

EXPLICIT FINANCE LIMITED

20<sup>TH</sup>

ANNUAL REPORT

2013 – 2014

**CONTENTS**

Directors' Report
Auditors' Report
Balance Sheet
Profit & Loss Account

**BOARD OF DIRECTORS**

*Shri Jayesh Jain*  
*Shri Gopal Dave*  
*Shri Avinash Mainkar*  
*Shri Satish Pai*  
*Shri Deepak Oza*  
*Smt. Swati 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 Ltd.

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## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of “**EXPLICIT FINANCE LTD.**” will be held at 305, Sohan Commercial Plaza, Vasai (E), Thane -401210 on 30<sup>th</sup> September 2014 at 09.30 A.M. to transact the following Business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit & Loss Account for the year ended on that date and the Auditor’s Report and the Directors’ Report thereon.
2. To appoint a director in place of Mr.Avinash Mainkar (DIN:01986289), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

“**RESOLVED** that pursuant to provisions of section 139 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s MVK Associates, Chartered Accountants(Firm Registration No. 120222W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the third consecutive AGM of the Company (Subject to ratification of their appointment at every AGM), on remuneration as may be mutually agreed between the Board of Directors of the company and the Auditors.”

### **SPECIAL BUSINESS:**

4. **TO APPOINT MR. JAYESH JAIN AS AN INDEPENDENT DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Jayesh Jain (DIN02303327), Director of the Company, who retire by rotation at the AGM pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years commencing from 30th September, 2014 to 29th September, 2019 .

5. **TO APPOINT MR. DEEPAK OZA AS AN INDEPENDENT DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Deepak Oza (DIN 01076787), Director of the Company, whose period of office is liable to be considered for

## Explicit Finance Ltd.

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determining retirement of directors by rotation pursuant to the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years commencing from 30<sup>th</sup> September 2014 to 29<sup>th</sup> September 2019 .

### **6. TO APPOINT MRS. SWATI DAVE AS A DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013.**

To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

**“RESOLVED** that, pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, to the Companies Act, 2013, Mrs. Swati Dave (DIN 03299627), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 22,2014 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013, along with the deposit of requisite amount, signifying his intention to propose Mrs.Swati Daveas a candidate for the office of a Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

## Explicit Finance Ltd.

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### NOTES:

1. *A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.*
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The register of members and the share transfer books will remain closed from Thursday 25<sup>th</sup> September 2014 to Tuesday 30<sup>th</sup> September 2014 (Both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
4. 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., 119, 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.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. A brief profile of Directors seeking appointment/re-appointment at the Annual General Meeting is given in the Corporate Governance section of the Annual Report.
7. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to send the same to the Office of the registrar and Transfer Agent of the Company.
8. 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.
9. **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, the Company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).
  - b) A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.
  - c) During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. 28<sup>th</sup> August, 2014, may cast their vote electronically.
  - d) The e-voting period commences at 10.00 a.m. on Monday, 22<sup>nd</sup> September, 2014 and ends at 5:00 p.m. on Wednesday, 24<sup>th</sup> September, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.

## Explicit Finance Ltd.

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- e) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- f) 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.
- g) The Board of Directors at their meeting has appointed Mr.R N Gupta, Practicing Company Secretaries as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- h) Instructions for e-voting:  
The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting for AGM. The instructions for e-voting are as under:
- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (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.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• 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 last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

## Explicit Finance Ltd.

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|  | <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</li></ul> |
|--|--|

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly 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 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 e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> 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.
- (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 changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

## Explicit Finance Ltd.

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- (xviii) The voting period begins on 22/09/2014(10.00 am) and ends on 24/09/2014 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of DD/MM/YYYY, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (xiv) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of DD/MM/YYYY.
- (xxi) Mr. R N Gupta, Proprietor of M/s R N Gupta & Co., Practicing Company Secretaries (Membership No. FCS-4693, CP No. 3131) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxii) . The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxiii) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.explicitfinance.net](http://www.explicitfinance.net) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited

**REGD OFFICE:**  
305, Sohan Commercial Plaza,  
Vasai (E), Thane -401210

Dated: August 25, 2014

**By Order of the Board of Directors**

**Gopal Dave**  
Managing Director

# Explicit Finance Ltd.

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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013.

#### SPECIAL BUSINESS

##### ITEM NO. 4

Pursuant to the provisions of section 149 of the Companies Act, 2013 (“2013 Act”) which came into effect from April 1, 2014, every listed Company is required to have at least one third of the total number of Directors as Independent Directors, who are not liable to retire by rotation. The Securities and Exchange Board of India (“SEBI”) vide its circular has directed that these Independent Directors are required to be appointed for 5 consecutive years and for maximum two term of such five years and those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. The Board of Directors at its meeting held on August 25, 2014 has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the 2013 Act and the SEBI circular. In effect the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceeds 5 years.

Mr. Jayesh Jain is a Non-Executive, Independent Director of the Company. He is on the Board of the Directors of the Company since 27th January, 2004.

Mr. Jayesh Jain is a graduate from Mumbai University. A brief resume of Mr. Jayesh Jain, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

Mr. Jayesh Jain does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Jayesh Jain, being eligible and offering himself for appointment, proposed to be appointed as an Independent Director on the Board of the Company for five consecutive years for a term upto September 29, 2019.

Except Mr. Jayesh Jain none of the Directors and Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise in the resolution.

The Board recommends the resolutions set forth in the Item Nos. 4 of the Notice for approval of the members

##### ITEM NO. 5

Pursuant to the provisions of section 149 of the Companies Act, 2013 (“2013 Act”) which came into effect from April 1, 2014, every listed Company is required to have at least one third of the total number of Directors as Independent Directors, who are not liable to retire by rotation. The Securities and Exchange Board of India (“SEBI”) vide its circular has directed that these Independent Directors are required to be appointed for 5 consecutive years and for maximum two term of such five years and those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. The Board of Directors at its meeting held on August 25, 2014 has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the 2013 Act and the SEBI circular. In effect the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceeds 5 years.

