmedabad. The Company has also paid custodial fees for the year 2012-13 to Central Depository Services (India) Limited. The Company has paid one time custody fees to National Securities Depository Limited under onetime payment scheme.

The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE 335G01019.

The Stock Exchange Code assigned to your company's shares at BSE is 530571

Stock Price data:

The monthly high and low prices of your company's shares at Bombay Stock Exchange Limited (BSE) for the year ended 31st March 2012 are given as follows:

Months	High (Rs.)	Low (Rs.)
April 2011	10.40	8.56
May 2011	9.00	6.28
June 2011	9.36	6.78
July 2011	7.91	7.17
August 2011	7.70	7.15
September 2011	10.50	6.66
October 2011	11.89	10.17
November 2011	12.70	11.66
December 2011	12.70	11.66
January 2012	12.70	11.66
February 2012	11.47	7.66
March 2012	8.00	5.53

Explicit Finance Limited

Registrars and Transfer Agents:

Adroit Corporate Services Pvt. Ltd. is the Registrar and Transfer Agent of the Company.

Shareholders, beneficial owners and depository participants (DPs) are requested to send / deliver the documents/Correspondence relating to the Company's share transfer activity etc. to Adroit Corporate Services Pvt. Ltd. Registrar and Transfer Agent of the Company at the following addresses:

Adroit Corporate Services

Unit: Explicit Finance Ltd.

19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri Kurla Road, Andheri (East), Mumbai- 400 059

Tel. No. 28594060/ 28596060 Fax: 28503748 Email: adroits@vsnl.net

For the benefit of shareholders, documents will continue to be accepted at the following registered office of the Company:

Explicit Finance Ltd.

305, Sohan Commercial Plaza, Vasai(E), Thane -401210

Tel No. : 0250-3246249/9320478152

Email ID for investors Grievances:

The e-mail address for investor's grievances is explicit_finance@rediffmail.com

Share Transfer System:

The applications and requests received by your company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 1956 and the Listing Agreement.

Explicit Finance Limited

Distribution of Share Holding as at 31st March, 2012

Shareholding of Nominal Value of Rs.	Share holders		Share holdings	
	Number	%	No. of Shares	%
Up to 5000	981	55.49	306110	5.31
5001 – 10000	370	20.93	319700	5.54
10001 – 20000	180	10.18	283600	4.92
20001 – 30000	54	3.05	141300	2.45
30001 – 40000	47	2.66	169200	2.93
40001 – 50000	31	1.75	148000	2.57
50001 – 100000	57	3.22	422300	7.32
100001 & above	48	2.72	3977390	68.96
Total	1768	100.00	5767600	100.00

Share holding Pattern as on March 31, 2012

Categories	No of Shares	% of Holding
Promoters	873700	15.15
Private Corporate Bodies	2622590	45.47
Residential Individual	2266710	39.30
NRIs/ OCBs	4600	0.08
Mutual Fund/FII's	0	0
Others (Clearing members)	0	0
Total	5767600	100.00

Dematerialization of Shares:

65.30 % of the equity shares have been Dematerialized upto 31st March 2012

Break up of shares in physical and demat form as on 31st March 2012 is as follows:

	No. of Shares	% of Shares
Physical Segment	2001200	34.70
Demat Segment		
NSDL	673510	11.68
CDSL	3092890	53.62
Total	5767600	100.00

Outstanding GDR's /ADRs /Warrants/ Convertible Instruments and their impact on Equity

The Company has not issued any GDR's /ADRs / Convertible Instruments. However the Company has issued 6000000 convertible warrants of Rs. 10/- each aggregating Rs. 6,00,00,000/- during the year under review. Out of which 25,00,000 warrants have been converted into shares. As and when the option for the balance warrants is exercised to convert them in to Equity Shares, the Equity Share capital of the Company will stand enhanced to that extent.

Explicit Finance Limited

Annexure to Report on Corporate Governance for the year ended 31st March, 2012

Declaration on compliance of the Company's Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct as applicable to them for the year ended 31st March 2012.

Gopal Dave
Managing Director
Thane: 9th July, 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Explicit Finance Ltd.

