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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Annual General Meeting of the shareholders of Deccan Gold Mines Limited will be held on Thursday, the 29<sup>th</sup> September, 2011 at 3.00 P.M., at Royal Room, 3<sup>rd</sup> Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 March 2011 and the Audited Balance Sheet as on that date along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Charles E.E. Devenish, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. M. Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. V. K. Beswal & Associates, Chartered Accountants, Mumbai (Firm Registration No. 101083W) as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Audit Committee / Board of Directors to fix their remuneration.

By order of the Board

for **DECCAN GOLD MINES LIMITED**

Place : Bangalore  
Date : 10 August, 2011

**S. Subramaniam**  
Company Secretary

### REGISTERED OFFICE:

A-303, "Prathamesh", Raghuvanshi Mills Compound,  
11-12, Senapati Bapat Marg, Lower Parel,  
Mumbai – 400 013.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 23 September, 2011 to Thursday, the 29 September, 2011 (both days inclusive).
4. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders / Proxies are requested to bring the same along with them.
5. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice/ documents including Annual Report can be through e-mail. To support this green initiative of the Government in full measure members are requested to register their e-mail addresses, in respect of electronic holding with the Company / Registrar through their concerned Depository Participant / Registrar and Share Transfer Agent.



## ANNEXURE TO NOTICE

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Name	Mr. Charles E.E. Devenish	Dr. M. Ramakrishnan
Date of Birth / Age	25 October, 1940 (70 years)	27 April, 1940 (71 years)
Appointed on	21 January, 2003	24 April, 2004
Qualification	School Leaving Certificate	M.Sc., Fellow, Indian Academy of Science Fellow – Geological Society of India Ph.D.,
Expertise in specific functional areas	Mineral exploration business	Geology / Mineral Exploration
Directorship held in Public Companies.	Nil	Nil
Membership / Chairmanships of Committees across Public Companies	Nil	Nil
No. of Shares held in the Company	Nil*	Nil

\* Mr. Charles E.E. Devenish is a Director / shareholder of Rama Mines (Mauritius) Limited which holds 2,58,83,519 equity shares in the Company as on 10 August, 2011 forming 44.28% of the paid-up equity capital of the Company.



August 16, 2011

Dear Shareholders,

**Sub: Green initiative in Corporate Governance – Electronic Mode of service of documents**

In an endeavor to contribute towards Greener Earth, the Ministry of Corporate Affairs (MCA) has vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has undertaken the “Green Initiative in Corporate Governance” by permitting “paperless compliances by companies”. In other words, the Company would have complied with Section 53 of the Companies Act, 1956, if service of a document has been made through electronic mode.

Your Company welcomes MCA’s step in protecting green cover in the country. Paperless communication will not only result in reduction in paper consumption, but will also ensure prompt receipt of communication and avoid loss in postal transit.

It is proposed that hence forth all corporate communications including Notices of Meetings/Postal Ballot, Annual Reports, Directors’ Report, Auditors’ Report and other shareholder communications will be sent electronically to the email address provided by you and/or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in demat form are requested to keep your Depository Participant (DP) informed & updated of any change in their e-mail address.

For shares held in physical form, shareholders by mentioning their name(s) and folio no, can register their email address either by sending a duly signed letter to the Company’s Registrar & Transfer Agent, M/s Link Intime India Private Limited, C/3, Pannalal, Silkmill Compound, L.B.S. Marg, Bhandup (West), Mumbai -400078 or by sending an email to [deccangoldgogreen@linkintime.co.in](mailto:deccangoldgogreen@linkintime.co.in).

Please note that you are entitled to be furnished free of cost, with a physical copy of the balance sheet of the company and all other shareholders communications/documents, upon receipt of a request from you. Such documents shall also be displayed on the Company’s website [www.deccangoldmines.com](http://www.deccangoldmines.com).

The Company believes that as a responsible citizen, you would appreciate and whole-heartedly support the “Green Initiative” taken by MCA and your Company’s desire to participate in the same.

Regards,  
for **Deccan Gold Mines Limited**

Compliance Officer



## DECCAN GOLD MINES LIMITED

REGD. OFFICE : A-303, "Prathamesh", Raghuvanshi Mills Compound,  
11-12, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

### ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting held on Thursday, the 29 September, 2011 at 3.00 p.m., at Royal Room, 3rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Full name of the Shareholder/Proxy\* attending the Meeting \_\_\_\_\_

Folio No/DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

Full name of the Shareholder \_\_\_\_\_  
(If the proxy attends instead of Shareholder)

Signature of Shareholder/Proxy

\*Delete whichever is not applicable.

(Member/Proxy attending the Meeting must fill in this attendance slip and hand it over at the entrance of the Meeting hall)

## DECCAN GOLD MINES LIMITED

REGD. OFFICE : A-303, "Prathamesh", Raghuvanshi Mills Compound,  
11-12, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

### PROXY FORM

Folio No \_\_\_\_\_ No. of shares held \_\_\_\_\_

DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a Member/Member of the above-named Company hereby appoint Mr./Ms. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ or failing him/her

Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ in the district of

\_\_\_\_\_ as my / our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 29 September, 2011 at 3.00 p.m., at **Royal Room**, 3rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix  
Re. 1.00  
Revenue  
Stamp

**Note:**

This proxy form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Signature of Shareholder



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**LETTER FROM CHAIRMAN**

Dear Share Holders,

It gives me immense pleasure to report on some significant milestones achieved by our Company during the past year. As we inch closer towards realizing our long standing vision of developing a producing gold mine in India, this last year witnessed a considerable step up in the gold resource position and knowledge on two of our important gold projects viz. Ganajur-Karajgi and Mangalagatti in Karnataka State. Full details of developments in these prospects are contained in the "Report on Exploration Activities" in the Annual Report, but I am very happy to report that SRK consultants, an internationally acclaimed independent Geological Consulting firm appointed to undertake scoping studies has upgraded the quantum of gold resource in the Ganajur Main prospect to a total of 308,000 oz from 265,000 oz reported earlier, with 301,000 oz in the "indicated" category and 7000 oz in the "inferred" category.

It is also extremely pleasing to report that recent Geophysical Surveys in the prospects adjoining the Ganajur Main prospect have also led to the discoveries of more gold anomalies. These adjoining prospects have now become important drilling targets and offer the potential to substantially add to the gold resource already discovered at the Ganajur Main prospect.

As you are aware our Company has filed an application for Mining Lease covering the Ganajur main gold prospect which has been approved by the State Government of Karnataka and is under process at the Ministry of Mines (MOM), Delhi. We remain hopeful that MOM will clear the file soon. Please refer to 'Status of Important Applications for Reconnaissance Permit (RP) / Prospecting Licence (PL) / Mining Lease (ML)' for further details.

Further, our Company has been pursuing Mangalagatti and Bhavihal gold prospecting projects in Dharwar District of Karnataka. The Ministry of Mines has approved the grant of PL on Mangalagatti, but is awaiting execution at the State level. Both Mangalagatti and Bhavihal have already received Reconnaissance drilling. Additional detailed drilling and geophysical surveys will be undertaken at these two prospects upon grant of PLs. The geological set up here has close similarities to that of the Ganajur gold deposit. There is therefore cause for optimism about its potential.

The Hutti geological belt in Karnataka has been well known for the only gold producing mine in the country. As you are aware, our Company's applications for PL in this high potential Hutti belt had been held up due to the State Government of Karnataka exercising its rights to reserve these areas in favour of Hutti Gold Mines. Our Company had challenged the State's recommendation at the Central Tribunal in Delhi and received a ruling in our favor. Recently, the Secretary to the Mines Ministry in Delhi has also rejected the State's recommendation in favor of Hutti Gold Mines. Hutti has challenged the decision of the Ministry of Mines and the matter is pending with the Hon'ble High Court of Karnataka.

The data generated by our Company on the gold prospects in Hutti belt points to the high gold bearing potential of the as yet under explored Hutti belt. On this basis our Company looks forward to an exciting future in the Hutti belt, subject to grant of its applications. World wide geological statistics prove that when you have a large gold mine like Hutti, other new deposits will be found along strike. We have already proved this theory by the discovery of the Hirenagnur deposit lying only six kilometers from the main Hutti Gold Mine.

The Government of India is currently considering new legislation (MMDR Act, 2010) intended to modernize mining law and to facilitate large scale investment in the Indian mineral exploration / mining sector by foreign and Indian investors. The Bill, however, remains in the development and discussion stage and no date for its implementation has been provided.

Some of the salient features of the proposed MMDR Act, 2010 are (i) the establishment of a National Mineral Tribunal, which would have wide powers in relation to mineral matters, including setting aside or confirming any order passed by the Central or State Government; (ii) significant increase in the maximum areas allowable per person per State for PLs and MLs; (iii) new specified time limits within which the application for the grant of RPs, PLs and MLs must be completed; and (iv) the establishment of a new streamlined process for transferring of mineral concession licences, including RPs.

It is natural that we are all anxious to establish mines and produce gold but the delays due to lengthy Governmental procedures have considerably slowed our progress in this regard. We are hopeful that the New Mineral Policy will help in fast tracking the grant of our permits.

Our Board appreciates the support and patience of our shareholders and reiterates its commitment to work towards bringing Ganajur into production as soon as possible and reaching an accord with the Hutti Gold Mines.

Yours faithfully,

**Charles E.E. Devenish**  
Chairman




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## CONTENTS

Corporate Information .....	2
Profile of Directors and Key Personnel .....	3
Report on Exploration Activities .....	6
Status of important applications for RP / PL / ML .....	16
<b>Deccan Gold Mines Limited</b>	
Directors' Report .....	19
Section 212 Statement .....	23
Management Discussion & Analysis .....	24
Report on Corporate Governance .....	29
Auditors' Report .....	38
Balance Sheet .....	41
Profit and Loss Account .....	42
Schedules and Notes to Accounts .....	43
Cash Flow Statement .....	50
Balance Sheet Abstract .....	51
<b>Subsidiary Company</b>	
<b>Deccan Exploration Services Private Limited</b>	
Directors' Report .....	52
Auditors' Report .....	53
Balance Sheet .....	54
Profit and Loss Account .....	55
Schedules and Notes to Accounts .....	56
Balance Sheet Abstract .....	60
<b>Consolidated Accounts of Deccan Gold Mines Limited</b>	
Auditors' Report on Consolidated Accounts .....	61
Consolidated Balance Sheet .....	62
Consolidated Profit and Loss Account .....	63
Schedules and Notes to Consolidated Accounts .....	64
Consolidated Cash Flow Statement .....	71
Consolidated Balance Sheet Abstract .....	72



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**CORPORATE INFORMATION**

Chairman	:	Mr. Charles E.E. Devenish
Managing Director	:	Mr. Sandeep Lakhwara
Directors	:	Mr. Vaidyanathan Sivakumar * Mr. K.R. Krishnamurthy Dr. M. Ramakrishnan Prof. V.K. Gaur (*Resigned w.e.f. 23-08-2011 )
Head-Legal & Company Secretary	:	Mr. S. Subramaniam
Auditors	:	M/s. V.K. Beswal & Associates Chartered Accountants, Mumbai.
Legal Advisors	:	M/s. Crest Law Partners No. F-3, Ligoury Court, 7, Palmgrove Road, Victoria Layout, Bangalore – 560 047.
Registrars & Share Transfer Agents	:	Link Intime India Private Limited Pannalal Silk Mills Compound, C-13, LBS Marg, Bandhup (West), Mumbai – 400 078. Tel : 91-22-55555454 Fax : 91-22-55555353 Email: mumbai@linkintime.co.in
Bankers	:	Standard Chartered Bank
Registered Office	:	A-303, “Prathamesh”, 3 <sup>rd</sup> Floor, Raghuvanshi Mills Compound, 11-12, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel : 91-22-40764444 Fax : 91-22-40764466 Email : info@deccangoldmines.com Web : www.deccangoldmines.com
Corporate Office	:	‘Raja Ikon Building’, # 89/1, 4 <sup>th</sup> Floor, Marathahalli Outer Ring Road, Bangalore – 560 037. Tel : 91-80-40428400 Fax : 91-80-40428401 Email : info@deccangoldmines.com





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## PROFILE OF DIRECTORS

### **CHARLES E.E. DEVENISH**

#### **Chairman**

Charles Devenish has extensive experience spanning 35 years in mining, with a large range of interests in India, Australia and Burma. He has strong involvement in mineral exploration in Australia and overseas for decades and was the founder and first chairman of two publicly listed companies in the 1980's and 1990's that pioneered diamond exploration in Australia. For 38 years, he was the Principal of Charles Edward Jewellers, one of Australia's leading specialist retail and wholesale outlets with international links in Europe, Middle East and USA. He also acted as an advisor to the Government of Vietnam on the development of that country's gemstone mining and cutting industry. Charles moved to India in August, 2002 and has been actively liaising with various Government Departments and providing support and guidance to progress the development of gold exploration and mining industry in India. Charles' active role in exploration and mining projects, his profound knowledge of the mining industry, his extensive corporate background and his concerns for Indian rural development based on mining will provide significant and valued input to the Company.