Mr. Deepak Oza is a Non-Executive, Independent Director of the Company. He is on the Board of the Directors of the Company since 17th April, 2008.

Mr. Deepak Oza is a qualified Chartered Accountant. A brief resume of Mr. Deepak Oza, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing

## Explicit Finance Ltd.

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Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

Mr. Deepak Oza does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Deepak Oza, being eligible and offering himself for appointment, proposed to be appointed as an Independent Director on the Board of the Company for five consecutive years for a term upto September 29, 2019.

Except Mr. Deepak Oza none of the Directors and Key Managerial Personnel or their relatives is concerned or interested, financial or otherwise in the resolution.

The Board recommends the resolutions set forth in the Item Nos. 5 of the Notice for approval of the members

### **ITEM NO. 6**

Pursuant to the Companies Act, 2013 read with the Companies (Appointment and Qualification) Rules, 2014 it is mandatory for a listed Company to appoint a Women Director on the Board of the Company. In this regard the Board of Directors at its meeting held on May22, 2014 had identified and appointed Mrs. Swati Dave who had consented to act, as an Additional (Non-Executive) Director of the company w.e.f. 22<sup>nd</sup> May, 2014, liable to be retire by rotation subjects to the approval of Members of the company at the ensuing Annual General meeting of the company. Pursuant to section 161 (1) of the Companies Act, 2013 Mrs. Swati Dave holds office up to the date of this Annual General Meeting.

Mrs. Swati Dave is 43 years by age. A brief resume of Mrs. Swati Dave, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided on Report on Corporate Governance forming part of the Annual Report.

Except Mr. Gopal Dave and Mrs. Swati Dave, none of the Directors and Key Managerial Personnel or their relatives is concerned or interested, financial or otherwise in the resolution.

The Board recommends the resolutions set forth in the Item Nos. 6 of the Notice for approval of the members

### **REGD OFFICE:**

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

Dated: August 25, 2014

**By Order of the Board of Directors**

**Gopal Dave**  
Managing Director

# Explicit Finance Ltd.

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## REPORT OF THE DIRECTORS' AND MANAGEMENT DISCUSSION ANALYSIS

To  
The Members,

Your Directors are presenting the Twentieth Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31st March 2014.

### FINANCIAL RESULTS

Financial results of the company during the year vis-à-vis previous year are as follows: - (Rs. In Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Total Income	838.10	211.11
Profit/(Loss) before Depreciation and Tax	(6.48)	(1.83)
Less: Depreciation	0.29	0.44
Profit/(Loss) before Tax	(6.77)	(2.27)
Less: Provision for Income Tax	0.17	0.05
Profit/(Loss) after Tax	(6.94)	(2.32)
Balance brought forward from previous years	(40.79)	(38.47)
Balance carried to Balance Sheet	(47.75)	(40.79)

### DIVIDEND

In view of brought forward losses, the directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2014.

### PERFORMANCE

The company is mainly engaged into investment and finance activities. Over the reporting period, the total income of the company has increased to Rs. 838.10 lacs from Rs. 211.11 lacs in the previous financial year. The growth performance for financial year 2013-14 was affected by global economic and financial challenges all around the world including India. Henceforth every sector and company's performance and profitability suffered. The capital spending was at lower side. The company has incurred net loss of Rs. 6.94 during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE & DEVELOPMENT

For several years, NBFCs have rapidly emerged as an important segment of the Indian Financial System. The sector is now being recognized as complementary to the banking sector due to the implementation of innovative marketing strategies, introduction of tailor made products, customer-oriented services, attractive rates of return on deposits and simplified procedures. In fact, NBFCs have emerged as a powerful force for financial inclusion in India, serving the bottom of the pyramid rural clients. The financial year 2013-14 witnessed a gradual recovery of the global economy, although the pace has tended to be uneven and prone to uncertainties. At the same time, there has been a distinct change in the pattern of recovery.

### B. OPPORTUNITY & TREATS

Your Company is mainly engaged in the business of Finance and Investment in Capital Market. Business opportunities for Finance Companies are enormous as the new areas and segments are being explored. There is a large scope of small size Finance & Investment Companies like ours, for certain segment of customers, which remain unserved by Banks and large size Investment & Finance Companies.

## Explicit Finance Ltd.

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

### **C. RISKS AND CONCERNS**

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

### **D. OUTLOOK**

NBFCs are characterized by their ability to provide niche financial services in the Indian economy. Because of their relative organizational flexibility leading to a better response mechanism, they are of tenable to provide tailor-made services relatively faster than banks. This enables them to build up a clientele that ranges from small borrowers to established corporate. NBFCs have often been leaders in financial innovations, which are capable of enhancing the functional efficiency of the financial system.

In the long term, given the outlook for continued growth and wealth-creation in India, we continue to believe corporate profits and equity market performance will warrant continued interest from Indian institutional investors and foreign investors also.

### **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.

### **CORPORATE GOVERNANCE**

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

### **PUBLIC DEPOSITS**

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

### **SHARE CAPITAL**

Your company has not made any allotment during the year and hence forth there is no change in the Share Capital of the Company.

## Explicit Finance Ltd.

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### **DIRECTORS**

Pursuant to the provisions of Sections 149(13) and 152 of the Companies Act, 2013 Independent Directors of the Company are not liable to retire by rotation. The term of office of Independent Director is five consecutive years on the Board of the Company, but they will be eligible for re-appointment on passing the Special Resolution for another term of five years. Hence all the Independent Directors of the Company will be appointed for a term of Five years commencing from September 30, 2014 to September 29, 2019.

Pursuant to the provisions of Companies Act, 2013 Mrs. Swati Dave was appointed as an Additional Non-Executive Woman Director of the Company w.e.f. August 8, 2014 liable to retire by rotation.

The Company has received notices under Section 160 of the Companies Act, 2013 from Members of the Company with requisite deposit signifying their intention to propose Mr. Jayesh Jain, Mr. Deepak Oza and Mrs. Swati Dave as Directors of the Company.