We have examined the compliance of conditions of corporate Governance by "Explicit Finance Ltd." for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, no investor grievance received during the year ended 31.03.2012 were pending for a period of one Month against the Company as per the records maintained by the Company.

We further state that such Compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management had conducted the affairs of the company.

For MVK Associates
Firm Reg No. 120222W
Chartered Accountants

Kapil Gupta
Partner
M. No. 47911

Mumbai, 9th July, 2012

Explicit Finance Limited

AUDITORS' REPORT

The Members,

EXPLICIT FINANCE LIMITED

1. We have audited the attached Balance Sheet of EXPLICIT FINANCE LIMITED as at 31st March, 2012 and also Profit and Loss Account and Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurances about the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified therein.

4. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:

- a. 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;
- b. In our opinion, proper books of accounts, as required by the law, have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of accounts;
- d. In our opinion, the Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report comply with Accounting Standard referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except AS-15 relating to Accounting for Retirement Benefits in the Financial Statement of Employers;
- e. On the basis of written representation received from directors of the company and taken on records by the board of directors, none of the directors of the Company is prima facie, as at 31.03.2012 is

Explicit Finance Limited

- disqualified from being appointed as director of the Company u/s 274 (1) (g) of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said Profit and Loss Account and the Balance sheet read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 2012,
 - ii) In the case of Profit and Loss Account, the Profit of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For MVK Associates
Chartered Accountants
Firm Reg. No. : 120222W

KAPIL GUPTA
Partner
M. No. 047911
Place: Mumbai
Date: 9th July, 2012

Explicit Finance Limited

ANNEXURE TO THE AUDITORS' REPORT

(Statement referred to in paragraph 1 of our Report of even date on the Accounts of EXPLICIT FINANCE LIMITED for the year ended 31st March, 2012.

- 1)
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Fixed assets have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed on such verification.
 - c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
- 2)
 - a) The stock in trade of shares and securities held in physical format has been physically verified and those held in dematerialized form have been verified from the relevant statements received from the depositories by the Management. In our opinion having regard to the nature of stocks, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures 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 the nature of its business.
 - c) In our opinion, the company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification of stocks of shares and securities as compared to book records.
- 3)
 - a) As informed to us, the company has not granted unsecured loans to any parties covered in the register maintained under section 301 of the Act.
 - b) The Company has not taken unsecured loan from any party covered in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale goods. During the course of audit no major weakness has been noticed in these internal controls.
- 5) In our opinion and according to the information and explanations given to us the company has not done any transactions that needs to be entered into the registered maintained under section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public within the meaning of section 58-A and 58-AA of the Act and the rules framed there under. Therefore, the provision of clause (vi) of the Companies (Auditor's Report) Order, 2003(as amended) are not applicable to the company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the companies Act, 1956 for any of the products of the company.

Explicit Finance Limited

- 9)
- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed material statutory dues including Income Tax and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2012, for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us and the records of the company examined by us there are no disputed amounts in respect of various statutes which have not been deposited.
- 10) The accumulated losses of the company are not more than fifty percent of its net worth at the end of financial year. The Company has not incurred any cash loss during the financial year covered by our audit.
- 11) The company has not taken any loan from bank or financial institution.
- 12) According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The Company is not a chit fund or a nidhi mutual benefit/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.
- 14) In our opinion the company has maintained proper records and contracts with respect to its investments where timely entries of transactions are made in former. All investments at the close of the year are held in the name of the company.
- 15) In our opinion the Company has not given any guarantee for loans taken by others from Bank or Financial institutions.
- 16) As the company has not taken any term loan, para 4 (xvi) of the order is not applicable.
- 17) The company has not raised any fund, long term or short term during the year.
- 18) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanations given to us the company has not issued debentures during the year.

Explicit Finance Limited

- 20) The company has not raised any money through a public issue during the year.
- 21) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed during the course of our audit.

