

EXPLICIT FINANCE LIMITED

19<sup>TH</sup>

ANNUAL REPORT

2012 – 2013

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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

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### NOTICE

Notice is hereby given that the Nineteenth 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 Monday, 30<sup>th</sup> September, 2013 at 9.30 A.M. to transact the following Business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013, 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 Jayesh Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr Satish Pai, 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. Jayesh Jain and Mr. Satish Pai who retire by rotation and being eligible, offer themselves for re-appointment.



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

Mr. Jayesh Jain, is a Businessman with indepth knowledge in the field of Marketing and Administration has 18 years of experience in various sectors and industries.

Mr. Satish Pai, is a Chartered Accountant by qualification and has wide experience in Finance, Corporate Laws & Compliances, Accounts. His total work experience is more than 25 years.

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.

The register of members and the share transfer books will remain closed from Monday, 23<sup>rd</sup> day of September, 2013 to Monday 30<sup>th</sup> day of September, 2013 (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

**By Order of the Board of Directors**

**Gopal Dave**  
Managing Director

Dated: 30<sup>th</sup> May, 2013

## Explicit Finance Limited

### REPORT OF THE DIRECTORS' AND MANAGEMENT DISCUSSION ANALYSIS

To the Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2013.

#### FINANCIAL RESULTS

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

(Rs. In Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Total Income	211.11	1651.17
Profit before Depreciation and Tax	(1.83)	9.19
Less: Depreciation	0.44	0.85
Profit before Tax	(2.27)	8.35
Less: Provision for Income Tax	0.05	0.89
Profit after Tax	(2.32)	7.46
Balance brought forward from previous years	(38.47)	(45.93)
Balance carried to Balance Sheet	(40.79)	(38.47)

#### DIVIDEND

In view of brought forward losses the directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2013.

#### PERFORMANCE

The world economy is still passing through stress. Financial turmoil in Europe and USA is affecting other countries, world trade is slowing down. Indian economy is also slowing down in 2012-13 mainly due to weak industrial growth. 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, NBFC's have emerged as lenders to both



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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 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



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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 previous year out of which 25,00,000 warrants have been converted into shares during the previous year and 35,00,000 have been converted during the year.

### **DIRECTORS**

Mr. Jayesh Jain and Mr. Satish Pai 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 31<sup>st</sup> March, 2013, 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 31<sup>st</sup> March, 2013, 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.

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### **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: 30<sup>th</sup> May, 2013



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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 31<sup>st</sup> March 2013 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 5 (five) times during the year 2012 - 2013, on 9<sup>th</sup> July,2012, 31<sup>st</sup> July,2012,5<sup>th</sup> November,2012, 31<sup>st</sup> January,2013 and 15<sup>th</sup> February,2013.

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	Relation ship with each other	Attendance particulars		No. of Directorship and Committee Membership/ Chairmanship in other Public Companies*		
			Boar d Meet ing	Las t AG M	Othe r Direc tor ships	Commi ttee Membe r ships	Committ ee Chairma n Ships
Gopal Dave	Managing Director, Executive	None	6	Yes	Truna dhany a	Nil	Nil

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					Tardi ng P Ltd. And Kalad arsha n Inv P Ltd.		
Avinash Mainkar	Non Executive, Non Independe nt	None	6	Yes	Truna dhany a Tardi ng P Ltd.	Nil	Nil
Satish Pai	Non Executive, Non Independe nt	None	0	Yes	Nil	Nil	Nil
Deepak Oza	Non Executive, Independe nt	None	6	Yes	Merli n Phar ma (I) Ltd.	Nil	Nil
Jayesh Jain	Chairman, Non Executive, Independe nt	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



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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

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

During the financial year 2012-13, four (4) Audit Committee meetings were held as under-

9<sup>th</sup> July, 2012, 31<sup>st</sup> July, 2012, 5<sup>th</sup> November, 2012 and 15<sup>th</sup> 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
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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 31<sup>st</sup> March, 2013, 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

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 31<sup>st</sup> March 2013

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:

There were no related parties transactions during the previous year and 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.



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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 31<sup>st</sup> March, 2013 the committee met twice on 16<sup>th</sup> April, 2012 and on 31<sup>st</sup> October, 2012 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.