### **SANDEEPLAKHWARA**

#### **Managing Director**

Sandeep Lakhwara has several years experience advising junior Australian exploration and mining companies on development strategies. Educated at Curtin University in Western Australia, and a member of the Australian Society of Certified Practising Accountants (CPAs), Sandeep has been a principal and partner of several Australian based accounting practices specializing in capital raisings for the mineral industry, financial planning and corporate regulatory requirements for publicly listed companies. He was in Australia for 25 years, headed various organizations in the past, at times taking small start-ups to fully developed successful businesses, and moved to Bangalore, India during 2002 to oversee the development of the mineral exploration projects in India. He is primarily responsible for the acquisition and growth of Deccan Gold Mines Limited and is the Managing Director of the Company. Sandeep has made various presentations on factors influencing gold pricing, the operation and business model of international mineral exploration companies, and is regularly called upon to contribute articles on the gold mining industry to various newspapers and magazines.

### **VAIDYANATHAN SIVAKUMAR**

#### **Director**

Mr. V.Sivakumar spent several years in equity and credit research in public markets with Crosby Securities, Peregrine Capital and CRISIL where his roles ranged from Analyst to Head of Research and functions included stock analysis, asset allocation and investment strategy and building and managing research teams and products. He also has six years industrial experience with ICI India where he worked in several commercial functions. Mr. Sivakumar holds engineering and management degrees from the Indian Institute of Technology and Indian Institute of Management, Ahmedabad respectively.

### **PROF. V.K. GAUR**

#### **Director**

Professor V.K. Gaur is an eminent geoscientist of this country. He is a former Director of the National Geophysical Research Institute. He is a Distinguished Scientist of the Council of Scientific and Industrial Research and Distinguished Professor at the Indian Institute of Astrophysics.

### **DR. M. RAMAKRISHNAN**

#### **Director**

Dr. Ramakrishnan is a well known Precambrian Geologist. He was earlier Senior Deputy Director General of the Geological Survey of India. He is a Fellow of the Indian Academy of Sciences and Vice President of the Geological Society of India.

### **K.R. KRISHNAMURTHY**

#### **Director**

K.R. Krishnamurthy is a well known Mining Engineer. He was General Manager of Chitradurga Copper Company and Manager at Ashanti Gold Fields, Ghana for 10 years. He was also Mining Consultant to Bharat Gold Mines Limited and advises many mineral based industries in India and abroad.



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**KEY PERSONNEL****CHIEF CONSULTING GEOLOGIST****DR. V. N. VASUDEV**

Dr. V.N. Vasudev is Chief Consulting Geologist. An INSA Young Scientist Awardee with several years of experience in mineral exploration, Dr. Vasudev has published several papers on the geology structure, gold and sulphide mineralization in Archean greenstone belts of Dharwar Craton. He has also undertaken overseas research in Southeast Greenland and was associated with Russian geologists in a research project on Kolar Gold Fields, India. He was with Government of Karnataka, Department of Mines and Geology as a Senior Geologist and Mining Geologist of Chitradurga Copper Company Limited. He has carried out extensive literature research and field reconnaissance throughout India for the Company.

**GEOLOGICAL CONSULTANT****S. C. R. PESHWA, M.SC., FGS**

Mr. Peshwa has over 25 years of experience as a mining and exploration geologist and specializes in gold exploration and resource modeling studies. He worked as a Mining & Exploration Geologist for 13 years with Bharat Gold Mines Limited. He has the distinction of working in the world famous Champion Reef Mine and carried out detailed exploration of Champion lode system both in deep and shallow levels. This has resulted in delineating new parallel lodes of the Champion Lode system. From 1996 to 2002 he worked as a Project Manager with ACC Limited and was involved in exploration of gold and other minerals. Mr. Peshwa is an RQP holder from the Indian Bureau of Mines. He successfully carried out gold prospecting in the Red Sea hills region of Sudan. Mr. Peshwa is responsible for all the Company's projects in the Hutti region.

**GEOLOGICAL CONSULTANT****DR. M. K. DEVARAJAN**

Dr. Devarajan guides the exploration activities in respect of some gold exploration projects of the company. He was with the Geological Survey of India for 17 years and while in GSI, had carried out geological mapping and exploration for copper in the extension areas of the world class Malankhand of Central India. He had also carried out exploration for manganese in the Sausar belt and for gold in the Mahakoshal belt. He also led the investigations for the site selection studies of a Nuclear Power Plant in the Ratnagiri district of Maharashtra.

**GEOLOGICAL CONSULTANT****DR. M. HANUMA PRASAD**

Dr. Hanuma Prasad has 8 years of experience as Geologist in Geological Survey of India and has carried out geological mapping and mineral resources assessment particularly gold, copper and nickel in the supra crustal belts in parts of Mahakoshal belt, Betul and Sakoli belt in Central India. He has several important publications to his credit.

**GEOLOGICAL CONSULTANT****DR. SALEEMAHMED KHAN**

Dr. Saleem Khan has over 26 years of experience as a Geologist in the Geological Survey of India. Dr. Saleem is highly experienced in geological mapping of all types of terrains and in exploration of gold, basemetals and PGE. He holds the distinction of discovering the gold deposits of G.R. Halli, Kotemardi and C.K. Halli in Chitradurga schist belt and Lakkikoppa in Shimoga-Dharwar schist belt. He also carried out detailed exploration, including drilling for epithermal gold & silver mineralization in Republic of Djibouti (North East Africa). Dr. Saleem is presently involved in evaluating the gold resources in PL blocks of Mahakoshal belt in Madhya Pradesh, India. Dr. Saleem is an IBM recognized RQP for preparation of Mining Reports.



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**CONSULTING MINING ENGINEER**

**DEEPAK VIDYARTHI**

A qualified Mining Engineer, Mr. Deepak possesses over 37 years of experience in the mining industry which include 3 years with NMDC Limited as Executive Director, 11 years in the Kudremukh Iron Ore Co Ltd and 21 years with the Kolar Gold Mines. He also holds a First Class Mine Managers' Certificate of Competency to manage a Metalliferrous Mine. Mr. Deepak has got rich experience in the field of mine production and planning, project management, mine construction, mechanized mine development etc., Mr. Deepak is widely travelled and has got several presentations / publications to his credit.

**HEAD-LEGAL & COMPANY SECRETARY**

**MR. S. SUBRAMANIAM**

Mr. Subramaniam is an Associate Member of the Institute of Company Secretaries of India and a Law Graduate. He has 15 years of experience in the field of Company Law and other corporate laws. During his career, he has handled mergers, amalgamations, joint ventures, foreign collaborations etc., He is in charge of the legal and company secretarial matters and also functions as the Compliance Officer of the Company.



REPORT ON EXPLORATION ACTIVITIES

DHARWAR-SHIMOGA BELT PROJECT

Deccan Exploration Services Private Limited (DESPL), a wholly-owned subsidiary of Deccan Gold Mines Limited, (DGML) explored a large area of 5,329 sq km in the Dharwar-Shimoga Greenstone belt under 3 RP blocks and succeeded in identifying 22 gold prospects (Fig-1 & 2). Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert. A total of 7 PL and 2 ML applications were submitted covering the prospects identified by DGML. Of the 7 PL applications Ganajur-Karjagi PL was granted where detailed exploration is underway. The remaining applications are under various stages of processing.

A. Ganajur-Karajagi PL Block

DESPL holds a Prospecting Licence (PL) over an area of 2.2 sq.kms covering the highly potential Ganajur Main and its adjoining gold prospects. A Mining Lease (ML) application for 0.29 sq.kms over Ganajur Main Gold prospect has been recommended to the Ministry of Mines, New Delhi by the Government of Karnataka which is being pursued vigorously.

Ever since the grant of the Prospecting Licence DGML has been carrying out detailed and systematic exploration in the

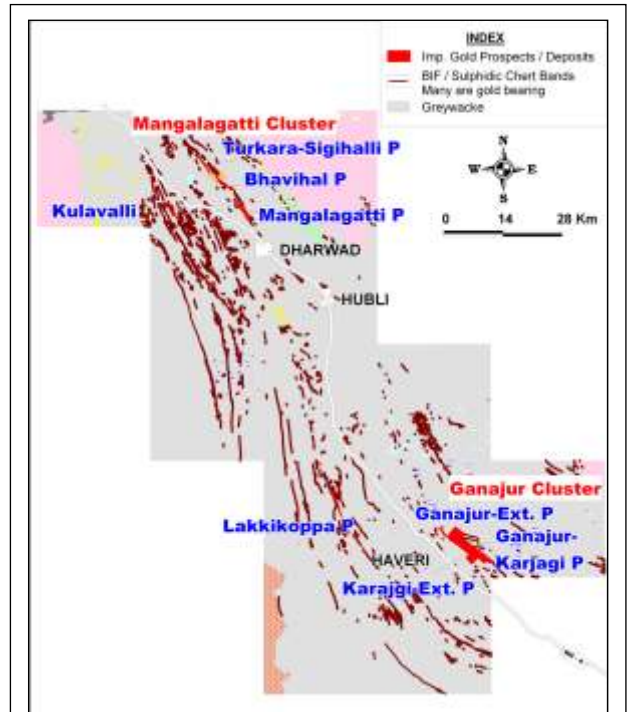


Fig-2 Geological map of Dharwar-Shimoga Basin showing DGML Gold Prospects.

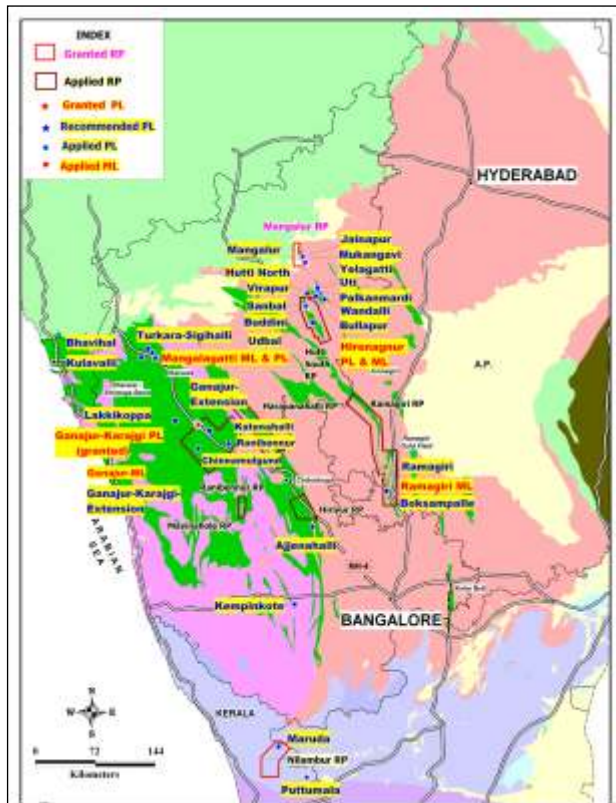


Fig-1

Geological Map of Karnataka, Kerala & A.P. Showing DGML leases.

PL block in order to continuously upgrade the project in terms of resource augmentation and value addition. The PL block comprises of the most important Ganajur Main prospect and seven other prospects known as East, South, South East, Central prospects, Karajgi Main, Karajgi East and Hut prospects (Fig-4).

The Ganajur Main Gold Prospect (Fig-3) is considered a high priority development project for DGML, with a



Fig-3 Panoramic View of Ganajur Main Prospect

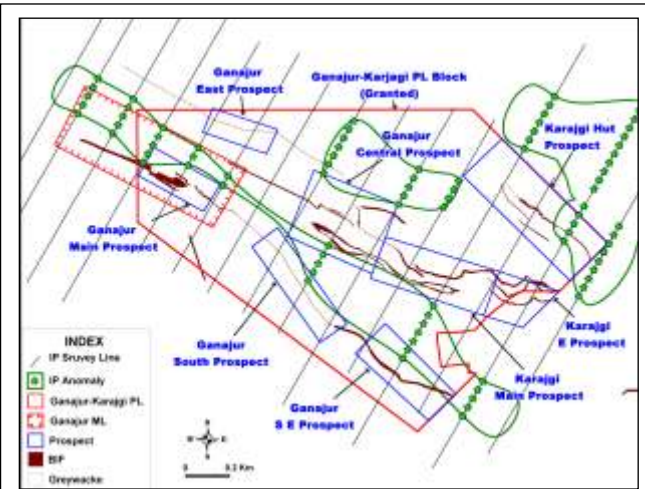


Fig-4 Ganajur - Karajgi PL Block showing the key prospects and IP profiles.

potential to develop into an open pit mining operation in the near future (Fig-11).

As reported earlier SRK Mining Services (India) Private Limited (SRK) completed in May 2010 an initial mineral resource estimate and compilation of a technical report according to the JORC guidelines for the Ganajur Main Gold Prospect. SRK had estimated a resource of 265,000 ozs of gold under indicated and inferred categories. As per the recommendations of SRK in the technical report, DGML completed 1,739 metres of infill and step out drilling in order to explore the strike and depth continuity of gold mineralization of the Ganajur Main prospect to JORC standards (Fig-5). As a result of the last phase of drilling the overall strike length as well as the gold resource of the Ganajur Main prospect have significantly increased (Fig-7,8). The summarized results of the latest phase of drilling are furnished in the table below:



Fig-5 Diamond Core Drilling operation at Ganajur Main Prospect, Ganajur-Karajgi PL.

