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## BOARD OF DIRECTORS

*Shri Avinash Mainkar*

*Shri Gopal Dave*

*Shri Satish Pai*

*Shri Jayesh Jain*

*Shri Deepak Oza*

## AUDITORS

*M/s MVK ASSOCIATES, Chartered Accountants  
Mumbai.*

## REGISTRAR & TRANSFER AGENTS

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

# Explicit Finance Limited

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## NOTICE

**NOTICE** is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of EXPLICIT FINANCE LIMITED will be held at the Registered Office of the Company on Thursday, the 30<sup>th</sup> September, 2010 at 10.00 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, 2010 and Profit & Loss Account of the Company for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Avinash Mainkar and Mr. Satish Pai, who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Auditors of the Company to hold office from conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

*For and on behalf of Board of Directors*

Sd/-  
Gopal Dave  
Director

Place : Mumbai

Date : 01<sup>st</sup> September 2010

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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 such a proxy need not be a member of the Company.
- 2) The instrument appointing a proxy should however be deposited at the registered office of the Company not less than 48 hours before the commencements of the Meeting.
- 3) The share Transfer Books and Members Register of the Companies will remain closed from 27<sup>th</sup> September, 2010 to 30<sup>th</sup> September, 2010 (both days inclusive) in terms of the provision of Section 154 of the Companies Act, 1956.
- 4) The Share holders are requested to notify changes in these respective addresses if any to the Registered Office quoting their folio no.

*For and on behalf of Board of Directors*

Sd/-  
Gopal Dave  
Director

Place : Mumbai

Date : 01<sup>st</sup> September 2010

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# Explicit Finance Limited

## REPORT OF THE DIRECTORS' AND MANAGEMENT DISCUSSION ANALYSIS

To  
The Members,

Your Directors have pleasure in presenting the SIXTEENTH Annual Report of the Company together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

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

(Rs. In Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
Total Income	100423	20079
Profit / (loss) before Depreciation and Tax	247	148
Less: Depreciation	0.49	0.61
Profit / (loss) before Tax	198	0.87
Less: Provision for Income Tax & FBT	0.64	0.41
Profit / (loss) after Tax	135	0.46
Balance brought forward from previous years	(4156)	(4198)
Transfer to Statutory Reserve	-	-
Balance carried to Balance Sheet	(4276)	(4156)

### DIVIDEND

In view of brought forward losses, the directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2010.

### PERFORMANCE

Fiscal 2010 has been a year of renewal of confidence and optimism in the Indian Economy, as it has rebounded strongly from the impact of the global financial crisis and demonstrated its inherent strength and growth potential. India's resilience has been admirable as it demonstrated that a domestic consumption driven economy is more immune to the vagaries of global uncertainties.

Looking at the performance for the year, the profit after tax has increased to Rs. 1.35 lacs in 2010 against profit of Rs. 0.46 lacs in the last year.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### A. INDUSTRY STRUCTURE & DEVELOPMENT

The Indian Financial Industry has weathered the credit crisis better than in most economies. It has benefited from the prudence of its policy makers. Reforms and continuous strengthening of the regulatory environment has greatly improved the efficiency and transparency in the Capital Markets. The financial services industry has been stable with strong prospects.

The financial year 2009-10 was an outstanding one for the Indian equity markets. The Sensex rallied 77% and the Nifty surged 72%. Foreign Institutional Investors came back in droves, pumping approximately USD 25 billion into India's Cash Market. India, as a result was one of the best performing equity markets globally. Two major events aided the performance the recovery in global markets resulting from the stimulus packages and the establishment of a stable government in India after the Lok Sabha Elections in May 2009.

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## **B. OPPORTUNITIES & THREATS**

Opportunities:

- High rate of Saving
- Rising Income Level
- High rate of Capital Formation
- Highly Skilled Human Capital
- Growing Awareness for Financial planning

Threats/concerns for the markets are:

- Unfavorable Change in Economic Conditions
- Rising Inflation
- Continued dependence and a slowdown in global liquidity flows
- Increased intensity of market competition

## **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**

Your Directors are of the opinion that worse is over and revival is eminent globally, though slow. The Company will be able to sustain income and profit in current year. The Management is making all out efforts to enter into new field such as wealth management, PMS, etc.

## **E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, and that the transactions are authorized, recorded and reported correctly.

The audit committee of the Board of Directors reviews the adequacy of internal controls.

## **F. HUMAN RESOURCES**

Your company continues to lay great stress on its most valuable resource "People". The team has remained as committed as ever and produced results that are considered significant.

## **G. CAUTIONARY NOTE**

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook.

## **CORPORATE GOVERNANCE**

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

## **PUBLIC DEPOSITS**

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

## **DIRECTORS**

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

# Explicit Finance Limited

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## **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, 2010, 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 2010 on a 'going concern' basis.