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 2012-13, 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;

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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
2009-2010	Registered Office	30 <sup>th</sup> September, 2010	10.00 a.m.
2010-2011	Registered Office	30 <sup>th</sup> September, 2011	9.30 a.m.
2011-12	Registered Office	28 <sup>th</sup> September, 2012	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 <sup>th</sup> 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

During the year ended 31<sup>st</sup> March 2013, 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



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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](http://www.bseindia.com) as well as on Company's website at [www.explicitfinance.net](http://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.

### **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.



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

Company has issued 60,00,000 convertible warrants during the previous year out of which 25,00,000 warrants have been converted into equity shares during the previous year and 35,00,000 warrants were converted during the current 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 2012-13. 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. Jayesh Jain and Mr. Gopal Dave, 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	: Monday, September 30, 2013 at 9.30 a.m.
Venue	: 305, Sohan Commercial Plaza, Vasai (E), Thane -401210

#### **Financial Calendar:**

Financial year: 1<sup>st</sup> April to 31<sup>st</sup> March

For the year ended 31<sup>st</sup> March 2013, results were announced on:

31 <sup>st</sup> July, 2012	First Quarter
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5 <sup>th</sup> November, 2012,	Second Quarter
15 <sup>th</sup> February, 2013	Third Quarter
30 <sup>th</sup> May, 2013	Fourth Quarter

For the year ending 31<sup>st</sup> March 2014, results will be announced as per the tentative schedule below

Last week of July, 2013	First Quarter
2 <sup>nd</sup> week of November, 2013	Second Quarter
2 <sup>nd</sup> week of February, 2014	Third Quarter
2 <sup>nd</sup> week of May, 2014	Fourth Quarter

### Book Closure:

The dates of book closure are from Monday, 23<sup>rd</sup> day of September, 2013 to Monday 30<sup>th</sup> day of September, 2013.

### Dividend:

The company has not declared any dividend for the year ended 31<sup>st</sup> March 2013.

### 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 2013-14 to the Stock Exchange on which Company's shares are listed except Ahmedabad, Jaipur and Madhya Pradesh. The Company has also paid custodial fees for the year 2013-14 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 31<sup>st</sup> March 2012 are given as follows:

Months	High (Rs.)	Low (Rs.)
April 2012	5.80	4.06
May 2012	5.16	4.47
June 2012	4.72	3.96
July 2012	8.84	4.34
August 2012	8.29	7.09
September 2012	6.99	4.82
October 2012	9.35	5.06
November 2012	8.67	8.50
December 2012	8.50	6.73
January 2013	9.97	6.97
February 2013	8.54	5.42
March 2013	6.00	4.00

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### **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](mailto: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](mailto: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 31<sup>st</sup> March, 2013

Shareholding of Nominal Value of Rs.	Share holders		Share holdings	
	Number	%	No. of Shares	%
Up to 5000	993	55.41	305286	3.29
5001 – 10000	370	20.65	319319	3.45
10001 – 20000	179	9.99	281921	3.04
20001 – 30000	58	3.24	152384	1.64
30001 – 40000	49	2.73	176598	1.91
40001 – 50000	32	1.79	151652	1.63
50001 – 100000	56	3.13	410100	4.43
100001 & above	55	3.07	7470340	80.61
<b>Total</b>	<b>1792</b>	<b>100.00</b>	<b>9267600</b>	<b>100.00</b>

### Share holding Pattern as on March 31, 2013

Categories	No of Shares	% of Holding
Promoters	1474600	15.91
Private Corporate Bodies	5371302	57.96
Residential Individual NRIs/ OCBs	2392498	25.81
Mutual Fund/FII's	9200	0.10
Others (Clearing members)	0	0
	20000	0.22
<b>Total</b>	<b>9267600</b>	<b>100.00</b>

#### Dematerialization of Shares:

65.30 % of the equity shares have been Dematerialized upto 31<sup>st</sup> March 2013

Break up of shares in physical and demat form as on 31<sup>st</sup> March 2013 is as follows:

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

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

The Company has not issued any GDR's /ADRs / Convertible Instruments. The Company has issued 6000000 convertible warrants of Rs. 10/- each aggregating Rs. 6,00,00,000/- during the previous year under review. Out of which 25,00,000 warrants have been converted into shares in the previous year and balance 35,00,000 warrants have been converted into shares in the current year.

