

EXPLICIT FINANCE LIMITED

22ND

ANNUAL REPORT

2015 – 2016

BOARD OF DIRECTORS

*Smt. Swati Dave
Shri Jayesh Jain
Shri Avinash Mainkar
Shri Satish Pai
Smt. Lata Dave*

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 Twenty Second (22nd) Annual General Meeting of the members of “**EXPLICIT FINANCE LTD.**” will be held on Friday, 30th September, 2016 at 9.30 A.M. at the Registered Office 305, Sohan Commercial Plaza, Vasai (E), Palghar - 401210, to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the company including the Audited Balance Sheet as at 31st March 2016, the Statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Satish Pai having DIN: 03225392, who retire by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of M/s. MVK Associates, Chartered Accountants, (Firm Reg. No: 120222W), as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting and to fix their remuneration and to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. MVK Associates, Chartered Accountants, (Firm Reg. No: 120222W), as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 23rd AGM of the Company, to be held in the year 2017 and the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2017, as may be determined by the Audit Committee, in consultation with the Auditors.”

By Order of the Board of Directors

Swati Dave
Managing Director
DIN: 03299627

Regd Office:

Office No. 305, Sohan Commercial Plaza,
Vasai (E), Opp. Shivsena Office
Palghar- 401210
CIN: L65990MH1994PLC076788

Mumbai, dated 12th August 2016

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NOTES:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote, instead of himself/herself and the proxy need not be a member of the Company* and Pursuant to Section 105(1) of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights, such a Member may appoint a single person as proxy, who however shall not act as proxy for any other person or shareholder.
2. Proxy form duly stamped and executed in order to be effective, must reach the registered office of the company not less than 48 hours before the time of commencement of the Annual General Meeting. Proxy form for the AGM is enclosed.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote on their behalf at the Meeting.
4. The register of members and the share transfer books will remain closed from Monday, 26th September, 2016 to Friday, 30th September, 2016 (Both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
5. Members are requested to
 - a. Bring their Annual Report to the meeting and attendance slip duly filled in. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
 - b. intimate any change in their addresses to the Registrar and Share Transfer Agents M/s Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059.
 - c. Quote client ID and DP ID Numbers in respect of shares held in dematerialized form and ledger folio number in respect of shares held in physical form.
6. Brief profile of Directors seeking appointment/ re-appointment at the Annual General Meeting is given in Corporate Governance Section of the Annual Report.
7. 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.
8. With a view to using natural resources responsibly, we request shareholders to update their e-mail address with their depository participants to enable the company to send their communication electronically.
9. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for the physical copy of the report.

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10. Members may also note that the Notice of the 22nd Annual General Meeting, Attendance Slip, Proxy Form, Route Map, Ballot Paper and the Annual Report for 2016 will also be available on the Company's website www.explicitfinance.net for their download.

11. Voting through electronic means:

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the companies (Management & administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulation, the Company is pleased to provide members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by Central Depository Services Limited (CDSL).
- b) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- d) The remote e-voting period begins on Tuesday, 27th September, 2016 at 10 a.m. and ends on Thursday, 29th September, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- e) The Instructions for shareholders for remote e-voting:

1. In case of Members receiving Notice of the Annual General Meeting by email and who wish to vote using the remote e-voting facility:

- i. The voting period begins on Tuesday, 27th September, 2016 at 10.00 a.m. and ends on Thursday, 29th September, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on Shareholders.
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.

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- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bk Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on “SUBMIT” tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for Explicit Finance Ltd. on which you choose to vote.
- xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

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- xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and remote e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- f. If you are already registered with CDSL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- g. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members as on the date of dispatch of notice.
- h. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016 may

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obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or Issuer/RTA

- i. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- j. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail with the facility of remote e-voting or voting at the AGM through ballot paper.
- k. M/S Vishal Manseta, Practicing Company Secretaries has been appointed as the scrutinizer for providing facility to the members of the company to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
- l. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- m. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- n. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.explicitfinance.net and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited.
- o. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company during normal business hours (11:00 am to 5:00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors

Swati Dave
Managing Director
DIN: 03299627

Regd Office:

Office No. 305, Sohan Commercial Plaza,
Vasai (E), Opp. Shivsena Office
Palghar- 401210

CIN: L65990MH1994PLC076788

Mumbai, dated 12th August 2016

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BOARD'S REPORT

To
The Members,

Your Directors are presenting the Twenty Second (22nd) Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
Total Income	565.09	721.26
Profit/(Loss) before Depreciation and Tax	1.49	1.01
Less: Depreciation	1.05	1.05
Profit/(Loss) before Tax	0.43	-0.04
Less: Provision for Income Tax	0.38	-0.01
Profit/(Loss) after Tax	0.05	-0.03
Balance brought forward from previous years	-47.78	-47.75
Adjustments as per new Companies Act, 2013	0.00	0.00
Transfer to Statutory Reserve	0.00	0.00
Balance carried to Balance Sheet	-47.73	-47.78

PERFORMANCE

The Company is mainly engaged into investment and finance activities. During the year under review, the total revenues were Rs. 565.09 lacs, as compared to Rs. 721.26 lacs last year. Company has reported net profit for the year stood at Rs. 0.05 lacs as compare to loss of Rs. 0.03 lacs in the last year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUTURE & DEVELOPMENT

There was no major shift in the Indian economy in the year 2015-16 and no growth was witnessed in the global economy also. But there is HOPE of Indian Economy doing well and out performing other global economies, these was further strengthen by the GOOD MONSOON FORECAST. Rural demand is expected to give much needed boost the Indian economy. Decline in oil prices will further help India to attain the growth of 8% and above.

Government initiatives, low interest rates, decline in fiscal deficit and moderate inflation have enabled the Indian economy to achieve strong growth estimates. Policy adjustments and improved macro-economic environment have helped India attract more FDI flows during the year compared to last year.

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India's financial services industry is expanding at a rapid pace driven by the government's pro-sector measures, announced in the last fiscal. These initiatives have given significant impetus to the sector that includes, commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. Government schemes like Pradhan Mantri Jan Dhan Yojana,

Atal Pension Yojana, MUDRA, the new bankruptcy law, gold monetisation scheme and debt restructuring scheme are contributing to the financial sector's growth. Besides, the sector is positively impacted by favourable micro economic factors like rising income levels, improving life expectancy and good economic growth numbers.

The Reserve Bank of India (RBI) has issued in-principle approvals for setting up ten small finance banks and eleven payment banks. These initiatives are likely to speed up the process of financial inclusion, opening new avenues of funding for micro small and medium enterprises (MSMEs). This in turn is expected to open new business opportunities for NBFCs.

B. OPPORTUNITY & TREATS

As explained above the NBFC sector looks poised for a big leap and consolidate its business in 2016-17. The recent steps by the Government of India to create Infrastructure for NBFC and to provide banking license for NBFC's is a positive single and the emergence of REMF (Real Estate Mutual Funds) & REIT (Real Estate Investment Trust) has brought new scope for funding in Real Estate Sector.

The sector is subject to many external threats like down trends in the economy, rising inflation, squeeze in market liquidity etc. to overcome the upcoming changes taking place in the financial policies and sector is the major challenge for the company. The Development of Industry has resulted in the emergence of various new entrants and hence making the industry more competitive. Your Company is confident of meeting the competition and sustaining in the market.

Over the medium term, however, along with an increase in demand, a supportive operating environment and a stable or soft interest rate regime are factors which could support NBFCs ability to improve profitability and shareholder returns. The Company faces stiff competition from Banks and other NBFCs operating in similar areas of business and challenges from regulatory changes in the NBFC and ancillary sectors. However, with its excellent service, customer focus and unique differentiators in the product, the Company has been able to continue to expand its business.