For MVK Associates
Chartered Accountants
Firm Reg. No. : 120222W

KAPIL GUPTA
Partner
M. No. 047911

Place: Mumbai
Date: 9th July, 2012

AUDITORS' REPORT

To,
The Board of Directors
Explicit Finance Limited

1. As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 issued by the Reserve Bank Of India in terms of Sub Section (1A) of the Reserve Bank of India Act, 1934, We report that :
- a. The company is engaged in the business of non -banking financial institution and it has obtained a certificate of registration (COR) from Bank.
 - b. The company is holding COR issued by the bank and it is entitled to hold such COR in terms of its asset/income pattern as on 31, 2012.
 - c. The Board of Directors has passed a resolution for non-acceptance of any public deposit.
 - d. The company has not accepted any public deposits during the current Financial year.
 - e. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2001.

For MVK Associates
Chartered Accountants
Firm Reg. No.: 120222W

KAPIL GUPTA
Partner
Place: Mumbai
Date: 9th July, 2012

Explicit Finance Limited
Balance Sheet as at March 31, 2012

(Amount in INR)

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
I Equity & Liabilities					
1. Shareholders' funds					
(a) Share Capital	2	57,676,000		32,676,000	
(b) Reserves and Surplus	3	(3,847,637)		(4,593,831)	
(c) Money received against share warrants	4	15,087,500		-	
			68,915,863		28,082,169
2. Non - Current Liabilities					
(a) Deferred Tax Liabilities (Net)	5	-		582	
(b) Other Long - Term Liabilities	6	30,899		30,899	
			30,899		31,481
3. Current Liabilities					
(a) Trade Payables	7	105,807		173,194	
(b) Other Current Liabilities	8	17,929		17,125	
			123,736		190,319
TOTAL			69,070,498		28,303,969
II Assets					
1. Non - Current Assets					
(a) Fixed Assets					
Tangible Assets	9	240,395		298,312	
(b) Non - Current Investments	10 (a)	1,043,627		963,122	
(c) Long - Term Loans and Advances	10 (b)	2,330,364		2,190,534	
			3,614,386		3,451,968
2. Current Assets					
(a) Inventories	11	16,851,341		11,729,469	
(b) Cash and Cash equivalents	12	718,816		515,294	
(c) Short - Term Loans and Advances	13	47,885,955		12,607,238	
			65,456,112		24,852,001
TOTAL			69,070,498		28,303,969
Significant Accounting Policies	1				
Notes to Financial Statements	1-26				

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For MVK Associates -

Chartered Accountants

Firm Reg. No : 120222W

For & On Behalf of the Board

KAPIL GUPTA

Partner

Membership No. - 047911

Place : Mumbai

Date : 9th July' 2012

Director

Director

Place : Mumbai

Date : 9th July' 2012

Explicit Finance Limited
Statement of Profit and Loss for the year ended March 31, 2012

(Amount in INR)

	Particulars	Note No.	For the year ended March 31,	
			2012	2011
I	Revenue from Operations	14	162,570,871	57,687,328
II	Other Income	15	2,546,291	584,237
III	Total Revenue (I + II)		165,117,161	58,271,565
IV	Expenses			
	Operating Expenses	16	165,849,566	60,800,359
	Changes in Inventories	17	(5,121,872)	(3,800,868)
	Employee Benefits Expenses	18	797,902	745,435
	Finance Costs	19	1,404,805	714
	Depreciation and Amortization Expense	9	85,317	35,550
	Other Expenses	20	1,266,577	744,845
	Total Expense		164,282,295	58,526,035
V	Profit before Tax (III-IV)		834,867	(254,470)
VI	Tax Expense:			
	(a) Current Tax		89,255	30,000
	(b) Deferred Tax		(582)	582
	(c) Tax of Earlier Year			32,310
			88,673	62,892
VII	Profit for the Period (V - VI)		746,194	(317,362)
VIII	Weighted average no. of equity shares outstanding during the year			
	(1) Basic		3,911,436	3,267,600
	(2) Diluted		5,767,600	-
IX	Earnings Per Equity Share (Face Value Re. 1/- Per Share):	21		
	(1) Basic (Rs.)		0.19	(0.10)
	(2) Diluted (Rs.)		0.13	(0.10)
	Significant Accounting Policies	1		
	Notes to Financial Statements	1-26		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For MVK Associates

Chartered Accountants

Firm Reg. No : 120222W

For & On Behalf of the Board

KAPIL GUPTA

Partner

Membership No. - 047911

Place : Mumbai

Date : 9th July' 2012

Director

Director

Place : Mumbai

Date : 9th July' 2012

1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1.1 **Basis of accounting and preparation of financial statements.**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 **Inventories**

Stock in trade is valued scrip wise, at cost or market value whichever is lower in case of listed shares. Whereas in case of unquoted shares, valuation is at cost. Cost is calculated on the basis of first-in-first-out method.