## Explicit Finance Limited

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Annexure to Report on Corporate Governance for the year ended 31<sup>st</sup> March,  
2013

### 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 31<sup>st</sup> March 2013.

**Gopal Dave**  
Managing Director  
Thane: 30<sup>th</sup> May, 2013

### 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 31<sup>st</sup> March 2013, 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 31.03.2013 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, 30<sup>th</sup> May, 2013



## CEO CERTIFICATION

To,  
The Board of Directors  
Explicit Finance Limited

I, Gopal Dave, Managing Director of the Company, to the best of my knowledge and belief, certify that:

- a) I have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - iii) There has not been any significant change in accounting policies during the year, and that the same have been disclosed in the notes to the Financial Statements; and
- iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Explicit Finance Ltd.

Gopal Dave  
Managing Director

Place: Mumbai  
Date: 30<sup>th</sup> May, 2013

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Explicit Finance Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Explicit Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (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 representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**CA. KAPIL GUPTA**  
**Partner**  
**Membership No. : 047911**

Place : Mumbai  
Date : May 30, 2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of **Explicit Finance Limited**, on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 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 transaction that needs to be entered into the register 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.
- 9)
  - a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, 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 31<sup>st</sup> March 2013, 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 company have accumulated losses Rs.40,80,233/-at the end of financial year. The Company has incurred cash loss of Rs.183,689/- 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 converted warrants into Equity Shares during the year.
- 18) The company has 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.
- 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**

**CA. KAPIL GUPTA  
Partner  
Membership No. 047911**

Place: Mumbai  
Date: May 30, 2013



**Explicit Finance Limited**  
**Balance Sheet as at March 31, 2013**

(Amount in INR)

Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
<b>I Equity &amp; Liabilities</b>					
<b>1. Shareholders' funds</b>					
(a) Share Capital	2	9,26,76,000		5,76,76,000	
(b) Reserves and Surplus	3	(40,80,233)		(38,47,637)	
(c) Money received against share warrants	4	-		1,50,87,500	
			8,85,95,767		6,89,15,863
<b>2. Non - Current Liabilities</b>					
Other Long - Term Liabilities	5	30,899		30,899	
			30,899		30,899
<b>3. Current Liabilities</b>					
(a) Short Term borrowing	6	37,50,000		-	
(b) Trade Payables	7	25,50,458		1,05,807	
(c) Other Current Liabilities	8	1,24,830		17,929	
			64,25,288		1,23,736
<b>TOTAL</b>			<b>9,50,51,954</b>		<b>6,90,70,498</b>
<b>II Assets</b>					
<b>1. Non - Current Assets</b>					
(a) Fixed Assets					
Tangible Assets	9	4,69,443		2,40,395	
(b) Non - Current Investments	10	7,62,585		10,43,627	
(c) Long - Term Loans and Advances	11	21,80,364		23,30,364	
			34,12,392		36,14,386
<b>2. Current Assets</b>					
(a) Inventories	12	1,50,86,265		1,68,51,341	
(b) Cash and Cash equivalents	13	5,98,931		7,18,816	
(c) Short - Term Loans and Advances	14	7,59,54,366		4,78,85,955	
			9,16,39,562		6,54,56,112
<b>TOTAL</b>			<b>9,50,51,954</b>		<b>6,90,70,498</b>
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 27				

The notes referred to above form an integral part of the financial statements  
As per our report of even date attached

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

For & On Behalf of the Board

CA. KAPIL GUPTA  
Partner  
Membership No. - 047911  
Place : Mumbai  
Date : May 30, 2013

Director

Director

**Explicit Finance Limited**  
Statement of Profit and Loss for the year ended March 31, 2013

(Amount in INR)

Particulars	Note No.	For the year ended March 31, 2013		For the year ended March 31, 2012	
<b>I</b> Revenue from Operations	15	1,82,57,719		16,25,70,871	
<b>II</b> Other Income	16	28,53,616		25,46,291	
<b>III</b> Total Revenue (I + II)			2,11,11,335		16,51,17,161
<b>IV</b> Expenses					
Operating Expenses	17	1,69,78,008		16,58,49,566	
Changes in Inventories	18	17,65,076		(51,21,872)	
Employee Benefits Expenses	19	8,97,760		7,97,902	
Finance Costs	20	2,252		14,04,805	
Depreciation and Amortization Expense	9	43,787		85,317	
Other Expenses	21	16,51,927		12,66,577	
<b>Total Expense</b>			2,13,38,810		16,42,82,295
<b>V</b> Profit before Tax (III-IV)			(2,27,476)		8,34,867
<b>VI</b> Tax Expense:					
(a) Current Tax		5,120		89,255	
(b) Deferred Tax		-		(582)	
(c) Tax of Earlier Year		-		-	
<b>VII</b> Profit for the Period (V - VI)			5,120		88,673
			(2,32,596)		7,46,194
<b>VIII</b> Weighted average no. of equity shares outstanding during the year					
(1) Basic			72,95,271		39,11,436
(2) Diluted			92,67,600		57,67,600
<b>IX</b> Earnings Per Equity Share (Face Value Re. 10/- Per Share):					
(1) Basic (Rs.)	22		(0.03)		0.19
(2) Diluted (Rs.)			(0.03)		0.13
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 27				