C. RISKS AND CONCERNS

Risk is the integral part of any business. Even as the risk cannot be avoided in a business, it can be minimized or the probability of loss due to manifestation of such risk can be reduced to a greater extent.

Volatile macro-economic conditions and change in the sector's attitude towards various economic segments cause ups and downs in the business. There may be increased competition, lower spreads available and non-performance of certain customer segments

Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector. Any changes in interest rates can impact the

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company's asset –liability position, together with making the business exposed to risk of lower profitability and lower returns.

NBFCs are regulated by RBI, and given the nature of the business, there are always regulatory changes and compliance additions being made.

The RBI conducted a comprehensive review of NBFC regulations in 2014. The revised regulatory framework is designed to focus supervisory attention to those NBFCs which genuinely can pose risks to the financial system and bring operational freedom to smaller NBFCs. Assets classification and Provisioning norms of NBFCs are going to converge with those of banks by the 2018.

Further, change in regulatory requirements for NBFCs from time to time, can have a bearing on the running of the Company. The overall economic slowdown and its impact on service sector is also a cause of concern.

D. OUTLOOK

Over the years, NBFCs have played a significant role in providing small-ticket loans to retail customers in underserved regions, who do not have access to formal sources of finance. There is huge opportunity for credit intermediation and expansion in the country owing to improved economic activity and moderate interest rates as well as consumer demand.

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. Considering the size and nature of activities, the company has adequate internal control system covering both accounting and administrative control. In addition the internal audit is carried out periodically. The management ensuring an effective internal control system so that the financial statements and reports give a true and fair view.

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.

DIVIDEND

In view of insufficient profit and brought forward losses, the directors do not recommend any dividend for the year ended March 31, 2016.

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RESERVES

The Company does not propose to transfer any amount to statutory reserves due to brought forward losses.

PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and/or rules framed there under.

SHARE CAPITAL

The Paid up capital of the company is Rs. 926.76 lacs. The Company had not issued any equity shares either with or without differential rights during the FY 2015 - 2016 and hence, the disclosure requirements under Section 43 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014, is not applicable

DIRECTORS

The composition of the Board is as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015. All the Directors are having vast knowledge and experience in their relevant fields and the Company had benefitted immensely by their presence in the Board.

In accordance with the provisions of section 152 of the Companies Act, 2013 Mr. Satish Pai (DIN: 03225392) , Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

During the year under review, there are no changes in the composition of the Board of Directors.

CHANGES IN KEY MANAGERIAL PERSONNEL (KMP'S) DURING THE YEAR 2015 –2016

There were no change in KMP during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 your directors confirm that:—

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit of the company for that period;
- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the directors have prepared the annual accounts on a going concern basis.
- v. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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vi. the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

EVALUATION OF PERMORMANCE OF THE BOARD MEMBERS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 (4) & 20 (4) of the Listing Regulation, the evaluation of the performance of the Board as well as of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee has been carried out.

The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

During the year Four (4) Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

COMMITTEES OF THE BOARD:

The Board of Directors of your Company had already constituted various Committees in compliance with the provisions of the Companies Act, 2013 /Listing Regulation viz.:

- a) Audit Committee.
- b) Nomination and Remuneration Committee.
- c) Stakeholder Relationship Committee.
- d) Finance Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. A detailed note on the Board and its Committees is provided under the Corporate Governance Section in this Annual Report

CHANGES IN THE NATURE OF BUSINESS IF ANY:

During the year under review there is no change in the nature of business of the Company.

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SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary/joint venture/associate company and hence consolidation and applicable provision under the Companies Act, 2013 and Rules made there under are not applicable to the Company.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 of the SEBI (LODR) Regulations, 2015 on Corporate Governance. The detailed report on Corporate Governance along with certificate on Corporate Governance from the Statutory Auditors is forming part of this Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is annexed herewith as **Annexure-3** to this Report.

STATUTORY AUDITORS

M/s MVK Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company during the 20th AGM held on 30th September, 2014, for a period of three years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment need to be ratified at each AGM during their tenure and your Directors recommend ratification of the appointment of Statutory Auditors for the FY 2016 - 2017 in the ensuing AGM.

AUDITORS' REPORT

a) Independent Auditor's Report

There are no qualifications, reservation or adverse remark or disclaimer in the Independent Auditor's Report provided by M/s. MVK Associates, Chartered Accountants, for the FY 2015 - 2016. The notes to accounts forming part of financial statements are self-explanatory and need no further clarification.

b) Secretarial Audit Report

There are no qualifications, reservation or adverse remark or disclaimer in Secretarial Audit Report provided by M/s. Vishal Manseta, Practicing Company Secretaries, for the FY 2015 - 2016. The said report is annexed to this report as **Annexure 1**.

c) Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the central government

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PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) (a) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict of interest with the company at large.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

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

a) CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The Company is not engaged in manufacturing activities and therefore provisions relating to conservation of energy and technology absorption are not applicable to it. However, efforts are being made to minimize consumption of energy, wherever possible.

b) FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>Rs.</u>
i. Foreign exchange earning-	Nil.
ii. Foreign Exchange outgo-	Nil.

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the Listing Regulation, the company has constituted a business Risk Management Committee. The details of the committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

At present the company has not identified any element of risk which may threaten the existence of the company.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility are not applicable to the company.

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SIGNIFICANT ORDERS PASSED BY REGULATORS, COURTS OR TRIBUNALS IMPACTING GOING CONCERN AND COMPANY'S OPERATIONS:

No orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to the financial statements, which is evaluated by the Audit Committee as per Schedule II Part C of the SEBI (LODR) Regulations, 2015. During the year under review, there were no reportable material weaknesses in the systems or operation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal control systems and their adequacy are included in the Management Discussion and Analysis Report, which forms part of this report.

INDEPENDENT DIRECTORS MEETING

During the year under review, the independent Directors of the Company met on January 18, 2016 inter-alia, to discuss:

- a. Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
- b. Evaluation of performance of the Chairman of the Company, taking into views of Executive and Non Executive Directors.
- c. Evaluation of the quantity, content and timelines of flow of information between the Management and the board that is necessary for the Board to effectively and reasonably perform its duties.

NOMINATION & REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The appointment and Remuneration Policy is stated in the Corporate Governance Report of the Company that forms part of the Annual Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company in order to maintain highest standards of ethical, moral and legal conduct, adopted Vigil Mechanism/Whistle Blower policy to provide an avenue to its employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentations of any financial statements and reports, etc. The Audit committee of the company oversees the said mechanism from time to time. None of the Company personnel has been denied access to the Audit Committee. The

EXPLICIT FINANCE LIMITED

Whistle Blower Policy of the Company is also posted on the website of the Company www.explicitfinance.net

PARTICULARS OF EMPLOYEES AND DISCLOSURE UNDER SECTION 197(12) AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The information required under Section 197 (12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached herewith as **Annexure-2**.

DISCLOSURE UNDER RULE 5(2) AND RULE 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

There are no employees covered under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of whom particulars are required to be furnished.

DISCLOSURE UNDER THE SEXUAL HARASSMENT AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place an Anti Harassment policy in line with the requirements of The sexual harassment at the workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, company has not received any Sexual Harassment Complaints.

RBI GUIDELINES

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

ACKNOWLEDGEMENT

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

By Order of the Board of Directors

Swati Dave
Managing Director
DIN: 03299627

Mumbai, dated 12th August, 2016

Annexure-1

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,
The Members,
Explicit Finance Limited

I have conducted the secretarial audit of the compliances of the applicable statutory provisions and the adherence to good corporate practices by **Explicit Finance Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and if not complied remarks or disclosure in that regard has been provided by me, and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

As per information and explanation given to me and documents provided for inspection, the company has maintained minutes book, statutory registers as required by the Act. The Company has filed various E-Forms during the year.