1.3 **Cash & Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

1.4 **Depreciation:**

Depreciation has been provided on Straight line Method on prorata-basis and in some cases to the extent available at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

1.5 **Revenue Recognition**

Sales are recognised on transfer of significant risks and rewards of the ownership of the goods to the buyer and are reported net of turnover / trade discounts, returns and claims if any. Revenue from services are accounted as and when incurred.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest income is accounted on time proportion basis taking into account the amount outstanding and applicable interest

1.6 **Tangible Fixed Assets:**

Fixed Assets have been stated at historical cost inclusive of incidental expenses, less accumulated depreciation.

1.7 **Investments**

Long term investments are stated at cost, less provision for diminution in the value other than temporary, if any.

1.8 **Employee benefits**

The Company does not have any employee to whom gratuity or any retirement benefits are payable.

1.9 **Earning per Share:**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

1.10 **Taxation**

Tax liability is estimated considering the provision of the Income Tax, 1961. Deferred tax is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. On prudent basis, deferred tax assets are recognised and carried forward to the extent only when there is reasonable certainty that the assets will be adjusted in future.

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 2 - Share Capital

(Amount in INR)

(a)	Particulars	As at March 31, 2012	As at March 31, 2011
	Authorised :		
	10,000,000 Equity Shares of Rs. 10/- each (Previous Year 3,500,000 Equity Shares of Rs. 10/- each)	100,000,000	35,000,000
	TOTAL	<u>100,000,000</u>	<u>35,000,000</u>
	Issued, Subscribed and Paid-up :		
	5,767,600 Equity Shares of Rs.10/- each (Previous Year 3,267,600 Equity Shares of Rs.10/- each)	57,676,000	32,676,000
	TOTAL	<u>57,676,000</u>	<u>32,676,000</u>

(b) Detailed note on the terms of the rights, preferences and restrictions relating to each class of shares including restrictions on the distribution of dividends and repayment of capital.

- i) The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity Share is entitled to one vote per share.
- ii) On receipt of shareholders' approval in the Annual General meeting of the company held on 30th September, 2011, the Company has increased its authorised share capital from Rs. 3,50,00,000/- (Rupees Three Crores Fifty lakh only) divided into 35,00,000 Equity Shares of Rs.10/- each to Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 1,00,00,000 Equity Shares of Rs.10/- each & the Company has altered its Memorandum & Articles
- iii) In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

(c) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012.	As at March 31, 2011
No. of shares at the beginning of the year	3,267,600	3,267,600
Add: Issue of Shares during the year		
Conversion of Share Warrants	<u>2,500,000</u>	
	2,500,000	
No. of shares at the end of the year	<u>5,767,600</u>	<u>3,267,600</u>

(d) Details of shareholders holding more than 5% shares in the company

No. of Shares held by	As at March 31, 2012		As at March 31, 2011	
	Nos.	%	Nos.	%
Brij Plantations Pvt Ltd.	1,000,000	17.34	-	-
Tungareshwar Food Products Pvt. Ltd.	1,225,000	21.24	-	-

Note 9 - Fixed Assets

Description	Gross Block			Depreciation Block			Net Block						
	Beginning of Current Period	Additions	Acquisitions through Business Combinations	Deductions/Adjustments	End of Current Period	Up to Beginning of Current Period	For the Period	Deductions/Adjustments	Up to End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(I) Tangible Assets													
Furniture and Fixtures													
Owned	205,888	-	-	-	205,888	110,268	13,033	-	123,301	-	-	82,587	95,620
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles													
Owned	164,000	-	-	-	164,000	4,567	15,580	-	20,147	-	-	143,853	159,433
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipments													
Owned	82,712	-	-	-	82,712	79,202	3,310	-	82,712	-	-	-	3,510
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Computers and Printers													
Owned	304,094	27,400	-	-	331,494	274,867	51,655	-	326,522	-	-	4,972	29,227
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Conditioner													
Owned	32,400	-	-	-	32,400	21,878	1,339	-	23,417	-	-	8,983	10,522
Leased	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	789,094	27,400	-	-	816,494	490,782	85,317	-	576,099	-	-	240,395	298,312
PREVIOUS YEAR	592,019	197,075	-	-	789,094	455,232	35,350	-	490,782	-	-	298,312	136,787
(II) Intangible Assets (Other than Internally Generated)													
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	789,094	27,400	-	-	816,494	490,782	85,317	-	576,099	-	-	240,395	298,312