The Notes referred to above form an Integral part of the Financial Statements  
As per our report of even date attached

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

For & On Behalf of the Board

CA. KAPIL GUPTA  
Partner  
Membership No. - 047911  
Place : Mumbai  
Date : May 30, 2013

Director

Director



**Note-1 SIGNIFICANT ACCOUNTING POLICIES**

**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 Tangible Fixed Assets:**

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

**1.5 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.

**1.6 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

**1.7 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, 2013

**Note 2 - Share Capital**

(Amount in INR)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Authorised :</b>		
10,000,000 Equity Shares of Rs. 10/- each (Previous Year 10,000,000 Equity Shares of Rs. 10/- each)	10,00,00,000	10,00,00,000
<b>TOTAL</b>	<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>Issued, Subscribed and Paid-up :</b>		
9,267,600 Equity Shares of Rs.10/- each (Previous Year 5,767,600 Equity Shares of Rs.10/- each)	9,26,76,000	5,76,76,000
<b>TOTAL</b>	<u>9,26,76,000</u>	<u>5,76,76,000</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) 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, 2013	As at March 31, 2012
No. of shares at the beginning of the year	57,67,600	32,67,600
<b>Add: Issue of Shares during the year</b>		
Conversion of Share Warrants	<u>35,00,000</u>	<u>25,00,000</u>
	35,00,000	25,00,000
No. of shares at the end of the year	<u>92,67,600</u>	<u>57,67,600</u>

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

No. of Shares held by	As at March 31, 2013		As at March 31, 2012	
	Nos.	%	Nos.	%
Brij Plantations Pvt Ltd.	12,30,000	13.27	10,00,000	17.34
Angelica Trading Pvt. Ltd.	13,75,000	14.84	-	-
Transdeal Securities Pvt. Ltd.	12,25,000	13.22	-	-
Tungareshwar Food Products Pvt. Ltd.	12,25,000	13.22	12,25,000	21.24

**(e) Detailed note on Shares reserved to be issued under option and contracts/ commitments for the sale of shares / divestments including the terms and conditions.**

The company does not have any such contracts / commitment as on reporting date.

**(f) Detailed terms of any securities convertible into shares, e.g. in the case of convertible warrants, debentures, bonds etc.**

The Company does not have any securities convertible into shares as on reporting date.



**Explicit Finance Limited**  
Notes to financial statements for the year ended March 31, 2013

**Note 3 - Reserves & Surplus**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
<b>(i) Surplus/(Deficit) in the Profit &amp; Loss Account</b>		
Opening balance	(38,47,637)	(45,93,831)
Add: Profit / (Loss) for the year	(2,32,596)	7,46,194
Amount available for appropriations	(40,80,233)	(38,47,637)
Appropriations:		
Add: Transferred from reserves	-	-
Less: Transferred to general reserve	-	-
	(40,80,233)	(38,47,637)
<b>TOTAL</b>	<b>(40,80,233)</b>	<b>(38,47,637)</b>

**Note 4 - Money received against share warrants**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Share Warrants of Rs. 10/- each	-	87,50,000
Paid Up Rs. 2.50/- each		
Call money received	-	63,37,500
<b>TOTAL</b>	<b>-</b>	<b>1,50,87,500</b>

Out of 60,00,000 share warrants issued by the company during earlier years, the company has converted balance 35,00,000 share warrants of Rs. 10/- each having paid up value 3,50,00,000/- in to 35,00,000 Equity shares of Rs. 10/- each fully paid up on 31st July 2012 & 3rd January 2013.