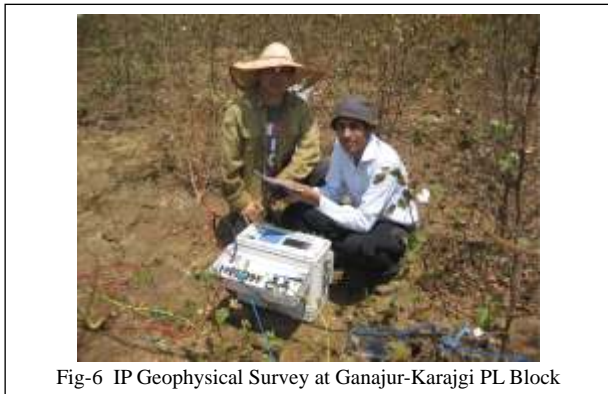


Fig-6 IP Geophysical Survey at Ganajur-Karajgi PL Block

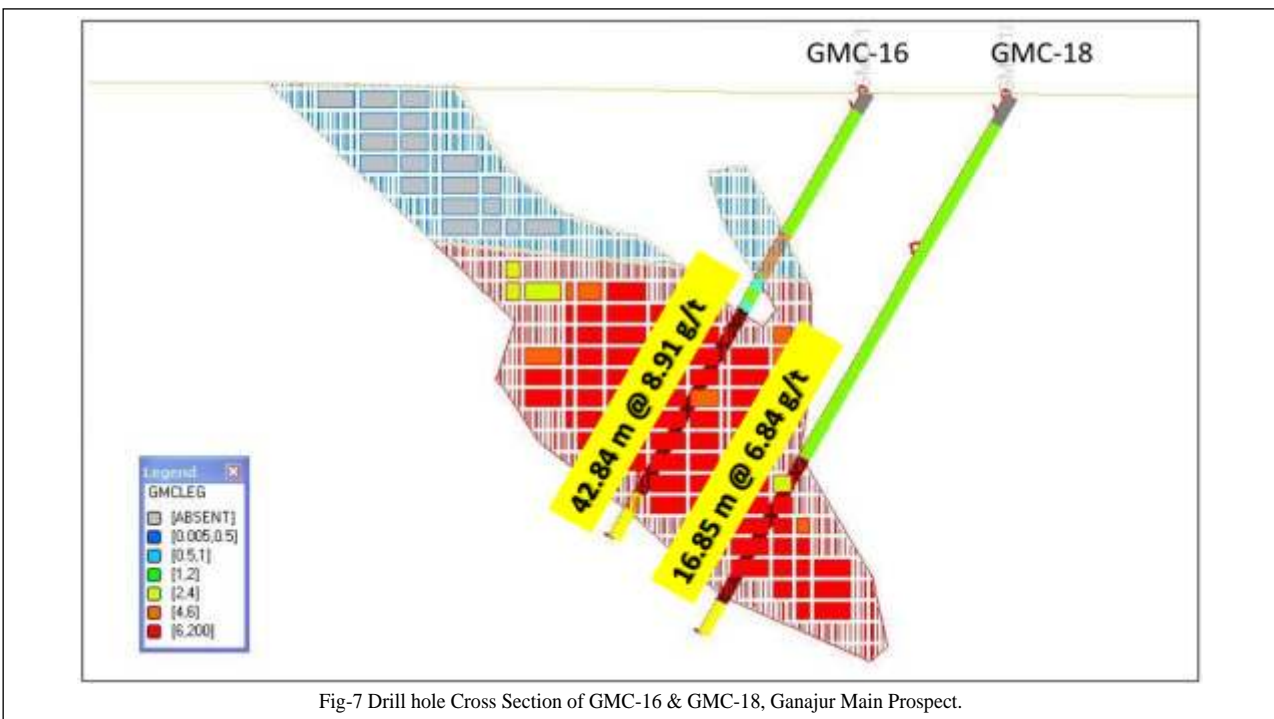


Fig-7 Drill hole Cross Section of GMC-16 & GMC-18, Ganajur Main Prospect.



BH ID	From (m)	To (m)	Average Width (m)	Average Au (g/t)
GMC-11	39.3	46.8	7.5	5.37
GMC-11	54.2	57.7	3.5	6.65
GMC-11	62.8	65.8	3	4.19
GMC-12	44	58.3	14.3	4.03
GMC-13	59.2	71.15	11.95	3.58
GMC-14	85.8	89.5	3.7	3.7
GMC-15	47.7	62.31	14.61	3.24
GMC-16	22.5	65.34	42.84	8.91
GMC-17A	43.3	70.7	27.44	7.89
GMC-18	57.9	80.75	22.85	5.45
GMC-19	34.4	53.9	19	5.13
GMC-20	24.2	40.7	16.5	3
GMC-22	49	52.7	3.7	2.62
GMC-27	39	45.5	6.5	2.2
GMC-28	33.5	39	5.5	3.97
GMC-29	64.5	69.7	5.2	3.05
GMC-32	21	29	8	2.42
GMC-33	74.8	77.1	2.3	3.79
GMC-34	50.5	52.5	2	4.31

**Ground Geophysical surveys:**

The discovery at Ganajur Main and the surrounding prospects opened up the possibility of locating moderate to large scale mineralised system hosting gold mineralization within the PL block. Therefore, DGML contracted an internationally reputed Elliot Geophysics- Australia to undertake the geophysical exploration (Fig-6). DGML completed Transient Electromagnetic Survey (EM) followed by a detailed Induced Polarisation (IP) survey. The IP survey was carried out on 12 lines by dipole-dipole configuration at 50 to 100 m dipole spacing (Fig-4).

The IP survey has clearly brought out a strong linear Chargeability anomaly with high resistivity background for 2.8kms, a part of which encloses the 600 metre long Ganajur Main prospect. This new discovery indicates that the Mineralised BIF that hosts the Ganajur Main ore body could now probably extend for nearly 2.8 kms. The 2D Inversion model also indicates that the Ganajur Main ore body and its extension may continue beyond 150metre depth (Fig-9 & 10). DGML plans to explore these deep seated geophysical anomalies.

Apart from this a strong chargeability anomaly accompanied by positive metal factor values is noticed towards north eastern corner of the PL block. This is once again a new discovery that will be explored by drilling. In addition to these two zones a moderate IP anomaly is seen in the central portion of the PL area.

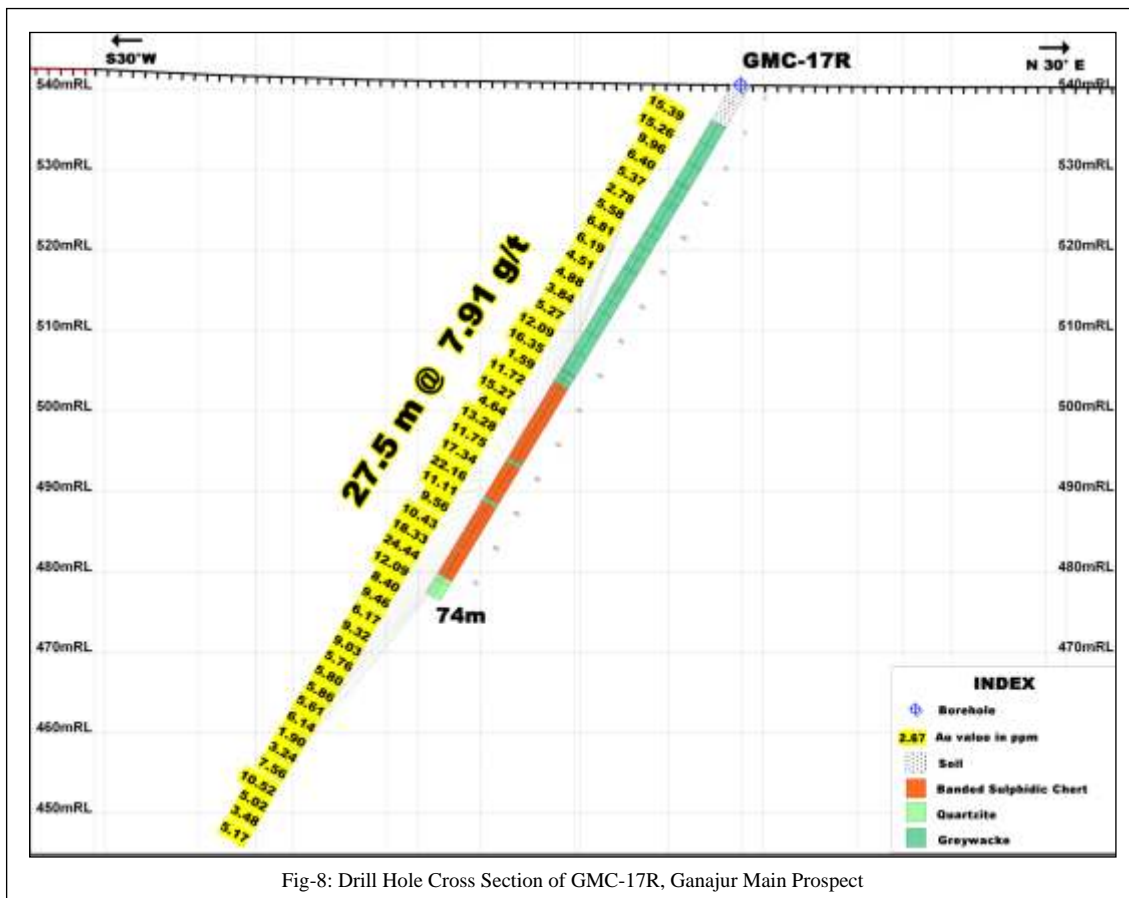


Fig-8: Drill Hole Cross Section of GMC-17R, Ganajur Main Prospect

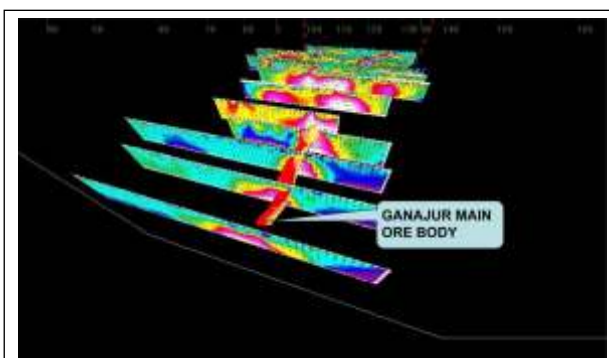


Fig-9 : Stacked 2D IP inversion models showing Ganajur Main ore body

The drilling at Ganajur Main prospect indicated the presence of 16-18% sulphides within the ore body. In order to explore such high magnitude of sulphides, DGML, as per SRK's suggestions carried out a 100m moving loop TEM survey along 9 lines. The TEM survey showed up a broad but shallow conductive feature in the NW part of the PL area. It also highlighted a small bull's eye anomaly centred on line 800E, which represents a narrow conductive feature.

To summarize, the recent Geophysical survey especially by IP survey has been very successful in tracing new zones of possible gold mineralization. IP inversion models also indicates strong possibility of the Ganajur Main ore body extending below 150 metres depth. Comparing the present information with other gold deposits of similar geological settings elsewhere in the world, there is distinct possibility of finding about a million ozs of gold resource within the Ganajur-Karajgi PL block that would require detailed exploration by drilling.

### Scoping Studies

DGML has commissioned SRK to complete a scoping study for the Ganajur Main Prospect to address the Process design, project economics, mine optimization and future work programme. SRK team visited the project area in January 2011. The scoping study has progressed substantially and the results are expected shortly.

As part of the scoping study, SRK has completed an updated resource estimation that has included the latest drilling results. The updated mineral resource statement is presented in the following table:

CATEGORY	Quantity (tonnes)	Grade (g/t)	Gold (ounces)
1. INDICATED			
A. SULPHIDE	1,921,000	3.83	237,000
B. OXIDE	631,000	3.19	65,000
<b>TOTAL INDICATED</b>	<b>2,552,000</b>	<b>3.67</b>	<b>301,000</b>
2. INFERRED			
A. SULPHIDE	93,000	1.82	5,000
B. OXIDE	17,000	3.26	2,000
<b>TOTAL INDICATED</b>	<b>109,000</b>	<b>2.06</b>	<b>7,000</b>

The assumptions considered by SRK while estimation include a cut-off grade of 1.0 gpt gold within a conceptual pit shell optimized considering a gold price of US\$1,600 per ounce of gold, metallurgical recovery of 90 percent for both oxide and sulphide mineralization, mining costs of US\$12 per tonne, processing costs of US\$15 per tonne and pit slopes of 45 degrees. It has to be noted that the Mineral resources are not mineral reserves and do not have demonstrated economic viability. Please see the DGML website [www.deccangoldmines.com](http://www.deccangoldmines.com) for the updated SRK's Memo.

**The overall resource of Ganajur Main ore body has increased from 265,000 ozs to 308,000 ozs and more than 95% of the resource are now under indicated category.**

Again as part of the scoping study, comprehensive metallurgical studies were carried out at the internationally accredited AMMTEC laboratory in Australia. Our metallurgical consultant is working with the data in association with SRK to bring out a suitable flow sheet and process design for the proposed 2,000 tpd processing plant.

As reported earlier, the Govt of Karnataka has issued a Govt Order agreeing to allot land and water required for establishment of a 2000 tonnes per day gold ore processing plant near Ganajur. DGML is in touch with the local authorities in finalizing the site for the proposed plant.