(a)

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 8 - Other Current Liabilities

(Amount in INR)		
Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Expenses	16,854	16,545
Provision for Tax	1,075	580
TOTAL	<u>17,929</u>	<u>17,125</u>

Note 10 - Non-Current Investments

(Amount in INR)				
Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Trade Investments				
Investment in Equity Instruments				
ATV Projects Ltd.	26102 Shares	80,504		
Global film & broadcasting Ltd.	116780 Shares	138,227	116780 Shares	138,227
Kirloskar Electricals Ltd	7285 Shares	824,896	7285 Shares	824,896
Quoted Investments In Other Entities	-		-	
Investment in Other Companies	-		-	
TOTAL		<u>1,043,627</u>		<u>963,122</u>

(b) Detailed note on loans and advances due by the following persons :

(Amount in INR)		
Particulars	As at March 31, 2012	As at March 31, 2011
(i) Directors and other officers	-	-
(ii) Firms in which any director is a partner	-	-
(iii) Private companies in which director is a member/director	-	-
(iv) Others - Long Term Loans & Advances	2,330,364	2,190,534
TOTAL	<u>2,330,364</u>	<u>2,190,534</u>

Note 11 - Inventories

(Amount in INR)		
Particulars	As at March 31, 2012	As at March 31, 2011
(i) Stock in Trade	16,851,341	11,729,469
TOTAL	<u>16,851,341</u>	<u>11,729,469</u>

(b) Basis of valuation of Inventories

Inventories are valued at lower of cost or net realizable value on FIFO basis which is in

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 12 - Cash & Cash equivalents

(a) Particulars	(Amount in INR)	
	As at March 31, 2012	As at March 31, 2011
(A) Cash & Cash Equivalents		
(i) Balances with Banks :		
- Current Accounts	220,640	148,500
(ii) Cash-in-hand	498,176	366,793
TOTAL	<u>718,816</u>	<u>515,294</u>

Note 13 - Short-Term Loans and Advances

Particulars	(Amount in INR)	
	As at March 31, 2012	As at March 31, 2011
1 (i) Loans and Advances to Related Parties (Unsecured, considered good)		
Dues from relatives of key management persons	419,765	388,265
Dues from associate companies		
Dues from companies in which the company's managing director is a director		
2 (ii) Other Loans and Advances (Unsecured, considered good)	419,765	388,265
Advance recoverable in cash or in kind favourable to be received other than personal security		
- Intercorporate Loans	3,143,459	1,988,343
- Other Loans & Advances	44,318,869	10,228,137
Loans to others	47,462,328	12,216,480
Earnest Money Deposit		
Balances with statutory / revenue authorities :		
- Income Tax		
3 Prepaid Expenses	3,862	2,493
TOTAL	<u>47,885,955</u>	<u>12,607,238</u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

ote 14 - Revenue from Operations

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) Sale of Shares	161,810,421	57,687,328
(b) Sale of Services Professional Services	<u>760,450</u>	<u>-</u>
	760,450	-
TOTAL	<u><u>162,570,871</u></u>	<u><u>57,687,328</u></u>

ote 15 - Other Income

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Interest Income on Bank Deposits	1,974,247	32,355
- Others	<u>1,974,247</u>	<u>32,355</u>
(ii) Dividend Income on - Investment in Other Long-Term Instruments	<u>571,213</u>	<u>551,882</u>
(iii) Other Non-Operating Income (net of expenses directly attributable to such income)	831	-
- Miscellaneous Income	<u>831</u>	<u>-</u>
TOTAL	<u><u>2,546,291</u></u>	<u><u>584,237</u></u>