**Note 5 - Other Long-Term Liabilities**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Other payables	30,899	30,899
<b>TOTAL</b>	<b>30,899</b>	<b>30,899</b>

**Note 6 - Short Term borrowing**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Unsecured Loans		
Inter Corporate Deposit	37,50,000	-
<b>TOTAL</b>	<b>37,50,000</b>	<b>-</b>

**Terms :**

All the above Inter corporate deposits are interest free

**Note 7 - Trade Payables**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Total Outstanding dues of Micro & Small enterprise	-	-
Total Outstanding dues of creditors other than Micro & Small enterprise.	25,50,458	1,05,807
	25,50,458	1,05,807

**Note 8 - Other Current Liabilities**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Provision for Expenses	1,24,830	16,854
Provision for Tax	-	1,075
<b>TOTAL</b>	<b>1,24,830</b>	<b>17,929</b>

Explicit Finance Limited

Note 9 - Fixed Assets

(a)

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	End of Current Period	End of Previous Period
<b>(i) Tangible Assets</b>												
<b>Furniture and Fixtures</b>												
Owned	2,05,888	-	-	-	2,05,888	1,23,301	13,033	-	1,36,334	-	69,554	82,587
Leased	-	-	-	-	-	-	-	-	-	-	-	-
<b>Vehicles</b>												
Owned	1,64,000	4,06,956	-	1,64,000	4,06,956	20,147	24,243	29,879	14,511	-	3,92,445	1,43,853
Leased	-	-	-	-	-	-	-	-	-	-	-	-
<b>Office Equipments</b>												
Owned	82,712	-	-	-	82,712	82,712	-	-	82,712	-	-	-
Leased	-	-	-	-	-	-	-	-	-	-	-	-
<b>Computers and Printers</b>												
Owned	3,31,494	-	-	-	3,31,494	3,26,522	4,972	-	3,31,494	-	-	4,972
Leased	-	-	-	-	-	-	-	-	-	-	-	-
<b>Air-Conditioner</b>												
Owned	32,400	-	-	-	32,400	23,417	1,539	-	24,956	-	7,444	8,983
Leased	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>8,16,494</b>	<b>4,06,956</b>	<b>-</b>	<b>1,64,000</b>	<b>10,59,450</b>	<b>5,76,099</b>	<b>43,787</b>	<b>29,879</b>	<b>5,90,007</b>	<b>-</b>	<b>4,69,443</b>	<b>2,40,395</b>
<b>PREVIOUS YEAR</b>	<b>7,89,094</b>	<b>27,400</b>	<b>-</b>	<b>-</b>	<b>8,16,494</b>	<b>4,90,782</b>	<b>85,317</b>	<b>-</b>	<b>5,76,099</b>	<b>-</b>	<b>2,40,395</b>	<b>2,98,312</b>
<b>(ii) Intangible Assets (Other than Internally Generated)</b>												
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PREVIOUS YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>8,16,494</b>	<b>4,06,956</b>	<b>-</b>	<b>1,64,000</b>	<b>10,59,450</b>	<b>5,76,099</b>	<b>43,787</b>	<b>29,879</b>	<b>5,90,007</b>	<b>-</b>	<b>4,69,443</b>	<b>2,40,395</b>

(Amount in INR)



**Explicit Finance Limited**  
Notes to financial statements for the year ended March 31, 2013

**Note 10 - Non-Current Investments**

Particulars	(Amount in INR)			
	As at March 31, 2013		As at March 31, 2012	
<b>(a) Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
ATV Projects Ltd. (Market Value as on 31.3.2013 Rs.41,763/-)	26102 Shares	80,504	26102 Shares	80,504
Global film & broadcasting Ltd. (Market Value as on 31.3.2013 Rs.116,780/-)	116780 Shares	1,38,227	116780 Shares	1,38,227
Kirloskar Electricals Ltd (Market Value as on 31.3.2013 Rs.84,533/-)	4803 Shares	5,43,854	7285 Shares	8,24,896
<b>TOTAL</b>		<u>7,62,585</u>		<u>10,43,627</u>

**Note 11- Long Term Loans and Advances:**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
Others - Long Term Loans & Advances	21,80,364	23,30,364
<b>TOTAL</b>	<u>21,80,364</u>	<u>23,30,364</u>

**Note 12 - Inventories**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
(a) Stock in Trade	1,50,86,265	1,68,51,341
<b>TOTAL</b>	<u>1,50,86,265</u>	<u>1,68,51,341</u>

**(b) Basis of valuation of Inventories**

Inventories are valued at lower of cost or net realizable value on FIFO basis which is in accordance with AS 2 as issued by the ICAI.