Management of Environmental related issues are key to any successful mining operation. DGML strongly believes in good environmental practices and measures. As part of this DGML will be initiating environmental Impact Assessment and the Management plans (EIA and EMP) as per the MOEF guidelines and international norms in and around the proposed Mining area.

DGML has also entered into a long term lease agreement with the farmers that will facilitate to carry out necessary studies in the Ganajur Main prospect. The details of the other projects in the Ganajur-Karajgi PL block are summarized below:

### Ganajur South East Prospect.

Ganajur southeast prospect (GSEP) is located around 1.2 km SE of Ganajur Main prospect (Fig-4). Channel sampling and the follow up DTH drilling carried out in this block during the R.P. tenure helped to delineate a mineralized zone for a length of 455 metres.

Following this, DGML carried out 576 meters of R.C. drilling involving 12 drill holes. Some of the best drill intersections include 15m @ 6.23 g/t, 2m @ 4.36, 3m @ 2.43 g/t Au in GSEP-22, GSEP-24, GSEP-26 respectively. The recent Geophysical IP survey has opened up new possibilities that will be drill tested.

### Ganajur East Prospect

Ganajur East Prospect includes a 2.0 km long, NW-SE trending, BIF band showing encouraging gold values. It is located around 500m east of Ganajur village and 300m north of Ganajur main prospect (Fig-4).

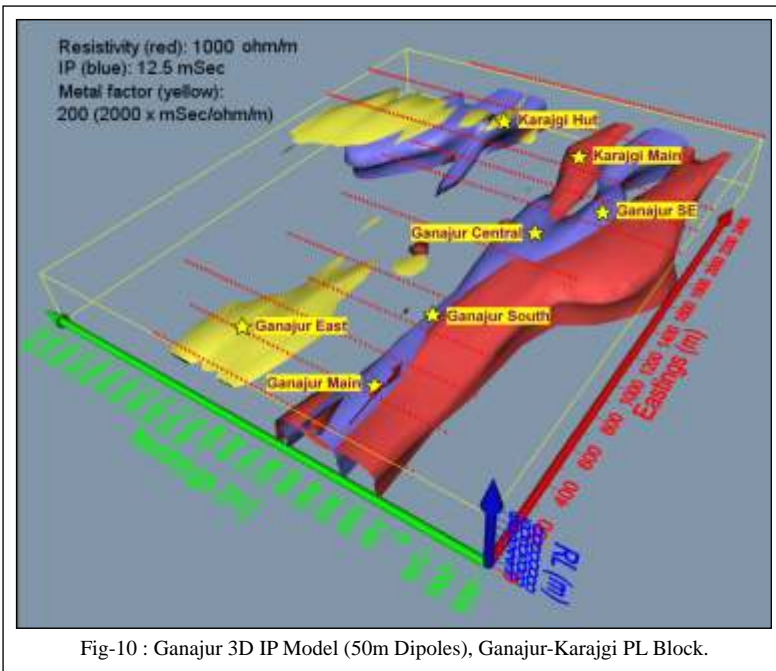


Fig-10 : Ganajur 3D IP Model (50m Dipoles), Ganajur-Karajgi PL Block.

Drill hole No	Width(m)	Grade (g/t)
KMP-17	1	3.79
KMP-19	3	7.22
KMP-28	1	5.46
KMP-29	1	2.64
KMP-30	2	4.28
KMP-31	2	2.46

Karajgi East prospect is located east of Karajgi Main prospect. Geological mapping, channel sampling and the recent ground magnetic survey has resulted in delineating 3 BIF bands of which two bands designated as C and D are found to be promising with a cumulative strike length of 450 metres. The third zone exposed towards north is the strike extension of the band B of Karajgi Main Prospect. Two samples from the trenches assayed 19.54 g/t and 3.12 g/t respectively.

**Karajgi Hut Prospect**

Hut Prospect is located towards North East corner of the PL block. Ground magnetic survey

The BIF band was explored by excavating 4 trenches. The NW part of the chert band was more sulphidic compared to the SE part. One of the trenches analysed 12.0 g/t Au over 1.6 m width. DGML considers Ganajur East as highly prospective and plans to carry out RC drilling in the near future.

**Ganajur Central Prospect**

DGML has carried out geological mapping, limited trenching, Resistivity-SP geophysical surveys. Two auriferous chert bands named G and F were delineated. A borehole drilled for band G during the RP stage intersected 4m wide mineralized zone averaging 18.31 g/t Au. DGML carried out a detailed RC drilling programme involving 661 metres from 16 holes. Best results were obtained in drill holes GCP-2 ( 2.0m @ 3.92 g/t Au) and GCP-7 ( 2.0m @ 6.33 g/t Au).

**Karajgi Main and East Prospects.**

Karajgi Main located 1 km South East of Ganajur Main Prospect is considered as one of the important prospects in the PL block (Fig-4). Exploration in Karajgi Main prospect during the RP stage had defined two sulphidic chert bands- A and B. The band B has a drilled resource of 90,000 tonnes averaging 2.23 g/t. Ancient workings are noticed all along this prospect.

DGML further explored the sulphidic bands A and B by geological mapping, trenching and ground magnetic survey. Most of the trenches indicated good gold values in the range of 1.19 to 5.69 g/t over 2.0 to 4.0 m width.

Following the encouraging results band A of the Karajgi Main prospect was explored by RC drilling involving 379 metres. Six bore holes returned significant gold values as given in the table below:

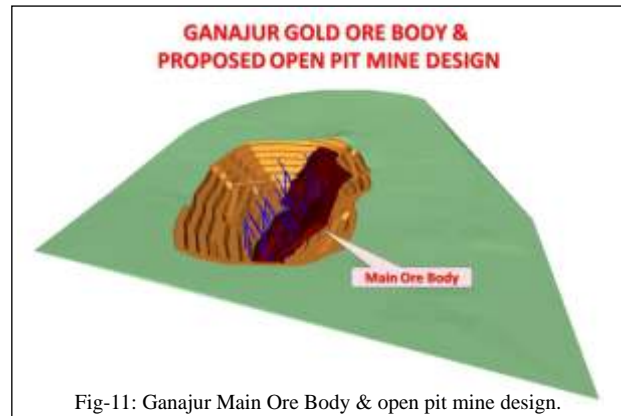


Fig-11: Ganajur Main Ore Body & open pit mine design.

and the earlier rock chip sampling have revealed 3 auriferous sulphidic chert bands (Zones 1-3). One of the trenches exposed 7.0 m wide sulphidic BIF averaging 3.50 g/t Au. The recently concluded IP geophysical survey has indicated a strong chargeability anomaly in the vicinity of Hut Prospect.

**B. Mangalagatti and Bhavihal Prospects:**

Mangalagatti and Bhavihal prospects are located 12 to 20 kms north of Dharwar city. They form part of the 'Dharwar Cluster' of gold bearing Chert bands (Fig-1 & 2). The Dharwar cluster comprises of Mangalagatti SE, Mangalagatti Main, East and Bhavihal prospects (Fig-12). All these are considered as highly potential like the Ganajur-Karajagi cluster near Haveri. DGML has applied for a Prospecting Licence over an area of 4 sq.kms and a Mining lease of 0.24 sq.kms covering the Mangalagatti Prospects. The Ministry of Mines has approved for the grant of PL which is currently under process with the State Government.



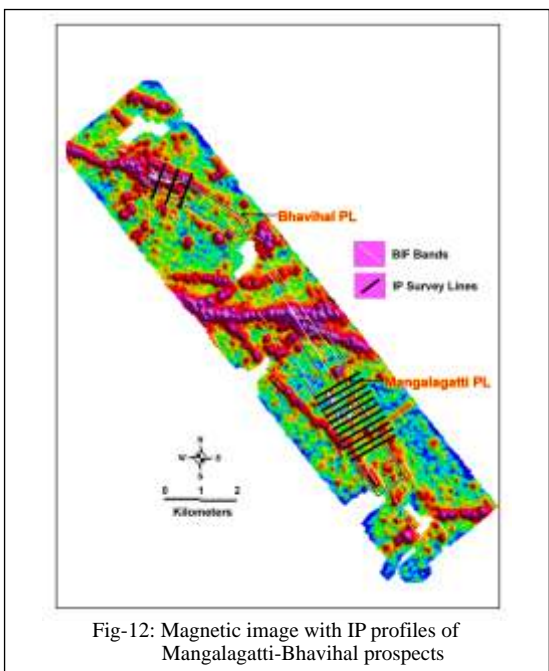


Fig-12: Magnetic image with IP profiles of Mangalagatti-Bhavihal prospects

Initial exploration during the RP tenure in the Mangalagatti SE prospect by RC drilling and channel sampling had revealed significant gold mineralization (Fig-13). Gold mineralization is hosted by southeasterly plunging folded banded iron formations. Two auriferous zones extending for nearly 500 metres over a width of 30 metres were defined. An inferred resource of 1.5 million tonnes @ 1.63 g/t Au is estimated based upon results of shallow drilling programme. After the successful exploration by geophysical methods in the Ganajur-Karajgi PL block, DGML conducted Induced Polarisisation (IP) survey in the PL block to investigate the existence of possible mineralised zones in addition to those already explored (Fig-14). The IP survey was carried out on 12 lines by dipole-dipole configuration at 50 to 100 m dipole spacing involving 19.7 line kms (Fig-15).

The results of the IP survey reveals a 300 to 400 metres wide broad based chargeability anomaly suggesting that the mineralization is controlled by a folded structure. More interestingly the IP anomaly has been traced all along for a distance of 2.0 kms and the anomaly is still open.

DGML also tested the depth extension of the IP anomaly by carrying out the survey at larger dipole separation. The survey indicates that the IP anomaly continue to greater depths below 200 metres with sharp increase in the intensity of the anomaly.

These results are very positive and warrants detailed exploration by drilling. DGML will launch resource drilling in Mangalagatti SE prospect and its adjacent targets once the PL is executed.

**Bhavihal Prospect:**

Bhavihal Prospect is located at a distance of 20 kms North of Dharwar and 8 kms NW of Mangalagatti SE prospect (Fig-12). Preliminary channel sampling followed by RC drilling during the RP tenure had clearly brought out surface expression of a wide ore body hosted in cherty BIF. The limited RC drilling was also intended to examine open pitable resource similar to Mangalagatti SE prospect. As a result of this preliminary investigation an area of 400 metres was delineated and an inferred resource of 74000 oz of Au was estimated averaging 1.76 g/t.

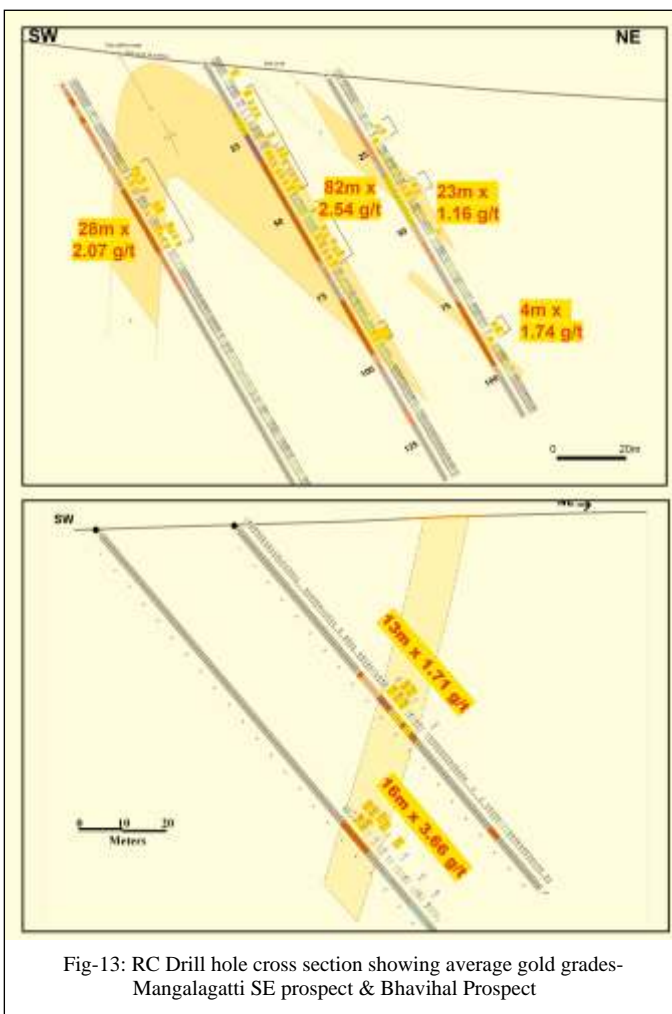


Fig-13: RC Drill hole cross section showing average gold grades- Mangalagatti SE prospect & Bhavihal Prospect

DGML believes that Bhavihal Prospect is highly potential and would require detailed exploration. A preliminary IP survey was initiated on 3 lines to understand the IP signature. It is very encouraging to note that all the three lines have brought out two moderate chargeability anomalies with coincident resistivity highs. With this positive information DGML plans to go ahead with additional IP lines to explore the depth and strike continuity of the mineralisation.



DGML has also identified several promising prospects at, Kuluwalli and Lakkikoppa, worthy of detailed exploration.