ote 16 - Operating Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchases during the year	165,849,566	60,800,359
TOTAL	<u><u>165,849,566</u></u>	<u><u>60,800,359</u></u>

ote 17 - Changes in Inventories

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) At the beginning of the period		
(i) Stock in Trade (Shares & Securities)	11,729,469	7,928,601
(ii) Work-in-Progress	<u>-</u>	<u>-</u>
	11,729,469	7,928,601
Less : (b) At the end of the period		
(i) Stock in Trade (Shares & Securities)	16,851,341	11,729,469
(ii) Work-in-Progress	<u>-</u>	<u>-</u>
	16,851,341	11,729,469
TOTAL	<u><u>(5,121,872)</u></u>	<u><u>(3,800,868)</u></u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 14 - Revenue from Operations

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) Sale of Shares	161,810,421	57,687,328
(c) Sale of Services Professional Services	<u>760,450</u>	<u>-</u>
	760,450	-
TOTAL	<u>162,570,871</u>	<u>57,687,328</u>

Note 15 - Other Income

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(i) Interest Income on - Bank Deposits - Others	<u>1,974,247</u>	<u>32,355</u>
	1,974,247	32,355
(ii) Dividend Income on - Investment in Other Long-Term Instruments	<u>571,213</u>	<u>551,882</u>
	571,213	551,882
(iii) Other Non-Operating Income (net of expenses directly attributable to such income) - Miscellaneous Income	<u>831</u>	<u>-</u>
	831	-
TOTAL	<u>2,546,291</u>	<u>584,237</u>

Note 16 - Operating Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchases during the year	165,849,566	60,800,359
TOTAL	<u>165,849,566</u>	<u>60,800,359</u>

Note 17 - Changes in Inventories

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(a) At the beginning of the period		
(i) Stock in Trade (Shares & Securities)	11,729,469	7,928,601
(ii) Work-in-Progress	<u>-</u>	<u>-</u>
	11,729,469	7,928,601
Less : (b) At the end of the period		
(i) Stock in Trade (Shares & Securities)	16,851,341	11,729,469
(ii) Work-in-Progress	<u>-</u>	<u>-</u>
	16,851,341	11,729,469
TOTAL	<u>(5,121,872)</u>	<u>(3,800,868)</u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 18 - Employee Benefits Expenses

(Amount in INR)

(a) Particulars	For the year ended March 31,	For the year ended March 31,
(i) Salaries & Wages	771,770	715,710
(iv) Staff Welfare Expenses	26,132	29,725
TOTAL	797,902	745,435

(b) Detailed note on disclosure as required by AS-15
For details, refer Note No. 25

Note 19 - Finance Costs

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest Expenses		
- Others	1,401,919	1,401,919
Bank Charges & Commission	2,886	714
TOTAL	1,404,805	714

Note 20 - Other Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Repairs & Maintenance :		
- Others	21,950	20,818
Loss on Sale of Shares	2,841	390,698
Business Promotion Expenses (Books & Periodicals)	19,468	18,230
Depository Charges	19,360	19,514
Service Tax & STT on Shares	421,025	124,800
Insurance	4,034	481
Electricity Expenses	2,864	6,460
Printing and Stationery	47,748	23,755
Communication Costs	46,401	20,013
Listing, Registrar & Share Issue/Transfer Expenses	632,542	43,678
Legal & Professional Fees - Other than payments to Auditor :		
- Legal & Professional Fees	1,750	7,000
- Registration charges	5,492	17,900
Payments to Auditors :		
- Audit fees	16,854	16,545
- Tax Audit fees	16,854	16,545
Conveyance & Travelling	23,445	31,093
Office & General Expenses	803	3,860
TOTAL	1,266,577	744,845

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2012

Note 21 - Earnings Per Equity Share

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Net profit after tax attributable to equity shareholders for Basic EPS	746,194	(317,362)
Add/Less: Adjustment relating to potential equity shares		
Net profit after tax attributable to equity shareholders for Diluted EPS	746,194	(317,362)
b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	3,911,436	3,267,600
For Diluted EPS	5,767,600	3,267,600
c) Face Value per Equity Share (Rs.)	10.00	10.00
Basic EPS	0.19	(0.10)
Diluted EPS	0.13	(0.10)
d) Reconciliation between no. of shares used for calculating basic and diluted EPS		
No. of shares used for calculating Basic EPS	5,767,600	3,267,600
Add: Potential equity shares		
No. of shares used for calculating Diluted EPS	5,767,600	3,267,600