The above appointment / re-appointment forms part of the notice convening the Annual General Meeting and the resolutions are recommended for your approval. Brief resume of the Directors proposed to be appointed and reappointed and other information as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is given in Corporate Governance Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- That in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the company for the year under review;
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2014 on a 'going concern' basis.

### **STATUTORY AUDITORS**

M/s. MVK Associates, Chartered Accountants, having Firm registration no. 120222W the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under the provisions of the Companies Act, 2013 and also that their firm is not disqualified within the meaning of Section 141 of the Companies Act, 2013, for such appointment.

The Board of Directors therefore recommends the appointment of M/s. MVK Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2014-2015 for the approval of the members.

## Explicit Finance Ltd.

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### **RBI GUIDELINES**

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

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

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

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

### **THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED**

There is no employee covered pursuant to Section 217(2A) of the companies Act, 1956 in respect of whom particulars are required to be furnished.

### **ACKNOWLEDGEMENT**

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

### **REGD OFFICE:**

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

Dated: August 25, 2014

**By Order of the Board of Directors**

**Gopal Dave**  
Managing Director

# Explicit Finance Ltd.

## REPORT ON CORPORATE GOVERNANCE

### PHILOSOPHY ON CORPORATE GOVERNANCE CODE

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

### BOARD OF DIRECTORS

#### Composition:-

As on 31st March 2014 the Board of Directors comprised of Six (6) directors with an Executive Chairman. The number of Independent Non-Executive Directors (NED's) is 1/3<sup>rd</sup> of the total number of Directors. The composition of the Board is in conformity with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

#### Number of Board Meeting:-

The Board met Four times during the year 2013-2014 on 30<sup>th</sup> May 2013, 31<sup>st</sup> July 2013, 15<sup>th</sup> November, 2013 and 10<sup>th</sup> February 2014.

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

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

Name of Directors	Nature of Directorship	Relationship with each other	Attendance particulars		No. of Directorship and Committee Membership/ Chairmanship in other Public Companies		
			Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Swati Dave##	Non Executive	Spouse of Mr. Gopal Dave	1	No	Nil	Nil	Nil
Avinash Mainkar	Non Executive, Non Independent	***	4	Yes	Nil	Nil	Nil
Satish Pai	Non Executive, Non Independent	***	4	Yes	Nil	Nil	Nil
Jayesh Jain	Chairman Non Executive, Independent	***	4	Yes	Nil	Nil	Nil
Gopal Dave	Managing Director Executive, Non Independent	Spouse of Mrs. Swati Dave	4	Yes	Nil	Nil	Nil
Deepak Oza	Non Executive, Independent	***	4	Yes	Nil	Nil	Nil

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

##Appointed as an Additional Director w.e.f. 22<sup>nd</sup> May, 2014.

## Explicit Finance Ltd.

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

### **Board Procedure:-**

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

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

### **COMMITTEES OF THE BOARD**

#### **Audit Committee**

##### **Composition**

The Audit committee is constituted in accordance with various requirements under the Companies Act, 2013 and Clause 49 of the Listing Agreement. The present Audit Committee consists of the following Directors:

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

Statutory Auditors have also attended the meetings.

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 Agreement, as amended to date.

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

During the financial year 2013-14, four (4) Audit Committee meetings were held as under- 30<sup>th</sup> May, 2013, 31<sup>st</sup> July, 2013, 15<sup>th</sup> November, 2013, 10<sup>th</sup> February, 2014.

All the Committee members were present at all the meetings.

### **Power & Terms of Reference:-**

The Power and Terms of Reference of the Audit Committee are mentioned in Clause 49 of the Listing Agreement entered into with Stock Exchanges and also includes overseeing:

- i. the recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. examination of the financial statement and the auditors' report thereon;
- iv. approval or any subsequent modification of transactions of the company with related parties;
- v. scrutiny of inter-corporate loans and investments;
- vi. valuation of undertakings or assets of the company, wherever it is necessary;
- vii. evaluation of internal financial controls and risk management systems;
- viii. monitoring the end use of funds raised through public offers and related matters
- ix. To review the functioning of the Whistle Blower Mechanism (Formally adopted at meeting of Board of Directors held on August 25, 2014).

### **Vigil Mechanism/Whistle Blower Policy**

Though the Company did not have formal Vigil Mechanism/Whistle Blower Policy till end of financial year 2013-14, in order to maintain highest standards of ethical, moral and legal conduct, it always encouraged its employees to come forward and express their concerns without fear of punishment or unfair treatment, if they suspect any misconduct. However, In terms of provisions of Section 177 (9) of

## Explicit Finance Ltd.

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the Companies Act, 2013, being a listed Company, the Company has formally adopted Vigil Mechanism/ Whistle Blower Policy at its meeting of Board of Directors of the Company held on 8th August, 2014 to provide an avenue to its employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. An audit committee of the Company shall oversee the said mechanism from time to time.

None of the Company personnel has been denied access to the Audit Committee.

### **Nomination and Remuneration Committee:**

In terms of provisions of Section 178 of the Companies Act 2013 and Clause 49 of the Listing Agreement, the Board of Directors, at its meeting held on August 25, 2014, has reconstituted the Remuneration Committee, as Nomination and Remuneration Committee, consequently, the Remuneration Committee was dissolved.

The Nomination and Remuneration Committee consist of two independent Directors and one Non Executive Director viz Mr. Jayesh Jain as a Chairman, Mr. Deepak Oza, and Mrs. Swati Dave as Members.

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. The brief terms of reference of the Committee are as under:

Terms of reference of Nomination and Remuneration Committee

#### A. Terms of Reference

- a. Make recommendations for the appointments on the Board.
- b. Frame Companies Policies on the Board and Directors with the approval of the Board including evaluation of performance of directors.
- c. Recommend compensation payable to the Executive Directors and Senior Personnel.
- d. Review of HR Policies / initiatives.

#### B. Remuneration Policy

The nomination and Remuneration Committee shall ensure that -

- a. Level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- b. Remuneration payable or paid should meet performance benchmarks.
- c. Ensure that remuneration payable or paid to directors, key managerial personnel and senior management is appropriate to the working of the Company and its goals.