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

As per information provided the Company has complied with the stated rules.

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

As the shares of the Company are listed on BSE as per compliance requirement majority of the shares of the company are in demat form and the company complies with the Depositories Act. The RTA of the Company is M/s. Adroit corporate Services Private Limited.

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The Company is not involved in any FOREX transactions during the year under review.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: Requisite disclosures were given to exchanges, whenever required.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

The said regulations are complied with as the insider trading intimation is given to the persons identified to be possessing price sensitive information before every Board or Members meeting and in case of any Corporate Action or announcements made to Stock Exchanges as the case may be.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 : Not Applicable

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 : Not Applicable

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 : Not Applicable

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

M/s. Adroit corporate Services Private Limited is Registrar and Transfer Agent (RTA) of the Company and is compliant with the said regulations.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : Not Applicable
and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 : Not Applicable

(i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per information provided the Company has complied with the stated rules.

(iv) The list of other acts applicable is as under:

- Provident Fund and other Employee Benefit related Statutes

The provisions of Employee Benefit statutes are not applicable to the Company.

- TDS and Service Tax related statutes

The Company is regular in depositing TDS and Service Tax provisions are not applicable to the Company.

- The Maharashtra Shops and Establishment Act, 1948.
- Prevention of Money Laundering Act.
- The Information Technology Act, 2000.
- The Indian Stamp Act, 1899/Bombay Stamp Act.
- Negotiable Instruments Act, 1881.
- Registration of any property purchase/sale/long lease.
- Wealth Tax Act, 1957
- Factories Act, 1948
- Indian Contract Act, 1872

As per the information and explanation given the company has NBFC license as stipulated under RBI regulations.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

The Company has complied with Secretarial Standards during the period under review.

I further report that

As per information given, adequate notices were given to all directors for the Board and Committee Meetings held from time to time.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Vishal N. Manseta
(Practicing company Secretary)

Place : Mumbai
Date : August 12, 2016

Vishal N. Manseta
ACS/FCS No. A25183

To,
The Members,
Explicit Finance Limited
(CIN No.L6599OMH1994PLC076788)

My Secretarial Audit Report is to be read along with this letter :

1. Maintenance of secretarial record as well as the compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Our examination was limited to the verification of procedures on test basis.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Vishal N. Manseta
(Practicing company Secretary)

Place : Mumbai
Date : August 12, 2016

Vishal N. Manseta
ACS/FCS No. A25183

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ANNEXURE- 2

Particulars of Employees

Disclosure pursuant to Section 134 (3) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No	Requirements	Disclosures		
1	Ratio of remuneration of Director to median remuneration of employees for the financial year	NA (In view of minuscule profit Directors are not taking any salary.)		
2	Percentage increase in remuneration of Director & CFO	Director & CFO -No increase was given in 2015-2016		
3	Percentage increase in median remuneration of employees in the financial year	1.50		
4	Number of permanent employees	2		
5	Explanation on average increase in remuneration and company performance	The Company has earned Rs.5306/- profit for the year ended March 31, 2016 after Depreciation.		
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Not Applicable as the Company has earned small profit of Rs,5306/- only for the year ended March 31, 2016 after exceptional items. Please also referred to explanation at Point No. 1, 2 & 5 above.		
7	Variation in the market capitalization, PE ratio as at the closing date of current financial year and previous financial year and percentage increase over /decrease in the market quotations of the shares in comparison	Particulars	31-03-16	31-03-15
		Market Cap	6.94 cr	6.39 Cr
		P/E Ratio	0.00	(0.00)
		Increase/(Decrease) in market cap	8.61%	
8	Average percentile increase already made in the salaries other than the Managerial Personnel in the last financial year and its comparison with the percentile in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There was no increase in the remuneration of Managerial Personnel in last financial year.		
9	Comparison of each remuneration of the key managerial personnel against the performance of the Company	Not Applicable since the Company has incurred loss		
10	The key parameters for any variable component of remuneration availed by directors	NA. The Company does not have any variable pay structure for its directors		
11	The ratio of remuneration of the highest paid director to employees who are not directors but receive remuneration in excess of highest paid directors	NA. Refer Pt no.1		
12	Remuneration as per Policy	The Remuneration paid to Directors/ senior management personnel was as per the Remuneration policy of the Company.		

Annexure 3

**EXTRACT OF ANNUAL
RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L65990MH1994PLC076788
2.	Registration Date	24-02-1994
3.	Name of the Company	Explicit Finance Limited
4.	Category/Sub-category of the Company	Public Limited
5.	Address of the Registered office & contact details	305, Sohan Commercial Plaza, Vasai(E), Palghar -401210 Tel:9320478152
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Adroit Corporate Services P Ltd., 19/20, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai- 400 059. Tel: 022-42270400

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	NBFC Company	---	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NONE

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NA		

Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0	0
2. Non- Institutions										
a) Bodies Corp.										
i) Indian	5221980	111000	5332980	57.55	5181719	111000	5292719	57.11	-0.44%	
ii) Overseas	0	0	0	0	0	0	0	0	0	
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	540276	1180200	1720476	18.57	729027	1281300	2010327	21.69	3.12%	
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	452144	640900	1093044	11.79	309729	534025	843754	9.11	-2.68%	
c) Others (specify)										
Non Resident Indians	0	0	0	0	0	0	0	0	0	
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0	
Foreign Nationals	0	0	0	0	0	0	0	0	0	
Clearing Members	300	0	300	0						
Trusts	0	0	0	0	0	0	0		0	
Foreign Bodies - D R	0	0	0	0	0	0	0		0	
Sub-total (B)(2):-	6214700	1932100	8146800	87.91	6220475	1926325	8146800	87.91	0	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6214700	1932100	8146800	87.91	6220475	1926325	8146800	87.91	0	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0		0	
Grand Total (A+B+C)	7335500	1932100	9267600	100	7341275	1926325	9267600	100	0	

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Gopal Dave	103000	1.11	0	103000	1.11	0	0
2	Avinash Mainkar	72800	0.79	0	72800	0.79	0	0
3	Trunadhanya Trading P Ltd.	945000	10.19	0	945000	10.19	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1120800	12.09	1120800	12.09
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	1120800	12.09	1120800	12.09

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	6268790	67.64	6268790	67.64
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	6268790	67.64	6268790	67.64

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1120800	12.09	1120800	12.09
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
	At the end of the year	1120800	12.09	1120800	12.09

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1799041	0	1799041
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
* Addition	0	306082	0	306082
* Reduction	0	1799041	0	1799041
Net Change	0	-1799041	0	-1799041
Indebtedness at the end of the financial year	0			
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	306082	0	306082
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	306082	0	306082

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

NOTE: Please note that No salary was paid to ANY DIRECTORS.

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		----	---	---	---	
1	Gross salary	0				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		----	---	---	---	
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN
MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	0	0		0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	240000	240000
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	0	240000	240000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	NA	0	0	NA
Punishment	0	NA	0	0	NA
Compounding	0	0	0	0	NA
B. DIRECTORS					
Penalty	0	NA	0	0	NA
Punishment	0	NA	0	0	NA
Compounding	0	NA	0	0	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	NA	0	0	NA
Punishment	0	NA	0	0	NA
Compounding	0	NA	0	0	NA

EXPLICIT FINANCE LIMITED

REPORT ON CORPORATE GOVERNANCE

AS PER NEW CLAUSE OF LODR W.E.F. 1ST DEC 2015

The Report is on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Regulation 27 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after to be referred as 'Regulations').