**Note 13 - Cash & Cash equivalents**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
<b>(A) Cash &amp; Cash Equivalents</b>		
(i) Balances with Banks :		
- Current Accounts	1,20,697	2,20,640
(ii) Cash-in-hand	4,78,234	4,98,176
<b>TOTAL</b>	<u>5,98,931</u>	<u>7,18,816</u>

**Note 14 - Short-Term Loans and Advances**

Particulars	(Amount in INR)	
	As at March 31, 2013	As at March 31, 2012
<b>Other Loans and Advances</b>		
(Unsecured, considered good)		
Advance recoverable in cash or in kind		
- Intercompany Loans	2,33,00,000	31,43,459
- Other Loans & Advances	5,25,54,926	4,47,38,634
Loans to others	7,58,54,926	4,78,82,093
Earnest Money Deposit	-	-
Balances with statutory / revenue authorities :		
- Income Tax	99,440	-
Prepaid Expenses	99,440	3,862
<b>TOTAL</b>	<u>7,59,54,366</u>	<u>4,78,85,955</u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2013

Note 15 - Revenue from Operations

Particulars	(Amount in INR)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
(a) Sale of Shares	1,82,57,719	16,18,10,421
(b) Sale of Services Professional Services	-	7,60,450
<b>TOTAL</b>	<u>1,82,57,719</u>	<u>16,25,70,871</u>

Note 16 - Other Income

Particulars	(Amount in INR)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
(i) Interest Income on - Bank Deposits - Others	28,19,358	19,74,247
(ii) Dividend Income on - Investment in Other Long-Term Instruments	34,258	5,71,213
(iii) Other Non-Operating Income (net of expenses directly attributable to such income) - Miscellaneous Income	-	831
<b>TOTAL</b>	<u>28,53,616</u>	<u>25,46,291</u>

Note 17 - Operating Expenses

Particulars	(Amount in INR)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Purchases during the year	1,69,78,008	16,58,49,566
<b>TOTAL</b>	<u>1,69,78,008</u>	<u>16,58,49,566</u>

Note 18 - Changes in Inventories

Particulars	(Amount in INR)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
(a) At the beginning of the period		
(i) Stock in Trade ( Shares & Securities )	1,68,51,341	1,17,29,469
(ii) Work-in-Progress	-	-
	1,68,51,341	1,17,29,469
Less : (b) At the end of the period		
(i) Stock in Trade ( Shares & Securities )	1,50,86,265	1,68,51,341
(ii) Work-in-Progress	-	-
	1,50,86,265	1,68,51,341
<b>TOTAL</b>	<u>17,65,076</u>	<u>(51,21,872)</u>



Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2013

Note 19 - Employee Benefits Expenses

			(Amount in INR)	
(a)	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012	
	(i) Salaries & Wages	8,76,500	7,71,770	
	(iv) Staff Welfare Expenses	21,260	26,132	
	<b>TOTAL</b>	<u>8,97,760</u>	<u>7,97,902</u>	

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

Note 20 - Finance Costs

			(Amount in INR)	
	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012	
	Interest Expenses			
	- Others	-	14,01,919	
	Bank Charges & Commission	2,252	2,886	
	<b>TOTAL</b>	<u>2,252</u>	<u>14,04,805</u>	

Note 21 - Other Expenses

			(Amount in INR)	
	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012	
	Repairs & Maintenance :			
	- Others	10,126	21,950	
	Loss on Sale of Investments	2,18,570	2,841	
	Loss on Sale of Assets	74,378	-	
	Brokerage Expenses	10,73,250	-	
	Business Promotion Expenses (Books & Periodicals)	14,595	19,468	
	Depository Charges	26,657	19,360	
	Service Tax & STT on Shares	26,636	4,21,025	
	Insurance	3,862	4,034	
	Electricity Expenses	-	2,864	
	Printing and Stationery	15,769	47,748	
	Communication Costs	12,192	46,401	
	Interest on Income Tax	297	-	
	Listing, Registrar & Share Issue/Transfer Expenses	96,189	6,32,542	
	Legal & Professional Fees - Other than payments to Auditor :			
	- Legal & Professional Fees	5,000	1,750	
	- Registration charges	-	5,492	
	Payments to Auditors :	<u>5,000</u>	<u>7,242</u>	
	- Audit fees	16,854	16,854	
	Conveyance & Travelling	36,552	23,445	
	Office & General Expenses	21,000	803	
	<b>TOTAL</b>	<u>16,51,927</u>	<u>12,66,577</u>	