Note 22 - Related Party Details

(a) Key Management Personnel

Mr. Gopal Dave	Managing Director
Mr. Satish Pai	Director
Mr. Avinash Mainkar	Director

(b) Relative of key management personnel and Name of the enterprises having same key management personnel and/or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year

Kaladarshan Investments Pvt Ltd	Associates
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(c) Related Party Transactions

- In relation to (a)

Nature of Transactions	For the year ended March 31, 2012	For the year ended March 31, 2011
Director Remuneration	-	-
RSOP Perquisites	-	-
Amount received	-	-
Balance outstanding as on 31 March	NIL	NIL

- In relation to (b)

Nature of Transactions	For the year ended March 31, 2012	For the year ended March 31, 2011
Loans granted	31,500	-
Interest received on loan granted	-	-
Loan Received back	-	-
Loans Taken	24,625,000	-
Loans repaid	24,625,000	-
Balance Outstanding as on 31 March:	419,765	388,265
Short - term Borrowings	-	388,265
Short - Term Loans and Advances	-	-

EXPLICIT FINANCE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

Rs. In Lacs

	Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	8.35	(2.54)
Adjustment for		
1. Depreciation	0.85	0.36
2. Short provision for Tax in earlier year	0.00	(0.32)
3. Dividend	(5.71)	(0.32)
4. Loss on Sale of Shares	0.00	3.91
Operating Profit (Loss) before working capital changes	3.49	1.07
Adjustments for		
1. Trade and other receivable	(354.17)	(0.94)
2. Trade Payables	(1.57)	(0.80)
3. Stock in Trade	(51.22)	(38.01)
4. Trade Debtors	0.00	37.41
Net Cash generated from operating Activities	(403.47)	(1.28)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(0.27)	(1.97)
Purchase of Investments	(0.81)	0.00
Sale of Investments	0.00	5.62
Dividend	5.71	0.32
Net Cash used in Investing Activities	4.64	3.97
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Application Money	400.88	0.00
Unsecured loan	0.00	(1.20)
Net Increase in cash and cash equivalents (A)	2.04	1.49
Cash and Cash equivalents as at (Opening Balance)	5.15	3.66
Cash and Cash equivalents as at (Closing Balance)	7.19	5.15

As per our report of even date
For MVK Associates
Chartered Accountants
Firm Reg. No : 120222W

For & On Behalf of the Board

KAPIL GUPTA
Partner
Membership No. - 047911
Place : Mumbai
Date : 09/07/2012

Director

Director

ANNUAL GENERAL MEETING
28th SEPTEMBER, 2012.
ATTENDANCE SLIP

Name and Address of the Member:

Folio No./DPID Client Id No.:

I certify that I am a registered Shareholder/Proxy of the Company and hold _____
Equity Shares.
(Please indicate whether Shareholder/Proxy)

I hereby record my presence at the Annual General Meeting of the Company to be held at
the Registered Office of the Company at 305, Sohan Commercial Plaza, Vasai(E), Thane -
401210 on Friday, 28th September, 2012 at 9.30 A.M.

SIGNATURE OF THE MEMBER/PROXY

NO. OF
SHARES HELD

Note: Shareholder/Proxy holder must bring the Admission Slip to the meeting and
handover at the venue duly signed.

Cut Here

EXPLICIT FINANCE LIMITED.
305, Sohan Commercial Plaza, Vasai(E), Thane - 401210
PROXY FORM

I / We _____ of _____ being a
member/members of Explicit Finance Ltd. hereby appoint _____ of
_____ or failing him/her _____ of
_____ as my/our proxy to attend and vote for
me/us on my/our behalf at the Annual General Meeting of the Company to be held on
Friday, the 28th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Affix:
Rupee 1.00

Revenue
stamp

FOLIO NO./DPID CLIENT ID NO. _____ SIGNATURE

Note: The Proxy must be deposited at the Registered Office of the Company not less than
48 hours before the time for holding the aforesaid meeting. The Proxy need not be a
member of the Company.