1. PHILOSOPHY ON CORPORATE GOVERNANCE CODE

The Company seeks to adopt good corporate Governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

2. BOARD OF DIRECTORS

(a) Composition / Category of Directors

i. Promoter Directors	
• Executive	1
• Non Executive	2
ii. Independent Non Executive	2
Total	5

(b) Attendance of each Director at the Board Meetings:

Four (4) Board Meetings were held during the Financial Year 2015-16 on 29th May 2015, 12th August 2015, 12th November, 2015 and 13th February 2016. The attendance of the Directors is as under:

Name of Directors	Nature of Directorship	No. of Board Meetings attended	Attendance at the previous AGM	Directorship in other Public Ltd. Companies*
Swati Dave	Managing Director, Executive	4	Yes	Nil
Jayesh Jain	Non Executive, Independent	4	Yes	Nil
Lata Dave	Non Executive, Independent	4	Yes	Nil
Satish Pai	Non Executive, Non Independent	4	Yes	Nil
Avinash Mainkar	Non Executive, Non Independent	4	Yes	Nil

None of the Directors are related to each other.

None of the Directors on Board is Member of Board level committees and Chairman of such committees, across all other public ltd. companies in which he or she is a director.

* As required in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, it does not include directorship in foreign companies, companies registered under Section 8 of the Companies Act, 2013 and private limited companies.

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(c) Shareholding of a Non-Executive / Independent Directors of the Company as on 31st March 2016

Name of the Director	Nature of Directorship	No. of Shares held
Lata Dave	Non Executive, Independent	15200
Avinash Mainkar	Non Executive, Non Independent	72800
Satish Pai	Non Executive, Non Independent	58000

(d) Web link for Familiarization programmes imparted to Independent Directors

<http://www.explicit.net/policies/FamiliarisationProgrammeforID.pdf>

3. AUDIT COMMITTEE:

The role, terms of reference, authority and powers of this Committee are in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations, as amended to date.

(a) Terms of Reference:-

The terms of reference of Audit Committee includes the following

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending for appointment, remuneration and terms of appointment of auditors of the company;
3. Approving of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report

EXPLICIT FINANCE LIMITED

- submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the independence, performance and effectiveness of audit process of statutory and internal auditors;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussing with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. Review the functioning of the Whistle Blower mechanism;
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
 21. Review the following information,
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 22. In addition to the above, all items listed in Regulation 18 (3)-Part C of Schedule II of the Listing Regulations, as may be amended from time to time.

(b) Composition

The Audit committee is constituted in accordance with various requirements under the Companies Act, 2013 and Regulation 18 of the Listing Regulation. The present Audit Committee consists of the following Directors:

Mr. Jayesh Jain	- Chairman, Independent, Non Executive
Mr. Satish Pai	- Member, Non Independent, Non Executive
Mrs. Lata Dave	- Member, Independent, Non Executive

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(c) Meetings and Attendance

Committee met on (4) Four occasions during the financial year on 29th May 2015, 12th August, 2015, 12th November 2015 and 13th February 2016. Attendance details of all the committee members are as under.

Name	No. of Meetings attended
Mr. Jayesh Jain	4
Mr. Satish Pai	4
Mrs. Lata Dave	4

Representatives of Statutory Auditors and Internal auditor are also invited to attend the meetings.

4. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The company in order to maintain highest standards of ethical, moral and legal conduct, adopted Vigil Mechanism/Whistle Blower policy to provide an avenue to its employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentations of any financial statements and reports, etc. The Audit committee of the company oversees the said mechanism from time to time. None of the Company personnel has been denied access to the Audit Committee.

5. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee is constituted in accordance with various requirements under Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulation. The role of the Nomination and Remuneration Committee is to determine and recommend the Company's policy on specific remuneration package for Wholetime Directors and Senior Management personnel, evaluation of performance of the Directors.

A. Terms of Reference

- i. Formulate criteria for determining qualifications, positive attributes and independence of directors and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel, and other personnel.
- ii. Identifying and assessing potential individuals with reference to their expertise, skills, qualifications, attributes and personal and professional standing for appointment / re-appointment as Directors/Key managerial Personnel in the Company.
- iii. Support the Board of Directors for formulating policies for evaluation of performance of directors.
- iv. Recommend compensation payable to the Executive Directors, Directors and Senior Managerial Personnel

B. Composition

The present Audit Committee consists of the following Directors:

Mr. Jayesh Jain	- Chairman, Independent, Non Executive
Mrs. Lata Dave	- Member, Independent, Non Executive
Mr. Avinash Mainkar	- Member, Non Independent, Non Executive

EXPLICIT FINANCE LIMITED

C. Meetings and Attendance

During the year ended March 31, 2016 the Committee met once on 6th October 2015 at which all its prevalent members were present. Ms. Swati Dave, Managing director of the company has waived her remuneration considering the financial position of the Company.

D. Performance evaluation criteria for Independent Directors

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance evaluation of Executive/Non-Executive/Independent Directors. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement.

The following are the criteria on the basis of which the Directors are evaluated:

- 1) Knowledge to perform the role.
- 2) Time and Level of Participation.
- 3) Performance of Duties and Level of Oversight.
- 4) Professional Conduct and Independence.

E. Appointment and Remuneration Policy

The Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors, CEO & Managing Director, Key Managerial Personnel and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

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CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Managing Director comprises only of fixed component. The fixed component comprises salary, allowances and perquisites.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the criticality of roles played and responsibility shouldered, overall experience and personal traits, annual increments are determined based on individual performance

Director with pecuniary relationship or business transaction with the Company.

The Managing Director receive Salary, perquisite and allowances however the Company currently does not pay any compensation and sitting fees to Non Executive Directors.

6. REMUNERATION OF DIRECTORS:

a) There was no pecuniary relationship or transactions between any non executive director and the company during the financial year 2015-2016.

b) Non Executive Directors

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.

c) Details of Remuneration paid to Directors of the Company is as follows:

The company has not paid any remuneration to its executive Directors.

EXPLICIT FINANCE LIMITED

The Company has not issued any Stock Options to any of the Directors.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of Mr. Avinash Mainkar, Non Executive Director as a Chairperson and Mr. Jayesh Jain as a Member. The Board has designated Mrs. Swati Dave, Managing Director as the Compliance Officer of the Company.

The Committee meets periodically to deal with share-related matters like transfers, transmission etc., and monitor redressal of complaints from the shareholders. During the year under review company has not received any complaint. There were no shares pending for transfer from the shareholders as at March 31, 2016.

The brief terms of reference of Stakeholders Relationship Committee are as under:

1. To oversee the share transfer process
2. To monitor the redressal of stakeholders' grievances
3. To consider and approve issue of share certificates on requests for duplicate certificates, consolidation of folios etc.
4. To do all such acts, deeds, matters and things as may be necessary or expedient for performing any of the above acts.

8. FINANCE COMMITTEE

The constitution of the Finance Committee is as follows:

Mrs. Swati Dave	- Chairman, Non Independent, Executive
Mr. Jayesh Jain	- Member, Independent, Non Executive
Mrs. Lata Dave	- 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.

9. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2012-2013	305, Sohan Commercial Plaza, Vasai (E), Palghar - 401210	30 th September, 2013	9.30 A.M.
2013-2014	305, Sohan Commercial Plaza, Vasai (E), Palghar - 401210	30 th September, 2014	9.30 A.M.
2014-2015 *	305, Sohan Commercial Plaza, Vasai (E), Palghar - 401210.	30 th September, 2015	9.30 A.M.

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* During the last Financial Year ended 31st March, 2015, one resolution pertaining to adoption of new Articles of Association of the Company was passed by way of Special Resolution.

During the year ended 31st March 2016, there have been no resolutions passed by the Company's shareholders by postal ballot.

None of the Business is proposed to be transacted in the ensuing Annual General Meeting, require passing of resolution through postal ballot.