### **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.

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

### **Shareholding of a Non-Executive / Independent Directors of the Company as on 31<sup>st</sup> March 2014:**

None of the two independent Director hold any shares of the Company.

### **Stakeholders Relationship Committee**

In accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement the Board of Directors at its meeting held on August 8, 2014 has re-constituted the Shareholders / Investors Grievance Committee and Share Transfer Committee, as Stakeholders Relationship

## Explicit Finance Ltd.

Committee, consequently, the Shareholders Investors Grievance Committee and Share Transfer Committee was dissolved.

The Stakeholders Relationship Committee consists of Mr. Avinash Mainkar, Non Executive Director as a Chairman and Mr. Deepak Oza as a Member. Mr. Gopal Dave is 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, 2014.

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.

### Finance Committee

The constitution of the Finance Committee is as follows:

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

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

### SUBSIDIARY COMPANIES

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

### CEO/ CFO CERTIFICATION

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

### GENERAL BODY MEETING

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

Year	Location	Date	Time
2010-2011	305, SohanCommercial Plaza, Vasai (E), Thane - 401210	30 <sup>th</sup> September, 2011	9.30 a.m.
2011-2012	305, SohanCommercial Plaza, Vasai (E), Thane - 401210	28 <sup>th</sup> September, 2012	9.30 a.m.
2012-2013	305, SohanCommercial Plaza, Vasai (E), Thane - 401210	30 <sup>th</sup> September,2013	9.30 a.m.

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

**Sr.**

**No. Date of Meeting**

**Description of Resolution**

1. 30-09-2011  
To approve and authorize the issue of warrants to the promoter of The Company and /Or others on Preferential Issue basis in terms of Chapter VII of SEBI (ICDR) Regulations,2009

## Explicit Finance Ltd.

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During the year ended 31<sup>st</sup> March 2014, there have been no resolutions passed by the Company's shareholders by postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

### **DISCLOSURES**

#### **Disclosures on materially significant related party transactions:**

During the F.Y. 2013-14, 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.

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

#### **Details of Non compliance(s) by the Company**

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

#### **Risk Management**

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

#### **Code of Conduct:-**

The Company has laid down a code of conduct for all the directors and senior management of the company. All the Directors and senior management personnel have affirmed compliance with the code for 2013-14. A declaration signed by the managing director of the company forms part of the report.

#### **Directors**

As per the provision of Companies Act, 2013 it is proposed to appoint Mr. Deepak Oza and Mr. Jayesh Jain as Independent Directors of the Company for a consecutive period of five years. It is also proposed to appoint Mrs. Swati Dave as a non executive director, who was appointed as an Additional Director by the Board of Directors in its meeting held on 22nd May, 2014. The approval of members is being sought for the appointment/reappointment of the above Directors. A brief resume of the above Directors is as under.

- a) Mr. Deepak Oza is a Fellow Chartered Accountant having more than 20 years of experience incorporate world especially in Brokerage Firm, Taxation, Management and Accounts. He is 45 years by age and appointed as Director of the Company w.e.f. April 17, 2008. He is Chairman of Audit Committee and Member of Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Finance Committee. Mr. Oza does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Oza does not hold Directorship in any other companies.
- b) Mr. Jayesh Jain is a Graduate from Mumbai University having in-depth knowledge in the field of Accounts & Finance and has more than 20 years of experience in various manufacturing sectors and industries. He is around 39 years by age and appointed as Director of the Company w.e.f. January 27, 2004. He is Member of Audit Committee and chairman of Nomination & Remuneration Committee and Stakeholders' Relationship Committee and Finance Committee. Mr. Jain does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Jayesh Jain is not Director in any other company.

## Explicit Finance Ltd.

- c) Mrs Swati Dave is 43 years by age. She is a Arts Graduate from Mumbai University. She has experience in administration and education field. Mrs. Dave is not Director in any other Company.

### Review of Legal Compliance Reports:-

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

### MEANS OF COMMUNICATIONS

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

### GENERAL SHAREHOLDERS INFORMATION

#### Annual General Meeting

Date and Time	: 30 <sup>th</sup> September 2014 at 9.30a.m.
Venue	: 305, SohanCommercial Plaza, Vasai (E), Thane - 401210

#### Financial Calendar:

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

For the year ended 31<sup>st</sup> March 2014, results were announced on:

31 <sup>st</sup> July, 2013	First Quarter
15 <sup>th</sup> November, 2013	Second Quarter
10 <sup>th</sup> February, 2014	Third Quarter
30 <sup>th</sup> May, 2014	Fourth Quarter

For the year ending 31<sup>st</sup> March 2015, results will be announced as per the tentative schedule below.

2 <sup>nd</sup> week of August 2014	First Quarter
2 <sup>nd</sup> week of November, 2014	Second Quarter
2 <sup>nd</sup> week of February, 2015	Third Quarter
4 <sup>th</sup> week of May, 2015	Fourth Quarter & Annual Accounts

#### Book Closure:

The dates of book closure are from Thursday 25<sup>th</sup> September 2014 to Tuesday 30<sup>th</sup> September 2014

#### Dividend:

The company has not declared any dividend for the year ended 31<sup>st</sup> March 2014.

#### Listing on Stock Exchange:

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

The company has paid the listing fees for the financial year 2014-15 to the Stock Exchanges on which Company's shares are listed. The Company has also paid custodial fees for the year 2014-15 to Central Depository Services (India) Limited and National Securities Depository Limited. The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE335G01019.

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

#### Stock Price data:

The monthly high and low prices of your company's shares at Bombay Stock Exchange Limited (BSE) for the year ended 31<sup>st</sup> March 2014 are given as follows:

Months	High (Rs.)	Low (Rs.)
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## Explicit Finance Ltd.