## **STATUTORY AUDITORS**

M/s MVK Associates, Chartered Accountants Auditors of the company, retire from the office of the Auditors at the ensuing Annual General Meeting and being eligible have given a certificate in accordance with the provisions of section 224 (1-B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. MVK Associates, Chartered Accountants as the Auditors.

## **PARTICULARS OF EMPLOYEES**

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

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

In view of the nature of activities are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and research and development and technology absorption respectively are not applicable to the Company

## **FOREIGN EXCHANGE EARNING AND OUTGO**

Earnings	:	Nil	Outgo	:	Nil
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## **ACKNOWLEDGEMENT**

The Directors takes this opportunity to thanks all its colleagues at Explicit 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.

**For and on behalf of the Board of Directors**

**Gopal Dave**  
**Director**

Mumbai 1<sup>st</sup> September 2010

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## REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

### A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to its shareholders.

### B. BOARD OF DIRECTORS

#### COMPOSITION AND CATEGORY

- 1 Independent Directors
  - a. Non Executive Directors
  - b. Whole-time Executive Directors

Attendance of each director at the Board Meetings, last Annual General Meetings and number of other directorships, memberships and chairmanships of committee in various companies:

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member/Chairman are as under.

Name of Director	Attendance Particulars			No. of Directorship and committee Member/Chairmanship in other Companies		
	Category	Board Meetings	Last AGM	Other Directorship	Committee Member-Ship	Committee Chairmanship
Gopal Dave	MD	5	Yes	Nil	Nil	Nil
Avinash Mainkar	ED	5	Yes	Nil	Nil	Nil
Satish Pai	NED CM	5	Yes	Nil	Nil	Nil
Jayesh Jain	IND/NED	5	Yes	Nil	Nil	Nil
Deepak Oza	IND/NED	5	No	1	Nil	Nil

### C. AUDIT COMMITTEE

The Audit Committee of the Company comprises three Directors, of which, one is a Non executive director viz. Mr. Satish Pai, two Independent Non-executive Directors viz. Mr. Jayesh Jain and Mr. Deepak Oza.

During the year, the Committee has met five times on the following dates 15/07/2009, 26/08/2009, 31/10/2009, 17/11/2009 and 30/01/2010. All the committee members were present at the all meetings.

The audit committee has the same terms of reference as given in the guidelines set out in the listing agreement with the stock exchange. The committee performs all tasks assigned by the Board and as per the terms of reference given by the latter. The committee has access to all reports of the company and also reviews the reports of the statutory auditors.

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## **D. REMUNERATION COMMITTEE**

The Remuneration Committee of the Company comprises three Directors, of which, two are Independent Non executive Directors viz. Mr. Deepak Oza and Mr. Jayesh Jain and one Non independent Non-executive Director viz. Mr. Satish Pai.

The remuneration committee has the same terms of reference as given in the guidelines set out in the listing agreement with the stock exchange. The committee performs all tasks assigned by the Board and as per the terms of reference given by the listing agreement.

However, the remuneration committee has not held any meeting during the financial year under review since the need for any reference to such committee did not arise during the said financial year.

## **E. SHAREHOLDERS' COMMITTEE**

The Shareholders' Committee of the Company comprises three Directors, of which, two are Independent Non executive Directors viz. Mr. Jayesh Jain and Mr. Deepak Oza and one Non independent Non-executive Director viz. Mr. Satish Pai.

The Company has authorised Directors to approve the share transfers.

The Board has designated Mr. Gopal Dave as the Compliance Officer.

There were no complaints of shareholders outstanding as on 31st March, 2010.

## **F. INVESTMENT COMMITTEE**

The Investment Committee of the Company comprises three Directors, of which, two are Independent Non executive Directors viz. Mr. Deepak Oza and Mr. Jayesh Jain and one Non independent Non-executive Director viz. Mr. Satish Pai.

The committee recommends to the Board to review and approve certain short term and long-term investments and other financial transactions.

The investment committee meets as and when the need to consider any matter assigned to it arises. Time schedule for holding the meetings of the committee is finalized, in consultations with the committee members.

## **GENERAL BODY MEETINGS:**

Location and time, where last three Annual General Meetings were held is given below:

Fin. Year	Date	Location of Meeting	Time
2006-07	25/09/2007	Regd. Office	5.00 P.M.
2007-08	25/09/2008	Regd. Office	10.30 A.M.
2008-09	22/09/2009	Regd. Office	9.30 A.M.

No special resolution was put through postal ballot at the last AGM nor is any proposal for this year.