10. MEANS OF COMMUNICATIONS

The Company has promptly reported all material information including Quarterly Results and press releases to the Bombay Stock Exchange 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. Also same are posted on our website: www.explicitfinance.net Further, all other price sensitive and other information is sent to the Stock Exchange where shares of the Company are listed, enabling them to display the same on their website.

11. GENERAL SHAREHOLDER INFORMATION:

a) Annual General Meeting

Date and Time :	30 th September 2016 at 9.30 a.m.
Venue :	305, Sohan Commercial Plaza, Vasai (E), Palghar - 401210.

b) Financial year: 1st April, 2015 to 31st March, 2016

For the year ended 31st March 2016, results were announced on:

12 th August 2015	First Quarter
12 th November 2015	Second Quarter
13 th February 2016	Third Quarter
27 th May 2016	Fourth Quarter & Annual Results

For the year ending 31st March 2017, results will be announced as per the tentative schedule below.

2 nd week of August 2016	First Quarter
2 nd week of November 2016	Second Quarter
2 nd week of February 2017	Third Quarter
4 th week of May 2017	Fourth Quarter & Annual Accounts

c) Book Closure:

The dates of book closure are from Monday, 26th September, 2016 to Friday, 30th September, 2016.

d) Dividend:

The company has not declared any dividend for the year ended 31st March, 2016.

e) Listing on Stock Exchange:

The Company's shares are listed on The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.

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The company has paid the listing fees for the financial year 2016-17 to the Stock Exchange on which Company's shares are listed. The Company has also paid custodial fees for the year 2016-17 to Central Depository Services (India) Limited. The Company has paid one time custody fees to National Securities Depository Limited under onetime payment scheme.

f) Stock Code:

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

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

g) Market 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, 2016 are given as follows:

Months	High (Rs.)	Low (Rs.)
April 2015	6.90	6.90
May 2015	6.90	6.90
June 2015	6.60	6.00
July 2015	7.47	5.70
August 2015	6.85	6.85
September 2015	7.54	7.19
October 2015	7.17	7.17
November 2015	7.17	7.17
December 2015	7.52	7.15
January 2016	6.80	6.80
February 2016	6.80	6.80
March 2016	7.49	6.80

h) Registrars and Transfer Agents:

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

i) Share Transfer System:

The Company's shares are under compulsory dematerialized list hence the shares traded on the stock exchange are transferable through depository system. Shares in physical form are processed for transfer by the share transfer agent viz. Adroit Corporate Services Pvt. Ltd. and are approved by the share transfer committee. The share transfers are processed within a period of 15 days from the date of its receipt.

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j) Distribution of Share Holding as at 31st March, 2016

Distribution range of Shares	Share holders		Share holdings	
	Number	%	No. of Shares	%
Up to 500	1032	56.51	310251	3.35
501 – 1000	371	20.32	320426	3.46
1001 – 2000	180	9.86	283249	3.06
2001 – 3000	59	3.23	153706	1.66
3001 – 4000	48	2.63	173479	1.87
4001 – 5000	29	1.59	137962	1.49
5001 – 10000	56	3.07	406298	4.38
10001 & above	51	2.79	7482229	80.73
Total	1826	100.00	9267600	100.00

k) Share holding Pattern as on March 31, 2016

Categories	No of Shares	% of Holding
Promoters	1120800	12.09
Private Corporate Bodies	5292719	57.11
Residential Individual	2843356	30.68
NRIs/ OCBs	10725	0.12
Mutual fund/venture Capital Fund	0	0.00
Clearing Members	0	0.00
Total	9267600	100.00

l) Dematerialization of Shares:

97.28% of the equity shares have been Dematerialized upto 31st March 2016.

Break up of shares in physically and demat form as on 31st March 2016 is as follows:

	No of Shares	% of Shares
Physical Segment	1924800	20.77
Demat Segment		
NSDL	1807390	19.50
CDSL	5535410	59.73
Total	15152400	100.00

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

The Company has not issued any GDR's /ADRs / Convertible Instruments.

n) Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

o) Address for correspondence

EXPLICIT FINANCE LIMITED

o) Address for correspondence

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 the Registrar and Transfer Agent of the Company at the following addresses:

Adroit Corporate Services Pvt. Ltd.

Unit: Explicit Finance Ltd.

19, Jaferbhoy Industrial Estate,

Makwana Road, Marol Naka,

Andheri Kurla Road, Safed Pool,

Andheri (East), Mumbai- 400 059.

Tel. No. 28596060/ 42270400 Fax: 2853748

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), Opp Palghar -401210,

Tel No. : 9320478152

Email ID for investors Grievances: info@explicitfinance.net

12. OTHER DISCLOSURES

Disclosures on materially significant related party transactions

During the F.Y. 2015-16, the Company had no material significant related party transactions with its promoters, the directors, or the Management, their subsidiaries or relatives etc having potential conflict with the interest of the company at large. The transaction with the related parties is disclosed in the Notes to the Financial Statements in the Annual Report. All transactions were carried out on an arms-length basis and were not prejudicial to the interest of the company.

The Company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the same is:

<http://www.explicit.net/policies/RELATEDPARTYTRANSACTIONPOLICY>

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.

Compliance

The Company has complied with the mandatory requirements in terms of the Corporate Governance guidelines. However, the company has not yet adopted the non-mandatory requirements.

EXPLICIT FINANCE LIMITED

Accounting treatment in preparation of financial statements

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with Companies (Accounts) Rules, 2014 in preparation of its financial statements.

Directors

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Satish Pai, Director of the Company retires by rotation at the ensuing Annual General Meeting. Mr. Satish Pai being eligible has offered himself for re-appointment. Mr. Satish Pai is a Chartered Accountant having more than 30 years experience in the Finance field.

Mr. Satish Pai is Director in SPAN HOUSING AND CONSTRUCTION COMPANY LIMITED

13. CEO/ CFO CERTIFICATION

The Managing Director of the Company has issued a Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statements and these statements represents a true and fair view of the Company's affair.

14. CODE OF CONDUCT:-

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) and 26(3) of the SEBI LODR. All the Directors and senior management personnel have affirmed compliance with the code for the year ended March 31, 2016. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.

15. 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.

EXPLICIT FINANCE LIMITED

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2016

Declaration of Compliance with Code of Conduct

To,
The Members,

“I hereby confirmed that –

As provided under Regulation 17(5) and 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2016.

Swati Dave
Managing Director

DIN: 03299627

Mumbai, dated 12th August 2016

EXPLICIT FINANCE LIMITED

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 2016, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations, 2015 (Listing Regulations) as referred to in Regulation 17-27 and 46 (2) (b) (i) of the Listing Regulation for the 1st December, 2015 to 31st March 2016.

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 and representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above referred Corporate Governance Requirements.

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**
Chartered Accountants
Firm Reg No. 120222W

Kapil Gupta
Partner
M. No. 047911

Mumbai, dated 12th August, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of
EXPLICIT FINANCE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **EXPLICIT FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014 as applicable. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

4. 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 financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 of the state of affairs of the Company as at 31st March 2016, and its **Profit** and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
8. As required by section 143(3) of the Act, we further report that:
 - a) We have sought and 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 it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act
- f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses does not arise.
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any Sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For MVK Associates
Chartered Accountants
Firm Registration No. 120222W

CA. Kapil Gupta
Partner
M. No. 047911

Place: Mumbai
Date: 25th May, 2016

Annexure A referred to in Paragraph 7 of our Report of even date to the members of EXPLICIT FINANCE LIMITED on the accounts of the company for the year ended March 31, 2016

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

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- ii.
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained for significant account balances.
 - b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has not granted any loans or advances in the nature of loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, this clause is not applicable.
- iv. In our opinion and according to information and explanation given to us, the company has complied with the relevant provisions in respect of loans given and/or investments made, as per the provisions of section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and under Section 73 to 76 of the Companies Act, 2013.
- vi. The company is not engaged in the productions of any goods and provision of any services. Hence, the provisions of section 148(1) of the Act do not apply.

vii.