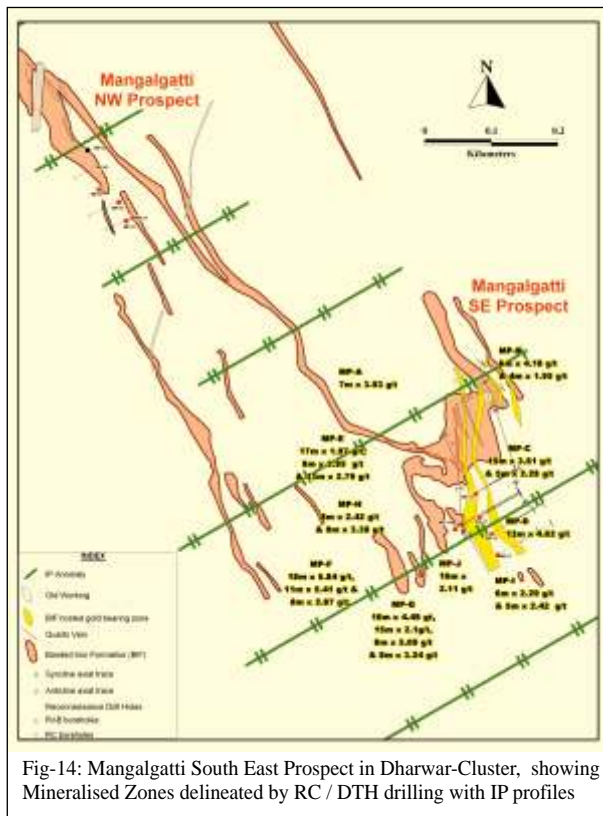


Fig-14: Mangalgatti South East Prospect in Dharwar-Cluster, showing Mineralised Zones delineated by RC / DTH drilling with IP profiles

**HUTTI-MASKI BELT PROJECTS:**

Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Auriferous tracts of Hutti greenstone belt are remarkably similar to the classic Archaean Superior Craton in Canada, the Yilgarn Craton in Western Australia and the Kolar greenstone belt in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being presently mined by The Hutti Gold Mines Limited. DGML carried out exploration over an area 851 sq km in the Hutti Belt under its two Reconnaissance exploration Permits (RPs). The systematic exploration efforts of DGML geologists resulted in defining 21 gold bearing blocks. A total of 12 prospecting licenses (PLs) applications covering the 21 gold targets and 1 Mining lease (ML) application in Hirenagnur have been filed with the Karnataka State Government (Fig-16).

Deccan Exploration Services Pvt Ltd (DESPL) a fully owned subsidiary of DGML filed a revision petition application with the Revision Authority (Tribunal) Ministry of Mines, Delhi challenging the Karnataka Government's proposal to reserve the entire Hutti-Maski Belt in favour of Hutti Gold Mines. The Revision Authority (Tribunal), Ministry of Mines, Government of India passed a Final Order on 22

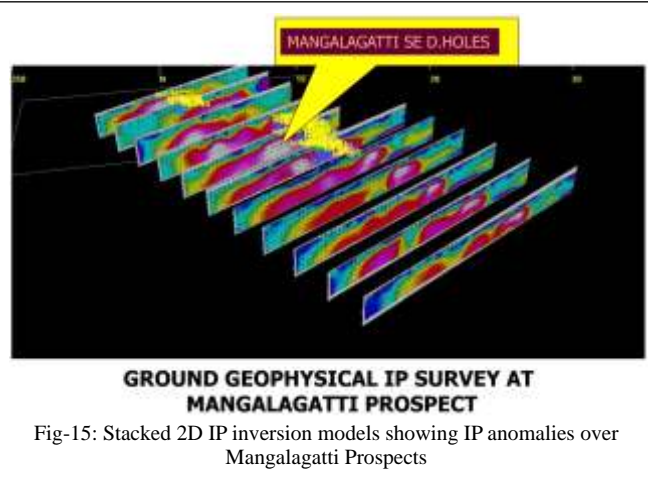


Fig-15: Stacked 2D IP inversion models showing IP anomalies over Mangalgatti Prospects

October, 2010 where by it had rejected the recommendation of the State Government of Karnataka to reserve the areas in favour of Hutti Gold Mines Limited and had directed the State Government of Karnataka to consider the pending PL applications of DESPL under the relevant law within a period of 100 days.

Following this verdict, Hutti Gold Mines Limited filed a Writ Petition before the Hon'ble High Court of Karnataka challenging the aforesaid Final Order dated 22 October, 2010 passed by the Revision Authority (Tribunal) Ministry of Mines, Government of India.

The Hon'ble High Court of Karnataka passed an Order dated 18 February, 2011 quashing the Order dated 22 October, 2010 passed by the Revision Authority (Tribunal), Ministry of Mines, Government of India and further, the Hon'ble High Court directed the Ministry of Mines, Government of India to consider the recommendation of the State Government of Karnataka to reserve the areas in favour of Hutti Gold Mines Limited in accordance with law.

The Ministry of Mines, Government of India (Central Government) rejected the recommendation of the State Government of Karnataka to reserve an area of 16,109 hectares in the Hutti Belt, Karnataka in favour of Hutti Gold Mines Limited, a State Government PSU and has instead directed the State Government to consider the pending Prospecting Licence applications of DESPL.

Due to delays in grant of PLs, DGML was unable to undertake further detailed exploration in the Hutti-Maski belt. However the highlights of the key prospects which were explored by DGML during its RP tenure are re presented below.

**A. Hutti Mine North Prospect**

This block is located immediately north of the currently operating Hutti Gold Mine located 80 kms west of Raichur town in Karnataka. A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the currently operating Hutti Mines. DGML's exploration resulted in



tracing the extensions of at least 5 of these lodes into DGML's PL block north of the Hutti Gold mine. The best finding was extension of the New East Reef which has analysed upto 10.0 g/t gold and the extension of the Main Reef that has analysed upto 16.0 g/t Gold. Strike Reef was explored by DGML by limited drilling with positive results.

DGML has applied for a Prospecting Licence that covers all the mineralized zones. A detailed drilling programme will be undertaken to explore the highly prospective North Hutti Block once the PL is granted.

**B. Hirenagnur Prospect:**

DGML considers Hirenagnur prospect as one of its best discoveries which is located 5 kms southeast of Hutti Gold Mines. Systematic exploration by means of geochemistry, ground geophysics, RC drilling and structural mapping has established a mineralized system of 2 kms length over a width of nearly 50 metres. Preliminary drilling indicates presence of 4 parallel mineralised zones of which the eastern most zone i.e zone III has a strike length of 600 metres. The drill hole data was processed by using Datamine Geological software which shows that all the 4 ore zones are open along strike and depth that would be investigated by detailed drilling. The data generated also suggests possibility of open pit mining of the Hirenagnur ore body (Fig-17). Some of the best drill intercepts are furnished below:

Drill hole No	Width(m)	Grade (g/t)
IHN-2	8	3.52
IHN-5	8	5.02
DHN-5	19	3.02
DHN-6	16	6.38
DHN-16	11	4.52

**C. Chinchergi-Wandalli Block:**

This block is an excellent exploration target defined by DGML as a result of extensive geochemical exploration, geological mapping, ground magnetic survey and limited Reverse Circulation drilling. DGML targeted a part of the major WNW trending Chinchergi- Amareshwara lineament between Chinchergi Prospect and Wandalli Prospect. Several ancient workings are seen all along this block.

In order to locate new targets in addition to tracing extensions of Wandalli and Chinchergi mineralisation, a bedrock geochemical programme was carried out involving 22 profiles and 1160 samples. The exploration has resulted in delineating two geochemical gold anomalies for 3.6 kms.

Other key projects of DGML in the Hutti-Maski belt are, Yatkal, Palkanmardi-Chinchergi block, Bullapur block, Uti Extensions, Sanbal-Maski block, Tuppadhur-Buddini block etc. All these prospects are covered under different PL applications.

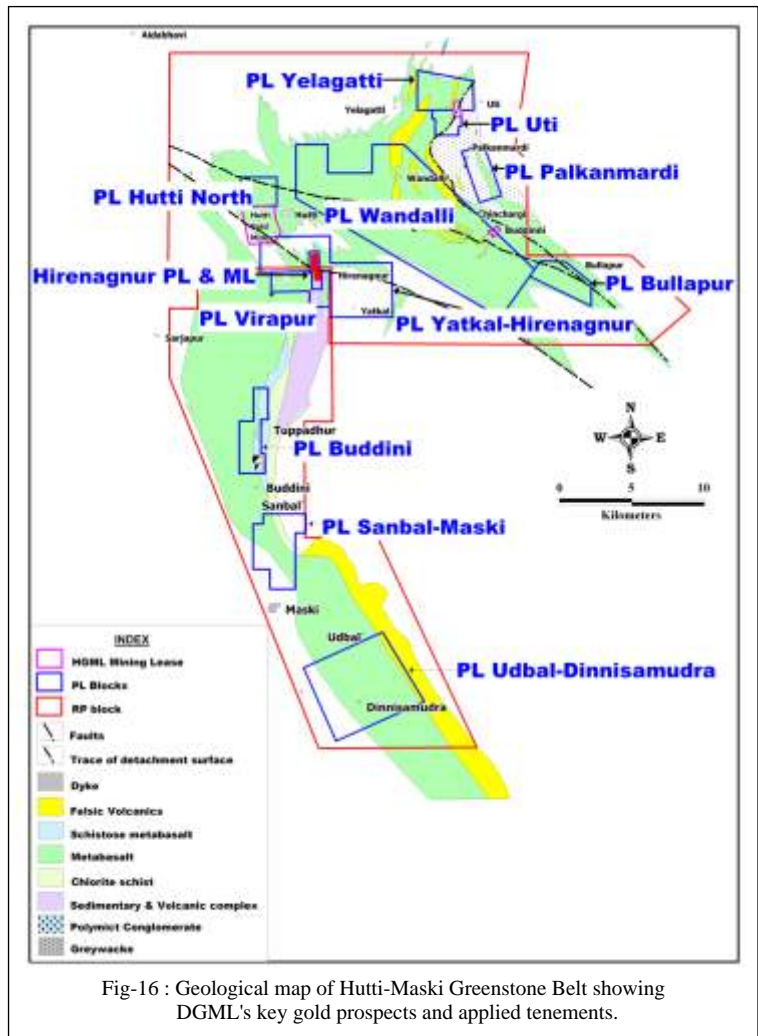


Fig-16 : Geological map of Hutti-Maski Greenstone Belt showing DGML's key gold prospects and applied tenements.

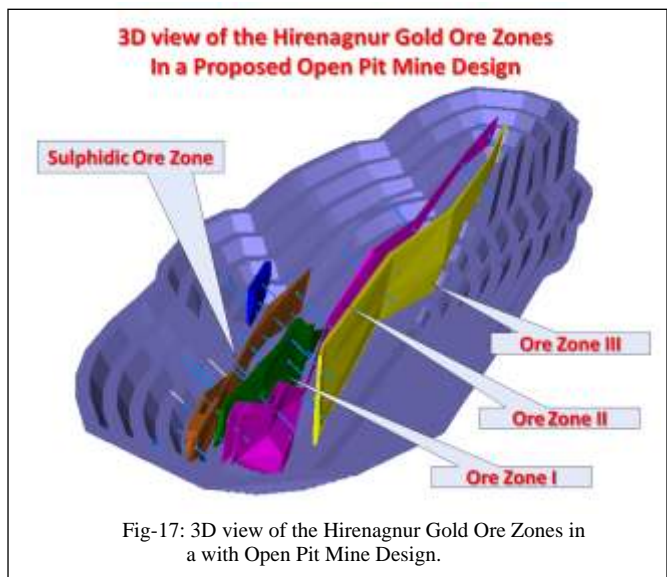


Fig-17: 3D view of the Hirenagnur Gold Ore Zones in a with Open Pit Mine Design.



**RAMGIRI BELT PROJECT**

The Ramagiri belt forms the southern half of the Ramagiri-Penkacherla greenstone belt. Ramagiri is located 40 km south-southeast of Anantapur and 180km due north of Bangalore. It is one of the important gold-bearing greenstone belts of the Eastern Dharwar Craton.

The Ramagiri belt comprises the well known 13 km long Ramagiri Gold Field (RGF) that was a scene of intensive underground mining activity by the Britishers in the early part of the last century. Three main mining ventures in this tract produced about 176,338 ounces of gold at a recovered grade of around 15 g/t from high-grade veins in the years 1910 to 1927.

DGML during its RP tenure, defined two prospective blocks for further exploration that are covered under PL applications (Fig-18). The details of the PL blocks are given below:

**A. Ramagiri Gold Fields PL Block (20 sq. kms area):**

Ramagiri Gold Fields PL block comprises the extensions of BGML's Yeppamana mine lodes, Power house mines and Jibutil Mines.

**The Power House Mine**

The power House mine is located to the south of the Gantalappa mine. It is reported to have produced about 4000t of ore with 17.6g/t.

The GSI tested this mine with 12 diamond drill holes, and reported narrow widths of 0.18 to 0.29m but with high grades of 8.4 to 52.7g/t.

**South Jibutil Mine**

South Jibutil mine is located south of Powerhouse mine. As per earlier reports the two rich gold bearing ore shoots were recognized of which the main ore shoot yielded 13.6 to 37.5g/t gold. The two ore shoots merge at 800 metre depth to give rise to wide ore body.

This mine has contributed to the main production from this sector during the British time. DGML's sampling has shown anomalous gold values in this sector.

DGML believes that the Ramagiri greenstone belt is under explored. The Ramagiri Gold Fields comprises of several mines of which Power house, Jibutil falls within the PL application of DGML.

