

# EXPLICIT FINANCE LIMITED

12<sup>TH</sup>

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ANNUAL REPORT

&

ACCOUNTS

2005 – 2006

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**BOARD OF DIRECTORS**

*Shri Avinash Mainkar*  
*Shri Gopal Dave*  
*Shri Satish Pai*  
*Shri Jayesh Jain*  
*Shri Umesh Gawand*

**BANKERS**

*ABN Amro Bank*  
*Bharat Co-op Bank (Mumbai) Ltd.*  
*Canara Bank*

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**AUDITORS**

*M/s P. U. Jain & 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.*

**DIRECTORS' REPORT**

The Members,

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31st March, 2006.

**FINANCIAL RESULTS**

Financial Results of the Company during the year vis -a- vis previous year are as follows:

<b>PARTICULARS</b>	<b>For the year ended 31.03.2006 (Rs.)</b>	<b>For the year ended 31.03.2005 (Rs.)</b>
Total Income	3,98,91,815	27,78,112
Total Expenditure	3,98,80,840	28,77,391
Profit / (Loss) after Tax	10,975	(99,279)
Balance carried to Balance Sheet	(62,90,057)	(63,01,032)

**DIVIDEND**

In view of the brought forward losses, your Directors have not recommended any dividend for the year under review.

**OPERATIONS**

Turnover of the Company has achieved a turnover of Rs. 286.46 lacs against Rs. 24.33 in the previous year and has also made profit in the current year. Company is hopeful of achieving better results in the current year as economy of the country is booming.

**DIRECTORS**

Mr. Gopal Dave, Mr. Jayesh Jain and Mr. Umesh Gawand retire at the end of this Annual General Meeting and being eligible, offer themselves for re appointment.

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

The prescribed information relating to conservation of energy & technology absorption as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, is not applicable to your Company. The Company has no Foreign Exchange earnings or out go during the year.

**AUDITORS**

M/s Deepak Oza & Associates, Chartered Accountants, Auditors of the Company has resigned due to pre occupation and M/s P U Jain & Associates, Chartered Accountants have been appointed as Auditors of the Company and will hold the office till the ensuing Annual General Meeting, and being eligible have given a certificate in accordance with the provisions of section 224(1B) of the Companies Act, 1956. The Board recommends the appointment of M/s M/s P U Jain & Associates, Chartered Accountants as the Auditors of the Company.

**FIXED DEPOSITS**

The Company has not accepted any Deposits within the meaning of Section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

**EMPLOYEES**

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

**DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

The Directors state:

- a) That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2006 and of the Loss of the company for that financial year.
- c) 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 safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the Annual Accounts on a going concern basis.

The cash flow statements in the format prescribed by SEBI is annexed to this report, in compliance of amended clause 32 of the listing agreement executed by the Company with the Stock Exchange.

For and on Behalf of the Board

Sd/-

Gopal Dave  
Managing Director

Place : Mumbai  
Date : 14.08.2006

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## EXPLICIT FINANCE LIMITED

**AUDITORS' REPORT**

The Members,

**EXPLICIT FINANCE LIMITED**

We have audited the attached Balance Sheet of **EXPLICIT FINANCE LIMITED** as at 31<sup>st</sup> March, 2006 and also Profit and Loss Account and Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified therein.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts, as required by the law, have been kept by the Company so far as appears from our examination of the books.
  - c. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report comply with Accounting Standard referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except As-15 relating to Accounting For Retirement Benefits in the Financial Statement of Employers.
  - e. On the basis of written representation received from directors of the company and taken on records by the board of directors, none of the directors of the Company is prima facie, as at 31.03.2006 is disqualified from being appointed as director of the Company u/s 274 (1)(g) of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said Profit and Loss Account and Balance Sheet read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006.
    - ii) In the case of Profit and Loss Account of the loss for the year ended on that date.
    - iii) In the case of Cash Flow statement, of the cash flow for the year ended on that date.

For P U Jain & Associates  
Chartered Accountants

Sd/—  
(S. K. Sethi)  
Proprietor.

Place: Mumbai.  
Date: 14.08.2006

**ANNEXURE TO THE AUDITORS' REPORT**

(Statement referred to in paragraph 1 of our Report of even date on the Accounts of EXPLICIT FINANCE LIMITED for the year ended 31<sup>st</sup> March, 2006.)

- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets. The fixed assets of the Company have been physically verified by the management during the year in accordance with the regular program which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. The Company has not disposed off any Fixed Assets during the year.
- 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 procedure of physical verification of stocks of shares and securities followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.  
C) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verifications of stock of shares and securities as compared to book records.
- 3) The Company has not taken any loan secured or unsecured from Companies, Firms and other parties listed in the register maintained under section 301 and/or from the Companies under the same Management as defined under section 370 (1B) of the Companies Act, 1956. In view of this sub clause (b), (c) and (d) of the clause (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- 4) In our opinion and according to the information and explanation given to us there are adequate Internal Control procedures commensurate with the size of the Company and the nature of its business.
- 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 in the register maintained under Section 301 of the Act.
- 6) In our opinion and according to the information and explanations given to us The Company has not accepted any deposit from the public during the year as stated in the provisions of Section 58 A of the Companies Act, 1956.
- 7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8) The provisions of Section 209 (1) (d) of the Companies Act, 1956 are not applicable to the Company.
- 9) a) According to the records of the Company, there were no undisputed statutory dues including Provident Fund, , Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, cess and other Statutory dues applicable to it as at 31st March, 2006 for a period of more than six months from the date they became payable.  
b) There is an outstanding Income Tax demand of Rs. 25,78,883/- against the Company for which the Company has filed appeal before The Commissioner of Income Tax (Appeals). Apart from this there are no undisputed amounts payable in respect of Income Tax, Wealth Tax and Sales Tax outstanding as at the last day of financial year, for a period more than six months from the date when they become payable.
- 10) The Company has accumulated losses of Rs.62.90 lacs at the end of the financial year. The Company has not incurred cash loss during the financial year covered by our audit as well in the immediately preceding financial year.
- 11) The company has not taken any loans from bank or financial institutions.
- 12) The Company has, in our opinion, maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares and other securities.