- a) According to the information and explanations given to us and based on the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues, including Provident Fund, 'Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India; According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2016 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

viii. According to the records of the Company, the company has not borrowed from financial institutions or banks or Government issues debentures till 31st March, 2016. Hence this clause is not applicable.

ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/provided any Managerial remuneration during the year. Therefore, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party

Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the company.
- xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MVK Associates
Chartered Accountants
Firm Registration No. 120222W

CA. Kapil Gupta
Partner
M. No. 047911

Place: Mumbai
Date: 25th May, 2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of **EXPLICIT FINANCE LIMITED** on the financial statements as of and for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of **EXPLICIT FINANCE LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Generally Accepted Accounting Principles. A company's internal financial controls over financial reporting includes those policies and procedures that :
 - i. Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
 - ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future period are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company, in all material respect, has an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For MVK Associates
Chartered Accountants
Firm Registration Number: 120222W

CA. Kapil Gupta
Partner
M. No. 047911

Place: Mumbai
Date: 25th May, 2016

Explicit Finance Limited
Balance Sheet as at March 31, 2016

(Amount in INR)

Particulars	Note No.	As at March 31, 2016		As at March 31, 2015	
I Equity & Liabilities					
1. Shareholders' funds					
(a) Share Capital	2	92,676,000		92,676,000	
(b) Reserves and Surplus	3	(4,772,826)		(4,778,132)	
(c) Money Received against Share Warrants		-		-	
			87,903,174		87,897,868
2. Share Application Money Pending Allotment		-		-	
3. Non - Current Liabilities					
(a) Long Term borrowing		-		-	
(b) Deferred Tax Liabilities (Net)		-		-	
(c) Other Non Current Liabilities		-		-	
(d) Long Term Provisions		-		-	
			-		-
3. Current Liabilities					
(a) Short Term borrowing	4	306,082		2,105,124	
(b) Trade Payables	5	728,160		744,790	
(c) Other Current Liabilities	6	13,155		8,511	
(d) Short Term Provisions	7	46,358		78,533	
			1,093,756		2,936,959
TOTAL			88,996,930		90,834,826
II Assets					
1. Non - Current Assets					
(a) Fixed Assets					
Tangible Assets	8	230,798		335,672	
Intangible Assets		-		-	
Capital Work In Progress		-		-	
Intangible Assets Under Development		-		-	
(b) Non - Current Investments	9	543,854		543,854	
(b) Deferred Tax Asset (Net)		-		-	
(c) Long - Term Loans and Advances	10	47,357		1,910,342	
(d) Other Non-Current Assests		-		-	
			822,009		2,789,867
2. Current Assets					
(a) Current Investments		-		-	
(b) Inventories	11	2,748,540		2,926,845	
(d) Trade Receivable		-		-	
(b) Cash and Cash equivalents	12	352,350		201,436	
(e) Short - Term Loans and Advances	13	85,074,030		84,916,678	
(f) Other Current Assests		-		-	
			88,174,921		88,044,959
TOTAL			88,996,930		90,834,826
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 26				

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 and on Behalf of Explicit Finance Limited

CA. KAPIL GUPTA
Partner
Membership No. 047911

Swati G. Dave
Director
DIN-03299627

Avinash B. Mainkar
Director
DIN-01986289

Place : Mumbai
Date : May 25,2016

Place : Mumbai
Date : May 25,2016

Explicit Finance Limited
Statement of Profit and Loss for the year ended March 31, 2016

(Amount in INR)

	Particulars	Note No.	For the year ended March 31, 2016		For the year ended March 31, 2015	
I	Revenue from Operations	14	56,508,514		72,112,874	
II	Other Income	15	33,560		12,689	
III	Total Revenue (I + II)			56,542,074		72,125,563
IV	Expenses					
	Operating Expenses	16	53,166,209		69,316,429	
	Changes in Inventories	17	178,305		366,554	
	Employee Benefits Expenses	18	1,005,830		1,204,880	
	Finance Costs	19	214,525		118,821	
	Depreciation and Amortization Expense	8	104,874		104,688	
	Other Expenses	20	1,828,614		1,018,424	
	Total Expense			56,498,356		72,129,796
IX	Profit / (Loss) before Tax (VII-VIII)			43,718		(4,233)
X	Tax Expense:					
	(a) Current Tax		24,528		-	
	(b) Deferred Tax		4,644		(8,676)	
	(c) Tax of Earlier Year		9,240		7,730	
				38,412		(946)
XI	Profit / (Loss) for the Period (IX - X)			5,306		(3,287)
XII	Weighted average number of equity shares outstanding during the year					
	(1) Basic			9,267,600		9,267,600
	(2) Diluted			9,267,600		9,267,600
XIII	Earnings Per Equity Share (Face Value Re. 10/- Per Share):	21				
	(1) Basic (Rs.)			0.00		(0.00)
	(2) Diluted (Rs.)			0.00		(0.00)
	Significant Accounting Policies	1				
	Notes to Financial Statements	2 to 26				

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 and on Behalf of Explicit Finance Limited

CA. KAPIL GUPTA
Partner
Membership No. 047911

Swati G. Dave
Director
DIN-03299627

Avinash B. Mainkar
Director
DIN-01986289

Place : Mumbai
Date : May 25,2016

Place : Mumbai
Date : May 25,2016

Notes to financial statements for the year ended March 31, 2016

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 net realisable 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 rate.

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 as at March 31, 2016

Note 2 - Share Capital

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised :		
10,000,000 Equity Shares of Rs. 10/- each (Previous Year 10,000,000 Equity Shares of Rs. 10/- each)	100,000,000	100,000,000
TOTAL	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and Paid-up :		
9,267,600 Equity Shares of Rs.10/- each (Previous Year 9,267,600 Equity Shares of Rs.10/- each)	92,676,000	92,676,000
TOTAL	<u>92,676,000</u>	<u>92,676,000</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) 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, 2016	As at March 31, 2015
No. of shares at the beginning of the year	9,267,600	9,267,600
Add: Issue of Shares during the year		
Conversion of Share Warrants	-	-
No. of shares at the end of the year	<u>9,267,600</u>	<u>9,267,600</u>

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

No. of Shares held by	As at March 31, 2016		As at March 31, 2015	
	Nos.	%	Nos.	%
Brij Plantations Pvt Ltd.	1,230,000	13.27%	1,230,000	13.27%
Angelica Trading Pvt. Ltd.	1,375,000	14.84%	1,375,000	14.84%
Transdeal Securities Pvt. Ltd.	1,225,000	13.22%	1,225,000	13.22%
Tungareshwar Food Products Pvt. Ltd.	1,225,000	13.22%	1,225,000	13.22%
Trunadhanya Trading Pvt.Ltd	945,000	10.20%	945,000	10.20%

(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 as at March 31, 2016

Note 3 - Reserves & Surplus

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Special Reserve		
Balance as at beginning of the year	-	-
Add: Amount transferred from surplus in statement of Profit and Loss during the year	1,061	-
Balance as at end of the year	1,061	-
Surplus/(Deficit) in the Profit & Loss Account		
Opening balance	(4,778,132)	(4,774,845)
Add: Profit / (Loss) for the year	5,306	(3,287)
Amount available for appropriations	(4,772,826)	(4,778,132)
Appropriations:		
Less: Transferred to special reserve	(1,061)	-
TOTAL	<u>(1,061)</u> <u>(4,773,888)</u>	<u>-</u> <u>(4,778,132)</u>
	<u>(4,772,826)</u>	<u>(4,778,132)</u>