The historical data on mining as well as the present knowledge acquired by DGML makes this area an important target for exploration.

**B. Boksampalle PL block (17 sq.kms):**

The 2 kms long Boksampalle block is situated close to the southern termination of the Ramagiri greenstone belt and consists of a series of gold bearing sulphidic quartz veins traversing fractured granite. A wide mineralized zone of 4.2m to 62.12m, is delineated over a length of 350 m. Randomly collected rock-chip samples assayed 0.23 g/t to 3.49 g/t.

This block was explored by GSI and intersected mineralization of 6.29m at 2.54g/t and 9.18m at 1.20g/t. DGML plans to explore the Boksampalle block by detailed drilling once the Prospecting Licence is granted.

**THE MANGALUR BELT PROJECT**

The Mangalur greenstone belt is 25km long and 4 to 5km wide, located 40 km north of the Hutti gold mines (Fig-19). Data from earlier exploration by GSI and our own work involving multi-element geochemical analysis of samples from different parts of the belt have brought to light two prospects viz; Jainapur prospect and Mangalur village (Brahmin's well prospect). Both these prospects are situated on either side of the Mangalur (Mukangavi) Gold Mine held previously by Hutti Gold Mines Ltd. DGML has filed 3 PL applications covering all the prospects. Of these the Mangalur block is an exciting prospect which was earlier mined by John Taylor and sons. As per the John Taylor report the Mangalur village block called as Brahmin's well workings was explored by shaft sinking and 3 level development upto 300 feet. As per the report the quartz lode at 150 feet level analysed gold values such as 24 g/t, 31 g/t 14 g/t and 31 g/t between

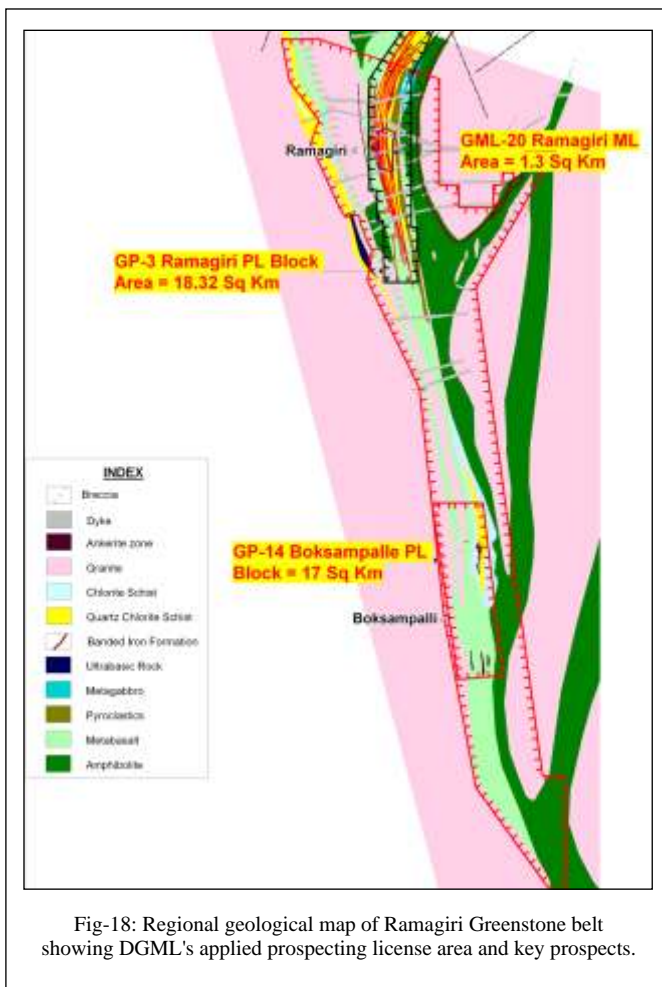


Fig-18: Regional geological map of Ramagiri Greenstone belt showing DGML's applied prospecting license area and key prospects.



70 to 100 feet. Similarly the north drive analysed very high gold values including 76 g/t, 105 g/t etc.

DGML during its RP tenure collected few samples from this area which showed 14 and 65 g/t gold with significant silver content which confirms the earlier John Taylor's report.

Sitting on either end of the HGML's Mangalur mine, Jainapur and Mangalur village prospects are considered very good exploration targets.

Out of the 3 PL applications filed by DGML, Jainapur PL was approved by the centre. The final grant notification from the State Government is awaited.

**Mangalur-Jainapur RP Block**

The Government of Karnataka granted Mangalur-Jainapur Reconnaissance permit over an area of 243.34 sq.kms in Gulbarga and Yadgir districts and the same was executed on 30-6-2010. This RP block covers the western portion of the Mangalur greenstone belt and South of Bheema basin (Fig-19). DGML carried out remote sensing studies, stream geochemical sampling and ground magnetic survey in the newly granted RP block. A total of 37 stream geochemical samples were collected which did not indicate any gold anomalies. Ground geophysical magnetic survey is underway.

**DGML's Consultancy Wing**

DGML's consultancy wing launched through Deccan Exploration Services Pvt Ltd (DESPL), a fully owned subsidiary of DGML has made sustained progress during the last year. The Consultancy wing's objective is to provide technical services in geological exploration and mining to the prospective clients both within India and abroad. Highlights of DESPL's consultancy services are presented below:

- > Geological investigation of a major cement grade limestone project in Tamilnadu for Aditya Birla group's Ultra Tech Cements. The contract involved geological mapping, intensive drilling and resource estimation.
- > Preliminary assessment of alluvial gold deposits in Ghana and Malaysia for Manyata Group.
- > Due diligence on a gold-silver-copper project in Cambodia for Maithan Alloys ltd, Kolkata.

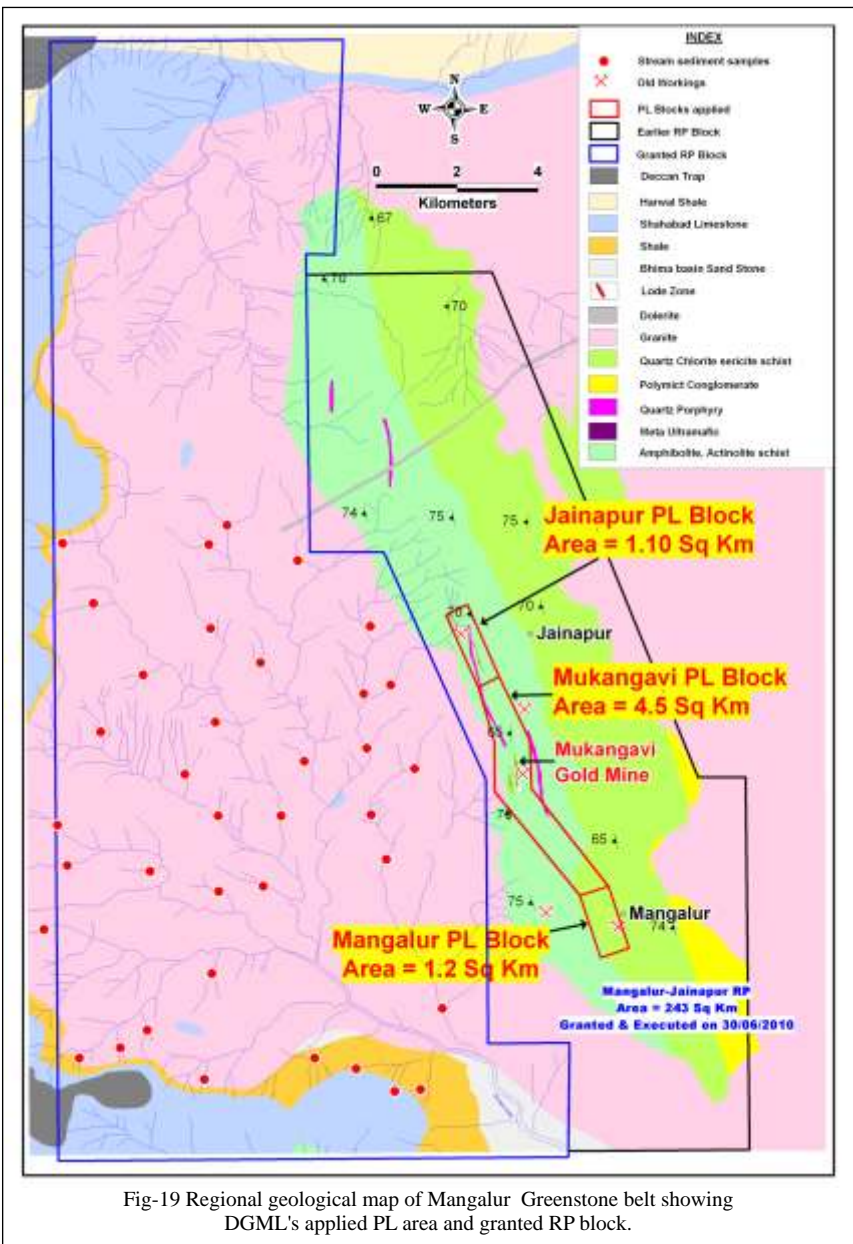


Fig-19 Regional geological map of Mangalur Greenstone belt showing DGML's applied PL area and granted RP block.



**STATUS OF IMPORTANT APPLICATIONS FOR RP / PL / ML**

(as on 29 August 2011)

<b>DECCAN GOLD MINES LTD. (DGML)</b>							
<b>RECONNAISSANCE PERMIT (RP) APPLICATIONS OF DECCAN GOLD MINES LTD.</b>							
RP Nos.	Block Name	District	State	Area in sq km	Date of Application	Ref. No. and Date	Status
DGML.RP-7	Mangalur-Jainapur	Gulbarga	Karnataka	243.34	3.8.2004	Grant Order No. CI.67 MMM 2007, dt.28.1.2010	RP Deed Executed on 30.6.2010 vide RP Deed No.41/2010.
DGML.RP-5	Ramagiri*	Anantapur	Andhra Pradesh	2430	19.6.2004	No.F.No.17808/R4-3/04, Dt.19.6.2004	Pending at DMG, Hyderabad for want of clarification on the queries raised by MoM, Delhi.
DGML.RP-2	Hutti South*	Raichur	Karnataka	1000	26.2.2004	No.DMG/04 ARP 2004/19221, Dt.3.3.2004.	Pending at DMG, Bangalore awaiting finalization of the Hutti issue.
DGML.RP-3	Hiriyur	Chitradurga & Tumkur	Karnataka	596	17.3.2004	No.DMG/07 ARP 2004/19751, Dt.18.3.2004	Pending at DMG, Bangalore.
<b>4 RPs</b>			<b>TOTAL</b>	<b>4269.34</b>			
<b>DECCAN GOLD MINES LTD. (DGML)</b>							
<b>PROSPECTING LICENCE (PL) APPLICATIONS OF DECCAN GOLD MINES LTD.</b>							
RP Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status	
<b>KARNATAKA STATE</b>							
DGML.PL-4	Karajgi Extension	Haveri	21	30.10.2007	No.102APL 07/10680, dt.2.11.2007 CI 297 MMM 2010	DESPL has filed another PL application over the very same area after the area was notified. Both are under processing at State Secretariat.	
DGML.PL-7	Ajjenahalli	Tumkur	1	2.4.2009	No.DMG/58/APL 09/450, dt.17.4.2009	Under processing at DMG, Bangalore.	
DGML.PL-8	Chinna Mulgund-Aladgeri	Haveri	35	26.2.2010	No.DMG:09APL/ 2009-10/18735, dt.20.3.2010	Under processing at DMG, Bangalore. (PL Application filed in response to Gazette Notification dt.30.12.2009).	
DGML.PL-9	Ranibennur	Haveri	70	26.2.2010	No.DMG:10 APL/ 2009-10/18736, dt.20.3.2010	Under processing at DMG, Bangalore. (PL Application filed in response to Gazette Notification dt.30.12.2009).	
DGML.PL-10	Katenahalli-Kengond	Haveri	26	26.2.2010	No.DMG:11 APL/ 2009-10/18734, dt.20.3.2010	Under processing at DMG, Bangalore. (PL Application filed in response to Gazette Notification dt.30.12.2009).	
<b>5 PLs</b>		<b>TOTAL</b>	<b>153</b>				
<b>CHHATTISGARH STATE</b>							
DGML.PL-5	Bagmara	Raipur	20	3.12.2008	S.No.658, dt.3.12.2008	Under processing at DMG, Raipur	
DGML.PL-6	Rajadevri	Raipur	28	3.12.2008	S.No.657, dt.3.12.2008	Under processing at DMG, Raipur	
<b>2 PLs</b>		<b>TOTAL</b>	<b>48</b>				