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2013

Note 22 - Earnings Per Equity Share

Particulars	(Amount in INR)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
(a) Net profit / (Loss) after tax attributable to equity shareholders for		
Basic EPS	(2,32,596)	7,46,194
Add/Less: Adjustment relating to potential equity shares		-
Net profit / ( Loss ) after tax attributable to equity shareholders for		
Diluted EPS	(2,32,596)	7,46,194
(b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	72,95,271	39,11,436
For Diluted EPS	92,67,600	57,67,600
(c) Face Value per Equity Share (Rs.)	10.00	10.00
Basic EPS	-0.03	0.19
Diluted EPS	-0.03	0.13

Note 23 - 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
Trunadhanya Tarding Pvt. Ltd.	Associates

(c) Related Party Transactions

- In relation to (a)

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Director Remuneration	-	-
ESOP Perquisites	-	-
Rent received	-	-
<b>Balance outstanding as on 31 March</b>	NIL	NIL

- In relation to (b)

Nature of Transactions	For the year ended March 31, 2013	For the year ended March 31, 2012
Loans granted	-	-
Interest received on loan granted	-	-
Loan Received back	-	-
Loans Taken	-	2,46,25,000
Loans repaid	-	2,46,25,000
<b>Balance Outstanding as on 31 March:</b>	-	-
Short - term Borrowings	-	-
Short - Term Loans and Advances	-	-



**Explicit Finance Limited**

**Notes to financial statements for the year ended March 31, 2013**

**Note 24 - Gratuity & Leave encashment**

Leave Encashment Liability payable on retirement or otherwise has not been provided as the same would be charged in the year of retirement or when paid which is in contravention of accounting standard 15 " Accounting for Retirement Benefits".

**Note 25 - Operating leases**

The Company has not taken any property or equipment on lease

**Note 26 - Amounts due to Micro, Small and Medium Enterprises:**

The Company has not received any intimation from the suppliers under the The Micro, Small & Medium Enterprises Development Act 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

**Note 27 -Previous year figures**

The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

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

**For & On Behalf of the Board**

**CA. KAPIL GUPTA**  
**Partner**  
**Membership No. - 047911**  
Place : Mumbai  
Date : May 30, 2013

Director

Director

**EXPLICIT FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013.**

		Rs. In Lacs	
		Year ended 31.03.2013	Year ended 31.03.2012
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax and extraordinary items	(2.27)	8.35
	Adjustment for		
	1. Depreciation	0.44	0.85
	2. Short provision for Tax in earlier year	0.00	0.00
	3. Dividend	(0.34)	(5.71)
	4. Loss on Sale of Assets	0.74	
	5. Loss on Sale of Shares	2.19	0.00
	<b>Operating Profit (Loss) before working capital changes</b>	<b>0.75</b>	<b>3.49</b>
	Adjustments for		
	1. Trade and other receivable	(279.24)	(354.17)
	2. Trade Payables	25.52	(1.57)
	3. Stock in Trade	17.65	(51.22)
	4. Trade Debtors	0.00	0.00
	<b>Net Cash generated from operating Activities</b>	<b>(235.32)</b>	<b>(403.47)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(4.07)	(0.27)
	Purchase of Investments	0.00	(0.81)
	Sale of Investments	0.62	0.00
	Sale of Assets	0.60	
	Dividend	0.34	5.72
	<b>Net Cash used in Investing Activities</b>	<b>(2.51)</b>	<b>4.64</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Share Application Money	199.13	400.88
	Unsecured loan	37.50	0.00
	<b>Net Increase in cash and cash equivalents (A)</b>	<b>(1.20)</b>	<b>2.04</b>
	Cash and Cash equivalents as at (Opening Balance)	7.19	5.15
	Cash and Cash equivalents as at (Closing Balance)	5.99	7.19

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

**For & On Behalf of the Board**

**CA. KAPIL GUPTA**  
**Partner**  
**Membership No. - 047911**  
**Place : Mumbai**  
**Date : 30th May' 2013**

Director

Director