April 2013	6.03	4.00
May 2013	7.20	6.33
June 2013	6.90	6.56
July 2013	6.24	6.24
August 2013	5.93	5.93
September 2013	6.21	6.21
October 2013	10.90	5.90
November 2013	11.45	9.89
December 2013	11.54	8.94
January 2014	13.48	11.80
February 2014	14.75	12.35
March 2014	15.25	12.66

### Registrars and Transfer Agents:

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

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

M/s Adroit Corporate Services Pvt. Ltd.,119, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai- 400 059.

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

Explicit Finance Ltd.

305, SohanCommercial Plaza, Vasai (E), Thane - 401210 Tel No. : 0250-3246249

Email ID for investors Grievances:

The e-mail address for investor's grievances is [explicit\\_finance@rediffmail.com](mailto:explicit_finance@rediffmail.com)

### Share Transfer System:

The 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.

### Distribution of Share Holding as at 31<sup>st</sup> March, 2014

Shareholding of Nominal Value of Rs.	Share holders		Share holdings	
	Number	%	No. of Shares	%
Up to 5000	1005	55.80	306251	3.30
5001 – 10000	366	20.32	316200	3.41
10001 – 20000	185	10.27	291053	3.14
20001 – 30000	57	3.16	148841	1.61
30001 – 40000	50	2.78	180555	1.95
40001 – 50000	30	1.67	142820	1.54
50001 – 100000	56	3.11	408835	4.41
100001 & above	52	2.89	7473045	80.64
<b>Total</b>	<b>2494</b>	<b>100.00</b>	<b>15152400</b>	<b>100.00</b>

### Share holding Pattern as on March 31, 2014

## Explicit Finance Ltd.

Categories	No of Shares	% of Holding
Promoters	1120800	12.09
Private Corporate Bodies	5346466	57.69
Residential Individual	2800334	30.22
NRIs/ OCBs	0	0
Mutual Fund/Venture capital Fund	0	0
Other (Clearing Members)	0	0
<b>Total</b>	<b>9267600</b>	<b>100.00</b>

**Dematerialization of Shares:**

78.86 % of the equity shares have been Dematerialized upto 31<sup>st</sup> March 2014

Break up of shares in physical and demat form as on 31<sup>st</sup> March 2014 is as follows:

	No. of Shares	% of Shares
Physical Segment	1958900	21.14
Demat Segment	7308700	78.86
<b>Total</b>	<b>15152400</b>	<b>100.00</b>

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

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

## Explicit Finance Ltd.

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### Annexure to Report on Corporate Governance for the year ended 31<sup>st</sup> March 2014

#### Declaration of compliances with the Code of Conduct

“I hereby confirmed that-

As provided under Clause 49 of the Listing Agreement 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 31<sup>st</sup> March 2014.”

**GOPAL DAVE**

Managing Director

Mumbai, 25<sup>th</sup> August 2014

#### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,  
Explicit Finance Ltd.

We have examined the compliance of conditions of corporate Governance by “Explicit Finance Ltd.” for the year ended 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us 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 clause 49 of the above-mentioned Listing Agreement.

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, August 25, 2014

# Explicit Finance Ltd.

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## CEO CERTIFICATION

To,  
The Board of Directors  
Explicit Finance Limited

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

- a) I have reviewed the financial statements and cash flow statement for the year ended 31st March, 2014 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year, and that the same have been disclosed in the notes to the Financial Statements; and
  - iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Explicit Finance Ltd.

Gopal Dave  
Managing Director

Place: Mumbai  
Date: 25<sup>th</sup> August, 2014

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Explicit Finance Limited**

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

We have audited the accompanying financial statements of **Explicit Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the **loss** for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; Except AS-15 relating to accounting for retirement benefits in the financial statement of employers.
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

Place : Mumbai  
Date : May 22, 2014

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of **Explicit Finance Limited**, on the accounts of the company for the year ended 31<sup>st</sup> March, 2014.

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

- 1)
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Fixed assets have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed on such verification.
  - c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
- 2)
  - a) The stock in trade of shares and securities held in physical format has been physically verified and those held in dematerialized form have been verified from the relevant statements received from the depositories by the Management. In our opinion having regard to the nature of stocks, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock of shares and securities followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion, the company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification of stocks of shares and securities as compared to book records.
- 3)
  - a) As informed to us, the company has not granted unsecured loans to any parties covered in the register maintained under section 301 of the Act.
  - b) The Company has not taken unsecured loan from any party covered in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale securities & services. During the course of audit no major weakness has been noticed in these internal controls.

- 5) In our opinion and according to the information and explanations given to us the company has not done any transaction that needs to be entered into the register maintained under section 301 of the Companies Act, 1956.
- 6) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public within the meaning of section 58-A and 58-AA of the Act and the rules framed there under. Therefore, the provision of clause (vi) of the Companies (Auditor's Report) Order, 2003(as amended) are not applicable to the company.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the companies Act, 1956 for any of the products of the company.
- 9)
  - a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, cess and other material statutory dues applicable to it.
  - b) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed material statutory dues including Income Tax and other statutory dues and there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March 2014, for a period of more than six months from the date they became payable.
  - c) According to the information and explanations given to us and the records of the company examined by us there are no disputed amounts in respect of various statutes which have not been deposited.
- 10) The company have accumulated losses Rs.47,57,658/- (P.Y Rs.40,80,233/-) at the end of financial year. The Company has incurred cash loss of Rs.6,48,342/- (P.Y Rs.1,83,689/-) during the financial year covered by our audit.
- 11) The company has not taken any loan from bank or financial institution.
- 12) According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The Company is not a chit fund or a nidhi mutual benefit/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.

- 14) In our opinion the company has maintained proper records and contracts with respect to its investments where timely entries of transactions are made in order. All investments at the close of the year are held in the name of the company.
- 15) In our opinion the Company has not given any guarantee for loans taken by others from Bank or Financial institutions.
- 16) As the company has not taken any term loan, para 4 (xvi) of the order is not applicable.
- 17) The company has not raised any fund, long term or short term during the year.
- 18) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanations given to us the company has not issued debentures during the year.
- 20) The company has not raised any money through a public issue during the year.
- 21) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed during the course of our audit.