**DECCAN GOLD MINES LTD. (DGML)**

INCLUDING PL APPLICATIONS OF DECCAN EXPLORATION SERVICES PVT. LTD. (DES) & THOSE APPLICATIONS UNDER AGREEMENT WITH GEOMYSORE SERVICES (INDIA) PVT. LTD. (GMSI)						
RECONNAISSANCE PERMIT (RP) APPLICATIONS OF DECCAN GOLD MINES LTD.						
RP Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status
<b>KARNATAKA STATE</b>						
DES.PL-2	Ganajuru-Karajgi	Haveri-Dharwar	2.2	17.10.2003	Grant Order No. CI.157:MMM. 2005, dt.10.9.2009	PL Deed No.3370 & Executed on 25.9.2009. Prospecting operations are underway.
DES.PL-10	Mangalagatti	Dharwar	4	11.1.2005	No.07 APL 2005, Dt.17.1.2005 CI 61 MMM 07	Approved by MoM, Government of India vide letter no.4/33/2008-M.IV, dt.16.4.2010. Under processing at the State Secretariat, Government of Karnataka.
GMSI.PL-8	Jainapur	Gulbarga	1.1	7.11.2003	No.47 APL 03/13967, Dt.10.11.2003 CI 59 MMM 05	Approved by MoM, Government of India vide letter no. 4/34/2008-M.IV, dt.16.9.2009. Under processing at the State Secretariat, Government of Karnataka..
GMSI.PL-7	Mangalur	Gulbarga	1.2	7.11.2003	No.46 APL 03, Dt.10.11.2003 CI 134 MMM 06,	Under processing at the State Secretariat, Government of Karnataka.
DES.PL-12	Lakkikoppa	Haveri	5	22.3.2005	No.85 APL 05, CI 64 MMM 2010	Under processing at the State Secretariat, Government of Karnataka.
DES.PL-1	Hutti North	Raichur	5	1.8.2003	No.24 APL 03, Dt.18.8.2003	Our Writ Petition against the rejection of PL is pending with the Hon'ble High Court of Karnataka. Likely to be heard in the near future.
DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127APL 2004, Dt.24.11.2004 CI 112 MMM 07	Under processing at the Secretariat, Government of Karnataka.
DES.PL-9	Bhavihal	Dharwad	1.5	4.1.2005	No.02 APL 2005, Dt.6.1.2005 CI 66 MMM 2010	The Director has recommended the file to the Secretary; but has come back to DMG, Karnataka for a minor clarification.
DES.PL-11	Ganajuru Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005	Being processed at State Secretariat, Government of Karnataka.
DES.PL-15	Ganajuru-Karajgi Extension	Haveri	25	26.2.2010	Ack. No.DMG:08 APL 2009-10/18729, dt.20.3.2010	A PL filed in response to Gazette Notification dated 30.12.2009. Under processing at DMG, Bangalore.
DES.PL-3	Uti	Raichur	2.9	14.1.2004	No.06APL04/16815, Dt.16.1.2004	Pending with the Hon'ble High Court of Karnataka. Please refer to DGML's website for updates.
DES.PL-4	Yatkal-Hirenagnur	Raichur	21	1.10.2004	No.106 APL04/11544, Dt.18.10.2004	-do-
DES.PL-4A	Hirenagnur	Raichur	1.8	28.4.2006	No. 54 APL 06 Dt.5.5.2006	-do-
DES.PL-5	Wandalli	Raichur	90	21.10.2004	No.11APL04/10976, Dt.28.10.2004	-do-
DES.PL-7	Yelagatti	Raichur	9	17.12.2004	No.162 APL04/13923, Dt.20.12.2004	-do-



**DECCAN GOLD MINES LTD. (DGML)**

INCLUDING PL APPLICATIONS OF DECCAN EXPLORATION SERVICES PVT. LTD. (DES) & THOSE APPLICATIONS UNDER AGREEMENT WITH GEOMYSORE SERVICES (INDIA) PVT. LTD. (GMSI)

**RECONNAISSANCE PERMIT (RP) APPLICATIONS OF DECCAN GOLD MINES LTD.**

RP Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status
<b>KARNATAKA STATE</b>						
DES.PL-13	Palkanmardi	Raichur	6	28.2.2006	No.39 APL 06/17, Dt.29.3.2006	Pending with the Hon'ble High Court of Karnataka. Please refer to DGML's website for updates.
DES.PL-14	Bullapur	Raichur	7	15.3.2006	No.36 APL 06/15624, Dt.25.3.2006	-do-
GMSI.PL-4	Sanbal-Maski	Raichur	14.7	29.8.2003	No. 32 APL 2003, Dt. 29.8.2003	-do-
GMSI.PL-5	Buddini	Raichur	8	29.8.2003	No. 31 APL 2003, Dt. 29.8.2003	-do-
GMSI.PL-12	Udbal-Dinnisamudra	Raichur	35	14.1.2004	No.9 APL 04, Dt.29.7.2004	-do-
GMSI.PL-28	Virapur	Raichur	7	1.10.2004	No.105 APL 2004/11545, Dt.18.10.04	-do-
<b>21 PLS</b>			<b>257.4</b>			
<b>ANDHRA PRADESH STATE</b>						
GMSI.PL-3	Ramagiri	Anantapur	18.32	23.8.2003	No.2095/M2/2003, Dt.23.8.2003	State Government has recommended to MoM, Delhi and awaits certain clarifications from the State Government.
<b>2 PLS</b>			<b>18.32</b>			

DGML = Deccan Gold Mines Ltd.

DES = Deccan Exploration Services Pvt .Ltd. is a 100% owned subsidiary of DGML

GMSI = Geomysore Services (India) Pvt. Ltd.

**MINING LEASE (ML) APPLICATIONS OF DECCAN GOLD MINES LTD., DECCAN EXPLORATION SERVICES PVT. LTD., AND GEOMYSORE SERVICE (INDIA) PVT. LTD.**

RP Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status
<b>KARNATAKA STATE</b>						
DES.ML-1	Mangalagatti	Dharwad	0.24	9.1.2004	No.24AML 2004	Under processing at DMG, Bangalore.
DES.ML-2	Ganajuru	Dharwad	0.29	8.6.2006	No.567 AML 06/3389	Recommended by the State Government. Under processing at the MoM, Delhi.
DES.ML-4	Ganajuru-Karajgi	Haveri	8	9.1.2009	No.DMG/01/AML/2009-10/13130, Dt.27.1.2009	Under processing at DMG, Bangalore.
<b>ANDHRA PRADESH STATE</b>						
GMSI.ML-20	Ramagiri	Anantapur	1.3	10.4.2008	Ack.No.1770/M/08, Dt.11.4.2008	Under processing at Asst. Director's Office, Anantapur.
<b>4 MLs</b>		<b>TOTAL</b>	<b>9.83</b>			

DGML = Deccan Gold Mines Ltd.

DES = Deccan Exploration Services Pvt. Ltd. is a 100% owned subsidiary of DGML

GMSI = Geomysore Services (India) Pvt. Ltd.

\*MoM = Ministry of Mines





## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2011.

### 1. Financial Results

(Rs in '000)

Particulars	2010-11	2009-10
Total Income	3,274	4,188
Profit/(Loss) before Taxation	(11,537)	(6,118)
Profit/(Loss) after Tax	(11,537)	(6,118)
Balance brought forward	(31,133)	(24,873)
Balance transferred to Balance Sheet	(42,644)	(31,133)

During the year, the Company incurred Rs. 183.53 lacs on exploration activities and Rs. 137.78 lacs on administrative and other expenses. The cumulative amount spent on exploration activities of Rs. 759.77 lacs as on 31 March, 2011 has been transferred to pre-operative expenses.

### 2. BUSINESS OPERATIONS AND OUTLOOK

For full details on the operations of the Company during the year under review, please refer to the segment titled "Report on Exploration Activities" and the segment titled "Status of important applications for Reconnaissance Permit (RP) / Prospecting Licence (PL) / Mining Lease (ML)" published elsewhere in this Annual Report.

The highlights of the operations undertaken by the Company during the year under review are summarized hereunder:

#### Ganajur Main Gold Prospect:

- During November, 2010 the Mining Lease application of Deccan Exploration Services Private Limited (DESPL), a wholly-owned subsidiary of the company for 0.29 sq km covering the Ganajur Main Gold Prospect was recommended by the Government of Karnataka to the Ministry of Mines, Government of India (MoM) for final approval.
- In February, 2011 the company appointed SRK Mining Services (India) Private Limited, Engineers and Consultants (SRK), to undertake a comprehensive scoping (pre-feasibility) study to assess the mining potential of Ganajur Main Gold Prospect located in the Ganajur-Karjagi Block of Haveri District in the State of Karnataka.
- Other than studying the financial economics of establishing an open pit mining operation, the scoping study will also address technical issues such as mine optimization, process design and future work programs. Further, the scoping study will also provide an updated resource statement.
- Our shareholders would be aware that in May, 2010 SRK completed an initial resource estimate and compilation of a technical report according to the internationally approved JORC (Joint Ore Reserves Committee, Australia) Guidelines for the Ganajur Main Gold Prospect.
- The ML application in respect of the Ganajur Main Gold Prospect is being pursued vigorously by the company.

#### Update on Hutti Gold Projects :

- The company has been updating the shareholders on this matter from time to time. The announcements made by the company in this regard are available on the company's website as well as on the website of the BSE.
- Upon the direction of the Hon'ble High Court of Karnataka, the Ministry of Mines, Government of India (Central Government) had considered and rejected the recommendation of the State Government of Karnataka to reserve an area of 16,109 hectares in the Hutti Belt, Karnataka in favour of Hutti Gold Mines Limited, a State Government PSU and had instead directed the State Government to consider the pending Prospecting Licence (PL) applications of DESPL. It may be noted that DESPL had lodged PL applications for gold in the Hutti Belt after successfully carrying out exploration under Reconnaissance Permit.



- Hutti Gold Mines Limited has now filed a Writ Petition in the Hon'ble High Court of Karnataka challenging the aforesaid decision of the Central Government. The matter is now pending before the Hon'ble High Court which has fixed 29 August, 2011 as the next date of hearing.

### **3. SUBSIDIARY COMPANY**

As required under Section 212 of the Companies Act, 1956, the audited Profit and Loss Account for the year ended 31 March, 2011 along with the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon of Deccan Exploration Services Private Limited, a subsidiary company is attached.

### **4. CORPORATE GOVERNANCE**

The Company has complied with all the mandatory requirements of Corporate Governance Code specified by the Securities and Exchange Board of India through Clause 49 of the Listing Agreement. As required by the said Code, a separate Report on Corporate Governance forms part of this Annual Report. A Certificate from M/s. Rathi & Associates, Practising Company Secretaries, Mumbai regarding compliance with the conditions of Corporate Governance also forms part of this Annual Report.

Further, in terms of Clause 49(IV)(F) of the Listing Agreement, a separate report titled "Management Discussion and Analysis" forms part of this Annual Report.

### **5. DECCAN GOLD MINES EMPLOYEE STOCK OPTION PLAN, 2008**

The disclosures required to be made under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in the Annexure to the Report.

### **6. BOARD OF DIRECTORS**

Mr. Charles E.E. Devenish and Dr. M. Ramakrishnan are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Necessary resolutions seeking the approval of the shareholders for the reappointment of the aforesaid Directors forms part of the Notice convening the Annual General Meeting. In terms of Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Bombay Stock Exchange Limited all the requisite details about the Directors seeking re-appointment at the ensuing Annual General Meeting forms part of the Notice convening the Annual General Meeting.

Further, pursuant to Clause 49(IV)(E)(iv) of the Listing Agreement, the shareholders may take note that none of the Non Executive Directors hold any shares/-convertible instruments in the Company as on the date of this Report.

### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that they 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 31 March, 2011 and of the loss of the Company for that period.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that they have prepared the attached Statement of Accounts for the year ended 31 March, 2011 on a going concern basis.

### **8. PERSONNEL**

Your Directors place on record, their appreciation for the good work done by all the employees.

During the year under review, none of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



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**9. AUDITORS**

The Statutory Auditors M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**10. STATUTORY AUDITORS' REPORT**

Observations made in the Statutory Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**11. FIXED DEPOSITS**

The Company has not accepted or renewed any deposit from public during the year under review.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

**A. Conservation of Energy and Technology Absorption**

Considering the nature of the Company's existing business activities, your Directors have nothing to state in connection with conservation of energy and technology absorption.

**B. Foreign exchange earnings and outgo**

It may be noted that during the year under review, the Company did not have any foreign exchange earnings, but had a foreign exchange outgo of Rs. 0.22 lac.

**13. ACKNOWLEDGEMENT**

The Directors wish to express their gratitude to all the business associates and to the Investors / Shareholders for the confidence reposed in the Company and its management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place: Bangalore  
Date: 10 August, 2011

Charles E.E. Devenish  
Chairman



## ANNEXURE TO DIRECTORS REPORT

Disclosures pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,

### A. SUMMARY OF STATUS OF OPTIONS GRANTED

Total number of options approved	An aggregate of 30,00,000 stock options have been approved under Deccan Gold Mines Employee Stock Option Plan, 2008 (Plan)
Pricing Formulae	25% discount to the latest available closing price of shares on Bombay Stock Exchange Limited on a day previous to the date of grant.
Total Options granted	30,00,000
Options vested	Nil
Options Exercised	Not applicable
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of option	Not applicable
Money realized as a result of exercise of options	Not applicable.
Total number of options in force	30,00,000

### B. EMPLOYEE – WISE DETAILS OF OPTIONS GRANTED DURING FINANCIAL YEAR 2010-11

#### (i) Senior Managerial Personnel

Name	Number of options granted
Mr. Sandeep Lakhwara, Managing Director, Deccan Gold Mines Limited	550,000
Dr. V.N. Vasudev, Director, Deccan Exploration Services Private Limited	450,000
Mr. S.C.R. Peshwa, Director, Deccan Exploration Services Private Limited	350,000
Dr. M. Hanuma Prasad, Director, Deccan Exploration Services Private Limited	350,000
Dr. M.K. Devarajan, Director, Deccan Exploration Services Private Limited	350,000
Dr. Saleem Ahmed Khan, Director, Deccan Exploration Services Private Limited	350,000
Mr. K. Karunakaran, Director, Deccan Exploration Services Private Limited	300,000
Mr. S. Subramaniam, Company Secretary, Deccan Gold Mines Limited	300,000

(ii) No employee has been identified and granted options exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C. Disclosures with respect to Diluted EPS pursuant to issue of shares on exercise of options calculated in Accordance with Accounting Standard (AS) 20 and Weighted average exercise price of options granted during the year is not applicable since no options were exercised during the financial year.