Note 4 - Short Term borrowing

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured Loans		
Inter Corporate Deposit	306,082	2,105,124
TOTAL	<u>306,082</u>	<u>2,105,124</u>

Note 5 - Trade Payables

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Total Outsanding dues of Micro & Small enterprise	-	-
Total Outstanding dues of creditors other than Micro & Small enterprise.	728,160	744,790
	<u>728,160</u>	<u>744,790</u>

Note 6 - Deferred Tax Liabilities (Net)

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Liabilities		
on Fixed Assets		
(i) Timing differences on Tax Provisions	13,155	8,511
(A)	13,155	8,511
Assets		
(i) Timing differences on Tax Provisions	-	-
(B)	-	-
TOTAL (A + B)	<u>13,155</u>	<u>8,511</u>

Note 7 - Other Current Liabilities

(Amount in INR)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Expenses	34,029	16,854
TDS Payable	12,329	61,679
Provision for Tax	-	-
TOTAL	<u>46,358</u>	<u>78,533</u>

Explicit Finance Limited

Note 8 - Fixed Assets

Description	Gross Block					Depreciation Block			Net Block			
	Beginning of Current Period	Additions	Deductions/Adjustments	End of Current Period	Upto Beginning of Current Period	For the Period	Deductions/Adjustments	Upto End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(i) Tangible Assets												
Furnitures and Fixtures Owned	205,888	-	-	205,888	177,665	28,223	-	205,888	-	-	(0)	28,223
Vehicles Owned	406,956	-	-	406,956	104,568	75,804	-	180,372	-	-	226,584	302,388
Office Equipments Owned	82,712	-	-	82,712	82,712	-	-	82,712	-	-	-	-
Computers and Printers Owned	331,494	-	-	331,494	331,494	-	-	331,494	-	-	-	-
Air Conditioner Owned	32,400	-	-	32,400	27,339	847	-	28,186	-	-	4,214	5,061
TOTAL	1,059,450	-	-	1,059,450	723,778	104,874	-	828,652	-	-	230,798	335,672
PREVIOUS YEAR	1,059,450	-	-	1,059,450	619,090	104,688	-	619,090	-	-	440,360	469,443
(ii) Intangible Assets												
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	1,059,450	-	-	1,059,450	723,778	104,874	-	828,652	-	-	230,798	335,672

(a)

Explicit Finance Limited
Notes to financial statements as at March 31, 2016

Note 9- Non-Current Investments

(Amount in INR)

Particulars	As at March 31, 2016		As at March 31, 2015	
Trade Investments				
Investment in Equity Instruments				
Global film & broadcasting Ltd.	123180 Shares	138,227	123180 Shares	138,227
Prov. for Dimination In Value of Investment (Global film & broadcasting Ltd.)	123180 Shares	(138,227)	123180 Shares	(138,227)
Kirloskar Electricals Ltd (Market Value as on 31.3.2016 Rs.156,578/-)	4803 Shares	543,854	4803 Shares	543,854
TOTAL		543,854		543,854

Note 10- Long Term Loans and Advances:

(Amount in INR)

Particulars	As at March 31, 2016		As at March 31, 2015	
Others - Long Term Loans & Advances		47,357		1,910,342
TOTAL		47,357		1,910,342

Note 11 - Inventories

(Amount in INR)

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Stock in Trade (Shares & Securities)		2,748,540		2,926,845
TOTAL		2,748,540		2,926,845

(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 - "Valuation of Inventories" as issued by the ICAI.

Note 12 - Cash & Cash equivalents

(Amount in INR)

Particulars	As at March 31, 2016		As at March 31, 2015	
(i) Balances with Banks :				
- Current Accounts		38,632		141,991
(ii) Cash-in-hand		313,718		59,444
TOTAL		352,350		201,436

Note 13 - Short-Term Loans and Advances

(Amount in INR)

Particulars	As at March 31, 2016		As at March 31, 2015	
Other Loans and Advances				
(Unsecured, considered good)				
Advance recoverable in cash or in kind				
- Intercompany Loans		13,547,206		12,805,783
- Other Loans & Advances		70,659,093		71,572,603
		84,206,299		84,378,386
Balances with statutory / revenue authorities :				
- Income Tax		867,731		538,292
		867,731		538,292
TOTAL		85,074,030		84,916,678

Explicit Finance Limited
Notes to financial statements for the year ended March 31, 2016

Note 14 - Revenue from Operations

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of Shares	50,140,910	65,376,958
(b) Sale of Services Professional Services	-	-
(c) Interest Received	6,367,604	6,735,916
TOTAL	<u>56,508,514</u>	<u>72,112,874</u>

Note 15 - Other Income

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(i) Interest Income on		
- Bank Deposits	-	-
- Others	-	-
(ii) Dividend Income on		
- Investment in Other Long-Term Instruments	5,759	11,225
(iii) Other Non-Operating Income (net of expenses directly attributable to such income)		
- Miscellaneous Income	27,801	1,464
TOTAL	<u>33,560</u>	<u>12,689</u>

Note 16 - Operating Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Purchases of Shares	53,166,209	69,316,429
TOTAL	<u>53,166,209</u>	<u>69,316,429</u>

Note 17 - Changes in Inventories

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) At the beginning of the period		
Stock in Trade (Shares & Securities)	2,926,845	3,293,399
Less : (b) At the end of the period		
Stock in Trade (Shares & Securities)	2,748,540	2,926,845
TOTAL	<u>178,305</u>	<u>366,554</u>

Note 18 - Employee Benefits Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) (i) Salaries & Wages	976,820	1,184,700
(ii) Staff Welfare Expenses	29,010	20,180
TOTAL	<u>1,005,830</u>	<u>1,204,880</u>

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

Explicit Finance Limited
Notes to financial statements for the year ended March 31, 2016

Note 19 - Finance Costs

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Expenses		
- Others	213,288	116,803
Bank Charges & Commission	1,237	2,018
TOTAL	<u>214,525</u>	<u>118,821</u>

Note 20 - Other Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Books & Periodicals	18,000	14,450
Depository Charges	56,843	45,742
Insurance	-	9,563
Printing and Stationery	59,725	31,240
Communication Costs	16,084	46,719
Listing, Registrar & Share Issue/Transfer Expenses	224,720	180,695
Legal & Professional Fees - Other than payments to Auditor :		
- Legal & Professional Fees	1,121,500	516,500
- Registration charges	<u>58,584</u>	<u>-</u>
Payments to Auditors :		
- Audit fees	17,175	16,854
Conveyance & Travelling	140,878	79,765
Office & General Expenses	115,104	76,896
TOTAL	<u>1,828,614</u>	<u>1,018,424</u>

Note 21 - Earnings Per Equity Share

(Amount in INR)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Net Profit / (Loss) after tax attributable to equity shareholders for		
Basic EPS	5,306	(3,287)
Add/Less: Adjustment relating to potential equity shares		-
Net Profit / (Loss) after tax attributable to equity shareholders for	5,306	(3,287)
Diluted EPS		
(b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	9,267,600	9,267,600
For Diluted EPS	9,267,600	9,267,600
(c) Face Value per Equity Share (Rs.)	10.00	10.00
Basic EPS	0.00	(0.00)
Diluted EPS	0.00	(0.00)

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2016

Note 22 - Related Party Details

(a) Key Management Personnel

Swati 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
---------------------------------	------------

(c) Related Party Transactions

- In relation to (a)	NIL
- In relation to (b)	NIL

Note 23 - 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 24 - Operating leases

The Company has not taken any property or equipment on lease

Note 25 - 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 26 -Previous year figures

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

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 and on Behalf of Explicit Finance Limited

CA. KAPIL GUPTA
Partner
Membership No. 047911

Swati G. Dave
Director
DIN-03299627

Avinash B. Mainkar
Director
DIN-01986289

Place : Mumbai
Date : May 25,2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016.