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

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

Place: Mumbai  
Date: May 22, 2014

**Explicit Finance Limited**  
**Balance Sheet as at March 31, 2014**

(Amount in INR)

	Note No.	As at March 31, 2014		As at March 31, 2013	
<b>I Equity &amp; Liabilities</b>					
<b>1. Shareholders' funds</b>					
(a) Share Capital	2	9,26,76,000		9,26,76,000	
(b) Reserves and Surplus	3	(47,74,845)		(40,80,233)	
			<b>8,79,01,155</b>		<b>8,85,95,767</b>
<b>2. Non - Current Liabilities</b>					
Other Long - Term Liabilities	4	-		30,899	
			-		<b>30,899</b>
<b>3. Current Liabilities</b>					
(a) Short Term borrowing	5	-		37,50,000	
(b) Trade Payables	6	44,581		25,50,458	
(c) Deferred Tax Liabilities	7	17,187		-	
(d) Other Current Liabilities	8	16,854		1,24,830	
			<b>78,622</b>		<b>64,25,288</b>
<b>TOTAL</b>			<b>8,79,79,777</b>		<b>9,50,51,954</b>
<b>II Assets</b>					
<b>1. Non - Current Assets</b>					
(a) Fixed Assets					
Tangible Assets	9	4,40,360		4,69,443	
(b) Non - Current Investments	10	5,43,854		7,62,585	
(c) Long - Term Loans and Advances	11	19,10,342		21,80,364	
			<b>28,94,556</b>		<b>34,12,392</b>
<b>2. Current Assets</b>					
(a) Inventories	12	32,93,399		1,50,86,265	
(b) Cash and Cash equivalents	13	10,21,116		5,98,931	
(c) Short - Term Loans and Advances	14	7,89,70,706		7,59,54,366	
(d) Trade Receivable	15	18,00,000		-	
			<b>8,50,85,221</b>		<b>9,16,39,562</b>
<b>TOTAL</b>			<b>8,79,79,777</b>		<b>9,50,51,954</b>
<b>Significant Accounting Policies</b>	1				
<b>Notes to Financial Statements</b>	2 to 28				

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

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

For & On Behalf of the Board

CA. KAPIL GUPTA  
Partner  
Membership No. - 047911  
Place : Mumbai  
Date : May 22, 2014

Director

Director

**Explicit Finance Limited**  
**Statement of Profit and Loss for the year ended March 31, 2014**

(Amount in INR)

	Particulars	Note No.	For the year ended March 31, 2014		For the year ended March 31, 2013	
<b>I</b>	Revenue from Operations	16	7,89,88,685		1,82,57,719	
<b>II</b>	Other Income	17	48,20,994		28,53,616	
<b>III</b>	<b>Total Revenue (I + II)</b>			<b>8,38,09,679</b>		<b>2,11,11,335</b>
<b>IV</b>	<b>Expenses</b>					
	Operating Expenses	18	7,11,24,103		1,69,78,008	
	Changes in Inventories	19	1,17,92,866		17,65,076	
	Employee Benefits Expenses	20	10,12,140		8,97,760	
	Finance Costs	21	1,555		2,252	
	Depreciation and Amortization Expense	9	29,083		43,787	
	Other Expenses	22	5,27,357		16,51,927	
	<b>Total Expense</b>			<b>8,44,87,104</b>		<b>2,13,38,810</b>
<b>V</b>	<b>Profit before Tax (III-IV)</b>			<b>(6,77,425)</b>		<b>(2,27,476)</b>
<b>VI</b>	<b>Tax Expense:</b>					
	(a) Current Tax		-		5,120	
	(b) Deferred Tax		17,187		-	
	(c) Tax of Earlier Year		-		-	
				<b>17,187</b>		<b>5,120</b>
<b>VII</b>	<b>Profit for the Period (V - VI)</b>			<b>(6,94,612)</b>		<b>(2,32,596)</b>
<b>VIII</b>	<b>Weighted average no. of equity shares outstanding during the year</b>					
	(1) Basic			92,67,600		72,95,271
	(2) Diluted			92,67,600		92,67,600
<b>IX</b>	<b>Earnings Per Equity Share (Face Value Re. 10/- Per Share):</b>					
	(1) Basic (Rs.)	23		(0.07)		(0.03)
	(2) Diluted (Rs.)			(0.07)		(0.03)
	<b>Significant Accounting Policies</b>	1				
	<b>Notes to Financial Statements</b>	2 to 28				

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

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

For & On Behalf of the Board

CA. KAPIL GUPTA  
Partner  
Membership No. - 047911  
Place : Mumbai  
Date : May 22, 2014

Director

Director

**Note-1 SIGNIFICANT ACCOUNTING POLICIES**

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

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

**1.2 Inventories**

Stock in trade is valued scrip wise, at cost or 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

**1.7 Investments**

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

**1.8 Employee benefits**

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

**1.9 Earning per Share:**

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

**1.10 Taxation**

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

**Explicit Finance Limited**  
**Notes to financial statements for the year ended March 31, 2014**

**Note 2 - Share Capital**

(Amount in INR)

(a) Particulars	As at March 31, 2014	As at March 31, 2013
<b>Authorised :</b>		
10,000,000 Equity Shares of Rs. 10/- each (Previous Year 10,000,000 Equity Shares of Rs. 10/- each)	10,00,00,000	10,00,00,000
<b>TOTAL</b>	<b><u>10,00,00,000</u></b>	<b><u>10,00,00,000</u></b>
<b>Issued, Subscribed and Paid-up :</b>		
9,267,600 Equity Shares of Rs.10/- each (Previous Year 9,267,600 Equity Shares of Rs.10/- each)	9,26,76,000	9,26,76,000
<b>TOTAL</b>	<b><u>9,26,76,000</u></b>	<b><u>9,26,76,000</u></b>

**(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, 2014	As at March 31, 2013
No. of shares at the beginning of the year	92,67,600	57,67,600
<b>Add: Issue of Shares during the year</b>		
Conversion of Share Warrants	-	35,00,000
	-	35,00,000
<b>No. of shares at the end of the year</b>	<b><u>92,67,600</u></b>	<b><u>92,67,600</u></b>