## **G. DISCLOSURES**

- A. There are no materially significant transactions with related parties viz., Promoters, Directors or the Management or their relatives that may have potential conflict with the interest of the Company at large other than payment of Rs. 77,500.00 to Mr. Gopal Dave, Director of the

## Explicit Finance Limited

Company towards Directors' remuneration on normal terms. There are no pecuniary relationship or transactions with Non Executive Directors of the Company.

- B. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

### H. MEANS OF COMMUNICATION:

- The quarterly and half yearly results are forthwith communicated to the Stock Exchange with whom the Company has listing agreement as soon as they are approved and taken on record by the Board of Directors of the Company.
- Management discussion and analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

<b>1.</b>	Annual General Meeting		
	Date and Time	:	30 <sup>th</sup> September 2010 at 10 a.m.
	Venue	:	23, 3 <sup>rd</sup> Flr., Kanu Bhavan, 22/24, Chewool Wadi, Kalbadevi, Mumbai – 400002.
<b>2.</b>	Financial Calendar 2010-2011 (tentative)		
	Results for the quarter ending 30 <sup>th</sup> June, 2010	:	30 <sup>th</sup> July 2010
	Results for the quarter ending 30 <sup>th</sup> Sept, 2010	:	Last week of October 2010
	Results for the quarter ending 31 <sup>st</sup> Dec, 2010	:	Last week of January 2011
	Results for the quarter ending 31 <sup>st</sup> March, 2011	:	Last week of April 2011
<b>3.</b>	Book Closure date	:	Monday 27 <sup>th</sup> September 2010 to Thursday 30 <sup>th</sup> September 2010
<b>4.</b>	Dividend Payment date	:	The Company has not declared any dividend for the year ended March 31, 2010
<b>5.</b>	Equity Shares Listed on Stock Exchanges at	:	The Stock Exchange Mumbai, Ahemdabad Stock Exchange Ltd. Jaipur Stock Exchange Ltd and Madhya Pradesh Stock Exchange Ltd.
<b>6.</b>	Stock Code		
	(a) Trading Symbol at The Stock Exchange Mumbai	:	530571
	(b) Demat ISIN Numbers in NSDL & CDSL Equity Shares	:	<b>INE 335G01019</b>
<b>7.</b>	The High/Low Price during each month in the last financial year is given hereunder		
	<b>Months</b>	<b>Highest Price (Rs.)</b>	<b>Lowest Price (Rs.)</b>
	April 2009	Not Traded	Not Traded
	May 2009	21.05	15.55
	June 2009	14.80	6.50
	July 2009	6.18	4.43
	August 2009	8.09	5.55
	September 2009	8.70	7.94



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	October 2009	10.09	7.93
	November 2009	10.58	9.09
	December 2009	10.01	9.54
	January 2010	12.06	9.35
	February 2010	9.81	8.00
	March 2010	10.41	9.00

Source: BSE

<b>8.</b>	<b>Registrars and Transfer Agents</b> (Share transfer and communication regarding share certificates, and change of address)	Adroit Corporate Services P Ltd., 119/120, Jaferbhoy Indl Estate, Andheri Kurla Road, Marol Naka, Andheri (E), Mumbai – 400 057
<b>9.</b>	Share Transfer System	Presently, the share transfers in physical form are processed and the share certificates returned with in a period of 15-20 days from the date of receipt, subject to the documents being clear in all respects.

<b>10</b>	<b>Distribution of share holding as at 31<sup>st</sup> March 2010</b>					
	<b>Shares of Nominal Value</b>	<b>Share holders</b>		<b>Share holdings</b>		
		<b>Number</b>	<b>%</b>	<b>No. of Shares</b>	<b>Amount in Rs.</b>	<b>%</b>
	Up to 5000	977	55.20	309200	3092000	9.46
	5001-10000	377	21.31	326200	3262000	9.99
	10001-20000	183	10.34	288200	2882000	8.82
	20001-30000	57	3.22	146900	1469000	4.50
	30001-40000	54	3.05	192500	1925000	5.89
	40001-50000	30	1.69	139000	1390000	4.25
	50001-100000	53	2.99	387300	3873000	11.85
	100001 & above	39	2.20	1478300	14783000	45.24
	<b>Total</b>	<b>1770</b>	<b>100.00</b>	<b>3267600</b>	<b>32676000</b>	<b>100.00</b>

<b>11</b>	<b>Shareholding Pattern as on March 31, 2010</b>		
	<b>Categories</b>	<b>No of Shares</b>	<b>% of Holding</b>
	Promoters	798700	24.44
	Private Corporate Bodies	227200	6.95
	Residential Individual	2241700	68.61
	NRIs / OCBs	0	0
	Mutual Fund/FII's	0	0
	Clearing Members	0	0
	<b>Total</b>	<b>3267600</b>	<b>100.00</b>