Rs. In Lacs

		Year ended 31.03.2016	Year ended 31.03.2015
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax and extraordinary items	0.44	(0.04)
	Adjustment for		
	1. Depreciation	1.05	1.05
	2. Short provision for Tax in earlier year	(0.38)	(0.08)
	3. Dividend	(0.06)	(0.11)
	4. Loss on Sale /Conversion of Assets	0.00	0.00
	5. Loss on Sale of Shares	0.00	0.00
	6. Dimunation In Value of Investment	0.00	0.00
	Operating Profit (Loss) before working capital changes	1.04	0.82
	Adjustments for		
	1. Trade and other receivable	17.06	(59.46)
	2. Trade Payables	(0.44)	7.62
	3. Stock in Trade	1.78	3.67
	4. Trade Debtors	0.00	18.00
	Net Cash generated from operating Activities	19.44	(29.36)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	0.00	0.00
	Purchase of Investments	0.00	0.00
	Investment Converted in to Stock	0.00	0.00
	Sale of Investments	0.00	0.00
	Sale of Assets	0.00	0.00
	Dividend	0.06	0.11
	Net Cash used in Investing Activities	0.06	0.11
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Application Money	0.00	0.00
	Unsecured loan	(17.99)	21.05
	Net Increase in cash and cash equivalents (A)	1.51	(8.20)
	Cash and Cash equivalents as at (Opening Balance)	2.01	10.21
	Cash and Cash equivalents as at (Closing Balance)	3.52	2.01

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 : May 25,2016

Swati G. Dave
 Director
 DIN-03299627

Avinash B. Mainkar
 Director
 DIN-01986289

EXPLICIT FINANCE LIMITED

CEO CERTIFICATION (Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015)

In terms of regulation 17(8) of SEBI (LODR) Regulations, 2015, Managing Director and Chief Financial officer of the Company has certified to the Board that:

- A. We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. 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 are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and steps have been taken to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that:
 - 1. there has not been any significant change in internal control over financial reporting during the year;
 - 2. there has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - 3. We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board
For Explicit Finance Limited**

**Swati Dave
Managing Director and acting CEO
DIN: 03299627
Place Mumbai
Dated: 12/08/2016**

EXPLICIT FINANCE LIMITED

CIN No.: L65990MH1994PLC076788

Registered Office: 305, Sohan Commercial Plaza, Vasai (E), Opp. Shivsena Office, Palghar- 401210

Form No. MGT-11**Proxy Form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company:	EXPLICIT FINANCE LIMITED
CIN	: L65990MH1994PLC076788
Registered Office	: 305, Sohan Commercial Plaza, Vasai (E), Opp. Shivsena Office Palghar-401210

Name of the Member(s) :
Registered Address:
E-mail Id :
Folio No./Client ID :
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail ID		Signature	
	Or Failing him			
2.	Name			
	Address			
	E-mail ID		Signature	
	Or Failing him			
3.	Name			
	Address			
	E-mail ID		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22ND Annual General Meeting of the Company, to be held on the September 30, 2016 At 9.30 a.m. at 305, Sohan Commercial Plaza, Vasai (E), Opp. Shivsena Office Palghar- 401210 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions
1	To receive, consider and adopt the audited financial statements of the company including the Audited Balance Sheet as at 31 st March 2016, the Statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon
2	To appoint a Director in place of Mr.Satish Pai having DIN: 03225392, who retire by rotation and being eligible, offers herself for re-appointment.
2	To ratify the appointment of M/s. MVK Associates, Chartered Accountants, (Firm Reg. No: 120222W), as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

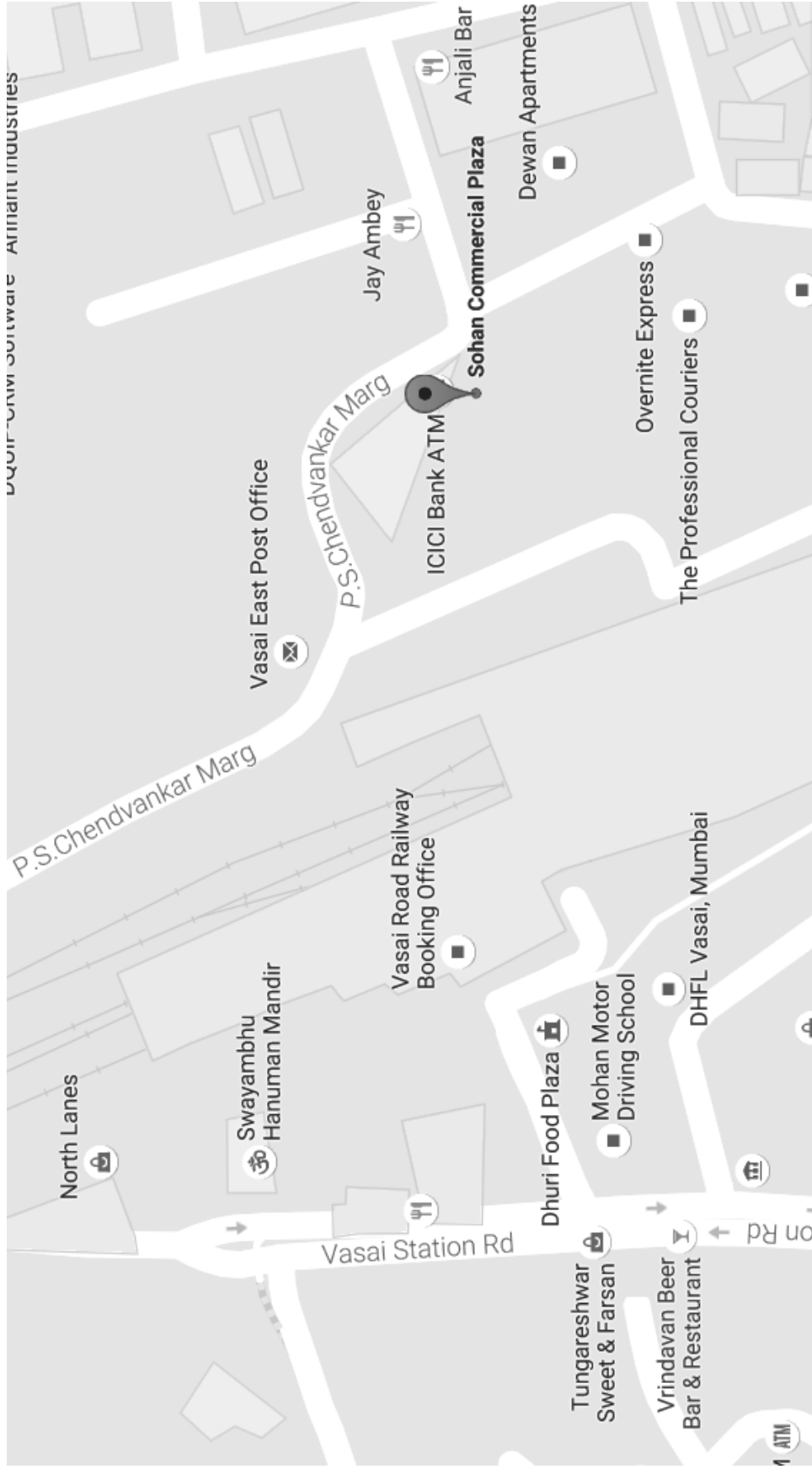
Signed this _____ day of _____, 2016

Signature of Member _____

Proxy holder(s) Signature _____

Affix Re. 1/- Revenue Stamp

Note: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.



Digital CRM Software - Affluent Industries

To,

If undelivered please return to:
Explicit Finance Ltd.,
305, Sohan Commercial Plaza,
Vasai (E), Palghar - 401210