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

No. of Shares held by	As at March 31, 2014		As at March 31, 2013	
	Nos.	%	Nos.	%
Brij Plantations Pvt Ltd.	12,30,000	13.27	12,30,000	9.63
Angelica Trading Pvt. Ltd.	13,75,000	14.84	13,75,000	10.77
Transdeal Securities Pvt. Ltd.	12,25,000	13.22	12,25,000	9.59
Tungareshwar Food Products Pvt. Ltd.	12,25,000	13.22	12,25,000	9.59
Trunadhanya Trading Pvt.Ltd	9,45,000	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 for the year ended March 31, 2014**

**Note 3 - Reserves & Surplus**

(Amount in INR)		
Particulars	As at March 31, 2014	As at March 31, 2013
<b>(i) Surplus/(Deficit) in the Profit &amp; Loss Account</b>		
Opening balance	(40,80,233)	(38,47,637)
Add: Profit / (Loss ) for the year	<u>(6,94,612)</u>	<u>(2,32,596)</u>
Amount available for appropriations	(47,74,845)	(40,80,233)
Appropriations:		
Add: Transferred from reserves	-	-
Less: Transferred to general reserve	-	-
	<u>-</u>	<u>-</u>
	(47,74,845)	(40,80,233)
<b>TOTAL</b>	<b><u>(47,74,845)</u></b>	<b><u>(40,80,233)</u></b>

**Note 4 - Other Long-Term Liabilities**

(Amount in INR)		
Particulars	As at March 31, 2014	As at March 31, 2013
Other payables	-	30,899
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>30,899</u></b>

**Note 5 - Short Term borrowing**

(Amount in INR)		
Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured Loans		
Inter Corporate Deposit	-	37,50,000
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>37,50,000</u></b>

**Note 6 - Trade Payables**

(Amount in INR)		
Particulars	As at March 31, 2014	As at March 31, 2013
Total Outstanding dues of Micro & Small enterprise	-	-
Total Outstanding dues of creditors other than Micro & Small enterprise.	44,581	25,50,458
	<u>44,581</u>	<u>25,50,458</u>

**Note 7 - Deferred Tax Liabilities (Net)**

(Amount in INR)		
Particulars	As at March 31, 2012	As at March 31, 2011
<b>Liabilities</b>		
on Fixed Assets		
(i) Timing differences on Tax Provisions	<u>17,187</u>	<u>-</u>
<b>( A )</b>	17,187	-
<b>Assets</b>		
(i) Timing differences on Tax Provisions	<u>-</u>	<u>-</u>
<b>( B )</b>	-	-
<b>TOTAL (A + B)</b>	<b><u>17,187</u></b>	<b><u>-</u></b>

**Note 8 - Other Current Liabilities**

(Amount in INR)		
Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Expenses	16,854	1,24,830
Provision for Tax	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>16,854</u></b>	<b><u>1,24,830</u></b>

**Explicit Finance Limited**  
**Notes to financial statements for the year ended March 31, 2014**

**Note 10- Non-Current Investments**

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
<b>(a) Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
ATV Projects Ltd.		-	26102 Shares	80,504
Global film & broadcasting Ltd.	123180 Shares	1,38,227	116780 Shares	1,38,227
Prov. for Dimunation In Value of Investment ( Global film & broadcasting Ltd.)	123180 Shares	(1,38,227)	-	-
Kirloskar Electricals Ltd ( Market Value as on 31.3.2014 Rs.162,101/-)	4803 Shares	5,43,854	4803 Shares	5,43,854
<b>TOTAL</b>		<u><u>5,43,854</u></u>		<u><u>7,62,585</u></u>

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

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
Others - Long Term Loans & Advances		19,10,342		21,80,364
<b>TOTAL</b>		<u><u>19,10,342</u></u>		<u><u>21,80,364</u></u>

**Note 12 - Inventories**

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
Stock in Trade ( Shares & Securities )	32,93,399		1,50,86,265	
<b>TOTAL</b>		<u><u>32,93,399</u></u>		<u><u>1,50,86,265</u></u>

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

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

**Note 13 - Cash & Cash equivalents**

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
<b>(A) Cash &amp; Cash Equivalents</b>				
<b>(i) Balances with Banks :</b>				
- Current Accounts		9,46,418		1,20,697
(ii) Cash-in-hand		74,698		4,78,234
<b>TOTAL</b>		<u><u>10,21,116</u></u>		<u><u>5,98,931</u></u>

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

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
<b>Other Loans and Advances</b>				
(Unsecured, considered good)				
Advance recoverable in cash or in kind				
- Interporate Loans		1,28,01,216		2,33,00,000
- Other Loans & Advances		6,58,41,117		5,25,54,926
		7,86,42,333		7,58,54,926
Balances with statutory / revenue authorities :				
- Income Tax		3,28,373		99,440
<b>TOTAL</b>		<u><u>3,28,373</u></u>		<u><u>99,440</u></u>
		<u><u>7,89,70,706</u></u>		<u><u>7,59,54,366</u></u>

**Note 15 - Trade Receivable**

(Amount in INR)				
Particulars	As at March 31, 2014		As at March 31, 2013	
<b>Due for a period exceeding six months</b>				
- Unsecured, considered good		-		-
- Doubtful		-		-
Less: Provision for Doubtful Debts		-		-
<b>Others</b>				
- Unsecured, considered good		18,00,000		-
- Doubtful		-		-
Less: Provision for Doubtful Debts		-		-
<b>TOTAL</b>		<u><u>18,00,000</u></u>		<u><u>-</u></u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2014

Note 16 - Revenue from Operations

(Amount in INR)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Sale of Shares	7,86,88,685	1,82,57,719
(b) Sale of Services		
Professional Services	3,00,000	-
<b>TOTAL</b>	<u><u>7,89,88,685</u></u>	<u><u>1,82,57,719</u></u>

Note 17 - Other Income

(Amount in INR)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(i) Interest Income on		
- Bank Deposits	-	-
- Others	46,03,310	28,19,358
(ii) Dividend Income on		
- Investment in Other Long-Term Instruments	47,254	34,258
(iii) Other Non-Operating Income (net of expenses directly attributable to such income)		
- Miscellaneous Income	1,70,430	-
<b>TOTAL</b>	<u><u>48,20,994</u></u>	<u><u>28,53,616</u></u>

Note 18 - Operating Expenses

(Amount in INR)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Purchases during the year	7,11,24,103	1,69,78,008
<b>TOTAL</b>	<u><u>7,11,24,103</u></u>	<u><u>1,69,78,008</u></u>

Note 19 - Changes in Inventories

(Amount in INR)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) At the beginning of the period		
Stock in Trade ( Shares & Securities )	1,50,86,265	1,68,51,341
Less : (b) At the end of the period		
Stock in Trade ( Shares & Securities )	32,93,399	1,50,86,265
<b>TOTAL</b>	<u><u>1,17,92,866</u></u>	<u><u>17,65,076</u></u>

Explicit Finance Limited

Notes to financial statements for the year ended March 31, 2014

Note 20 - Employee Benefits Expenses

(Amount in INR)

(a)	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	(i) Salaries & Wages	9,95,100	8,76,500
	(ii) Staff Welfare Expenses	17,040	21,260
	<b>TOTAL</b>	<b><u>10,12,140</u></b>	<b><u>8,97,760</u></b>

(b) Detailed note on disclosure as required by AS-15

For details, refer Note No. 25

Note 21 - Finance Costs

(Amount in INR)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expenses		
- Others	-	-
Bank Charges & Commission	1,555	2,252
<b>TOTAL</b>	<b><u>1,555</u></b>	<b><u>2,252</u></b>

Note 22 - Other Expenses

(Amount in INR)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Repairs & Maintenance :		
- Others	12,718	10,126
Loss on Sale / Conversion of Investments	20,730	2,18,570
Loss on Sale of Assets	-	74,378
Brokerage Expenses	-	10,73,250
Books & Periodicals	14,400	14,595
Depository Charges	42,475	26,657
Service Tax & STT on Shares	75,424	26,636
Insurance	11,460	3,862
Dimunation Invalue of Investment	1,38,227	-
Printing and Stationery	28,300	15,769
Communication Costs	15,296	12,192
Interest on Income Tax	-	297
Listing, Registrar & Share Issue/Transfer Expenses	86,518	96,189
Legal & Professional Fees - Other than payments to Auditor :		
- Legal & Professional Fees	4,500	5,000
- Registration charges	-	-
Payments to Auditors :		
- Audit fees	16,854	16,854
Conveyance & Travelling	42,456	36,552
Office & General Expenses	18,000	21,000
<b>TOTAL</b>	<b><u>5,27,357</u></b>	<b><u>16,51,927</u></b>

**Explicit Finance Limited**

**Notes to financial statements for the year ended March 31, 2014**

**Note 23 - Earnings Per Equity Share**

**(Amount in INR)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Net profit/(Loss) after tax attributable to equity shareholders for		
Basic EPS	(6,94,612)	(2,32,596)
Add/Less: Adjustment relating to potential equity shares		-
Net profit / ( Loss ) after tax attributable to equity shareholders for	(6,94,612)	(2,32,596)
Diluted EPS		
(b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	92,67,600	72,95,271
For Diluted EPS	92,67,600	92,67,600
(c) Face Value per Equity Share (Rs.)	10.00	10.00
Basic EPS	(0.07)	(0.03)
Diluted EPS	(0.07)	(0.03)

**Note 24 - Related Party Details**

**(a) Key Management Personnel**

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

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

Kaladarshan Investments Pvt Ltd	Associates
---------------------------------	------------

**(c) Related Party Transactions**

- In relation to (a) & (b)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Balance outstanding as on 31 March</b>	NIL	NIL

**Explicit Finance Limited**

**Notes to financial statements for the year ended March 31, 2014**

**Note 25 - 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 26 - Operating leases**

The Company has not taken any property or equipment on lease

**Note 27 - 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 28 -Previous year figures**

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

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

**For & On Behalf of the Board**

**CA. KAPIL GUPTA**  
**Partner**  
**Membership No. - 047911**  
Place : Mumbai  
Date : May 22, 2014

Director

Director

**EXPLICIT FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.**

Rs. In Lacs

		Year ended 31.03.2014	Year ended 31.03.2013
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax and extraordinary items	(6.77)	(2.27)
	Adjustment for		
	1. Depreciation	0.29	0.44
	2. Short provision for Tax in earlier year	0.00	0.00
	3. Dividend	(0.47)	(0.34)
	4. Loss on Sale /Conversion of Assets	0.21	0.74
	5. Loss on Sale of Shares	0.00	2.19
	6. Dimunation In Value of Investment	1.38	0.00
	<b>Operating Profit (Loss) before working capital changes</b>	<b>(5.37)</b>	<b>0.75</b>
	Adjustments for		
	1. Trade and other receivable	0.00	(279.24)
	2. Trade Payables	0.00	25.52
	3. Stock in Trade	117.93	17.65
	4. Trade Debtors	(18.00)	0.00
	<b>Net Cash generated from operating Activities</b>	<b>94.56</b>	<b>(235.32)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	0.00	(4.07)
	Purchase of Investments	0.00	0.00
	Investment Converted in to Stock	0.60	0.00
	Sale of Investments	0.00	0.62
	Sale of Assets	0.00	0.60
	Dividend	0.47	0.34
	<b>Net Cash used in Investing Activities</b>	<b>1.07</b>	<b>(2.51)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Share Application Money	0.00	199.13
	Unsecured loan	0.00	37.50
	Net Increase in cash and cash equivalents (A)	95.63	(1.20)
	Cash and Cash equivalents as at (Opening Balance)	5.99	7.19
	Cash and Cash equivalents as at (Closing Balance)	101.62	5.99

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 : 22nd May, 2014

Director

Director