The Company has also received a certificate from M/s V.K. Beswal & Associates, Chartered Accountants, Mumbai and the Statutory Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines.



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the Subsidiary Deccan Exploration Services Private Limited.

(Rs. in '000)

1	The financial year of the subsidiary company ended on	31 <sup>st</sup> March, 2011
2	Date from which it became subsidiary	3 <sup>rd</sup> March, 2005
3	a) No. of shares held by Holding Company with its nominee in the subsidiary at the end of the financial year of the subsidiary	10,000 equity shares of Rs.10/- each
	b) Extent of interest of holding company at the end of the financial year of the subsidiary	100%
4	The net aggregate amount of subsidiary's profit (loss) so far as it concerns the members	
	a) Not dealt with in holding company's accounts:	
	i) For the financial year of the subsidiary	Nil
	ii) For the previous financial years of the subsidiary since it became the subsidiary of the company	Nil
	b) Dealt with in holding company's accounts*:	
	i) For the financial year of the subsidiary	6082
	ii) For the previous financial year of the subsidiary	(222)
5	Changes in the holding company's interest in the Subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	None
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of:	
	a) Subsidiary's fixed assets	None
	b) Its investments	None
	c) The monies lent by it	None
	d) The monies borrowed for the purpose other than meeting current liabilities	None

\*Consolidated accounts reflect the effect.

For and on behalf of the Board

**Charles E.E.Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place: Bangalore  
Dated: 10 August, 2011

**S. Subramaniam**  
Company Secretary



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## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INTRODUCTION**

Established in 2003 by promoters with deep roots in the exploration and mining sector, Deccan Gold Mines Limited (DGML) is the first and the only gold exploration company listed on the Bombay Stock Exchange Limited (BSE). DGML brings to India, a wealth of international technical know how and experience in the gold exploration and mining sector. Since its establishment, DGML has actively pursued gold exploration activities through adoption of modern methods and latest technology in all of its exploration prospects that resulted in identification of potential gold resources at several locations. DGML now has a large portfolio of exploration prospects in the States of Karnataka, Andhra Pradesh and Rajasthan.

Details on the results of DGML's exploration work has been provided under the heading "Report on Exploration Activities".

The status of important applications for Reconnaissance Permit (RP) / Prospecting Licence (PL) / Mining Lease (ML) acquired by DGML and its 100% owned subsidiary Deccan Exploration Services Private Limited (DESPL) has been provided under the heading "Status of important applications for RP / PL / ML".

DGML is continuously working towards its long standing vision of developing a producing gold mine in India. The past year has been a milestone in our path of progress due to a significant step up in the gold resource position and knowledge about the future potential of two of our important gold projects viz., Ganajur-Karajgi and Mangalagatti in the State of Karnataka.

It may be noted that the ML application for the Ganajur Main Gold Prospect covering 0.29 sq kms is being pursued vigorously with the Ministry of Mines, Government of India (MoM) to whom the file has been recommended by the State Government of Karnataka. MoM has at the time of writing this report referred the file to the Indian Bureau of Mines seeking its opinion on the existing resource at the Prospect. The Company hopes to get the approval of MoM at the earliest where after the file will be referred to the State Government of Karnataka for their due process. We have commenced action for obtaining other clearances such as pollution control clearance, and environment clearance simultaneously which will be required prior to the commencement of mining operations.

During February, 2011 the Company also appointed SRK Mining Services (India) Private Limited, Engineers and Consultants to undertake a comprehensive scoping (pre-feasibility) study to assess the mining potential of the Ganajur Main Gold Prospect. The results of study were expected to be announced in July 2011 have been delayed due to various factors but will be made public as soon as these are received.

As regards the land required for mining purposes, it may be noted that part of the said land is already covered by long-term Lease Agreements entered into by DESPL with the owners of those lands. These agreements continue to give us access to the land to carry out further detailed exploration work in the area. The Company is also in the process of identifying suitable lands in the adjoining areas for setting up of a processing plant further to the MOU signed with the Government of Karnataka to do so. The Company acknowledges the cooperation and support being received from the Local / State Government authorities in this regard.

We are also pleased to report that recent exploration involving application of sophisticated Geophysical Surveys has indicated the present of large anomalies in the extension of the Ganajur Main Gold Prospect being held and explored under the Ganajur-Karajgi Prospecting License Block covering an extent of 2.2 sq kms.

In addition, the Company has been actively pursuing the grant of Mangalagatti and Bhavihal gold prospects in the Dharwar District of Karnataka from the State Government. These two prospects have a good potential and the Company has drawn up additional detailed drilling program and geophysical surveys for further developing the Prospects.

It must, however, be appreciated that exploration companies, have long gestation periods between exploration and discoveries, to which DGML is no exception. This gestation period has been further impacted by the delays in grant of permits by the Government authorities.

### **INDUSTRY REVIEW**

India has a long history of gold exploration and mining. Gold deposits in India are known to mainly occur in the States of Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh and Jharkhand.

In 2010, total Indian gold demand reached US\$ 38 billion, being 963 tonnes accounting for approximately 25% of the global gold market (source : World Gold Council). This demand has been increasing at an average of 13% per year for the last ten



years. The international gold prices have been increasing steadily and at the time of writing this Report, the gold price is US\$ 1840 (approx) and is projected to increase further. It is heartening to note that the upward movement in the international gold prices will have a significant positive impact on the viability of our gold projects.

India however, currently only produces approximately 0.5% of its annual gold consumption with the gold production currently around 95,000 – 130,000 oz / annum from both primary gold production and by-product secondary gold.

The Government of India is currently considering new legislation (MMDR Act, 2010) intended to modernize mining law and to facilitate large scale investment in the Indian mineral exploration / mining sector by foreign and Indian investors. The Bill, however, remains in the development and discussion stage and no date for its implementation has been provided.

Some of the salient features of the proposed MMDR Act, 2010 are (i) the establishment of a National Mineral Tribunal, which would have wide powers in relation to mineral matters, including setting aside or confirming any order passed by the Central or State Government; (ii) significant increase in the maximum areas allowable per person per State for PLs and MLs; (iii) new specified time limits within which the application for the grant of RPs, PLs and MLs must be completed; and (iv) the establishment of a new streamlined process for transferring of mineral concession licences, including RPs.

The industry keenly awaits the legislative and regulatory initiatives from the Government to promote private and foreign investment and introduction of internationally compatible mining policies.

### **PERFORMANCE**

Full details of exploration work undertaken by the Company are contained in “Report on Exploration Activities” forming part of this Annual Report. The status of our applications is contained in this Annual Report under the heading “Status of important applications for RP / PL / ML”.

DGML incurred a total expenditure of Rs. 759.77 lacs (cumulative) on exploration on its prospects as on 31 March 2011. The amount of exploration expenditure (cumulative) incurred as on 31 March, 2010 was Rs. 576.23 lacs.

Administrative and other costs for the year ended 31 March 2011 were Rs. 137.77 lacs compared to Rs. 88.19 lacs for the year ended 31 March 2010.

The net loss of the company for the year ended 31 March 2011 was Rs. 115.11 lacs compared to Rs. 62.60 lacs for the year ended 31 March 2010.

DGML's working capital funds as at 31 March 2011 were Rs. 44.17 lacs compared to Rs. 235.64 lacs for the year ended 31 March 2010.

It is pertinent to note that exploration companies by their very nature will not generate mining revenues until commencement of mining operations.

### **RISKS AND CONCERNS**

Future results, including resource recoveries and work program plans and schedules will be affected by changes in market conditions, commodity price levels, political or regulatory developments, timely completion of exploration program commitments or projects and technical or operating factors.

The business of gold exploration is highly speculative in nature, involves a high degree of risk and is frequently unsuccessful. Few properties that are explored are ultimately developed into producing mines. There can be no assurance that any mineralization discovered by the company will result in proven and probable reserves nor that any mineral deposits determined will contain economically recoverable volumes of resources. Should the mineral deposits contain economically recoverable resources, then delays in the construction and commissioning of mining projects or other technical difficulties may result in the company's current or future projected target dates for production being delayed or further capital expenditure being required or the resource becoming uneconomic.

Resource estimates are expression of judgment based on knowledge, experience of promoters and industry practice. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price of gold that the Company may discover could render ore reserves containing relative lower grades of minerals uneconomic to recover and may ultimately result in a restatement of reserves.

The Company's future revenues will depend on the economic viability of the Company's mineral properties based on international commodity gold price trends. The market price of gold is volatile and is affected by numerous factors which



are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Further, regulatory changes relating to import – export / customs duty and change in relevant taxes, legal and administrative regime, accounting practices and government policies may have an impact on the Company's financial performance.

In the absence of cash flow from operations, the Company may have to rely on the capital markets / private equity investment to fund its operations. The Company's ability to raise further funds will depend on the success of existing operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favorable to the Company in future. Failure to obtain such additional finance may require the Company to reduce the scope of its operations.

All the above factors notwithstanding, your Company and its Directors believe that they have adequate experience and access to expertise and capital sources that will enable the Company to successfully develop, launch and execute its projects successfully.

### **OUTLOOK AND OPPORTUNITIES**

India has a long history of gold exploration and mining. But in recent years, it is relatively under-explored in terms of mineral prospecting although it is estimated to contain about 9% of the global gold reserves in its vast tracts of under explored terrain.

Geologically, the Indian terrain lends itself to the potential for large discoveries. So why has India severely lagged behind the mineral producing nations of China, South Africa, Australia and the like in the last two or three decades? No major gold mines have been opened up in India despite the opening up of the sector in 1993 to private and foreign investment. The answer lies in the lack of adequate exploration expenditure on prospects due to delays in the grant of permits, the inability to raise large amounts of exploration capital within India as a result of its regulatory regime, mining regulations that do not foster favorable investment into the industry and a slow-down rather than fast track of the permit granting process, different interpretations of the mining regulations between the various States and inadequate importance to using the best practices in management of environment, health, safety and community interests around mine sites. This is further aggravated by the lack of security of tenure of mineral concession licenses with the Government coming in at the last moment and reserving areas for state-owned institutions after the private sector has spent time and effort on exploration. As a result, several of the major and junior explorers that entered India with zeal and enthusiasm have walked away from the country in the last few years.

Indian spending on exploration, on an average, has been around less than 1% of the global spending despite India being among the few mineral rich countries in the World.

By contrast, over this same period, gold mining industries in Australia, Canada, South Africa and now China have attracted huge private investments in the gold exploration and mining sector. On average, Australia spends about US\$300 million per annum on gold exploration, where as India spends less than US\$5 million. Most of Australia's money is raised through public issue of shares in exploration/mining companies and through institutional investment.

Despite all these shortcomings, Indian terrain offers ample opportunities for major gold discoveries. A large part of India is covered by ancient rocks (>2 billion year old), which have been hosts to about 60% of the gold production in the world. There are records of about 800 ancient diggings from where gold has been recovered in the past. In addition, exploration by governmental agencies in the last few decades has also been successful in identifying a few gold discoveries, which can become producing mines.

The new proposed mining law, MMDR Act, 2010 addresses some of the issues facing the mineral exploration sector. It is expected that the MMDR Act, 2010 would modernize the mining law and facilitate large scale investment in the mineral exploration / mining sector.

It may also be noted that the Government is now exploring options to create innovative market structures that would attract investment in the exploration of minerals, an activity that typically requires commitment of large sums of money. Recently, there have been reports in the Press that the Ministry of Mines, Government of India (MoM) in consultation with SEBI, the market regulator in India, the Department of Revenue, Government of India and Banks and Financial Institutions is looking at mining-specific models such as the flow-through share options and segmented exchange models, to attract large players into investing in the industry. Flow-through shares are prevalent in mining-rich countries such as Canada and Australia and





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are typically common shares that carry special tax advantages and are issued by resource companies to raise funds for exploration and development activities. Taxation laws in such countries allow for money spent on exploration and development to be deducted from the company's net income. Similar deductions are also allowed to individuals who may then apply it against their personal income for tax purposes. MoM sees the move as part of its complimentary, non-legislative measures to bring into effect the new mining bill when it is cleared by the Indian Parliament.

India has all the ingredients necessary to enable it to become the world's most productive mining country. It has a unique combination of advantages to generate minerals-based economic development of enormous scale and value which include, a vast array of virgin mineral resources; a large pool of well trained geologists, geophysicists and mining engineers; state of the art technology etc.,

**ADEQUACY OF INTERNAL CONTROL**

The Company has in place adequate internal control systems, which assure proper recording of transactions of its operations and also ensure protection against misuse or loss of the Company's assets. The Company has constituted an Audit Committee and has assigned to it tasks that will further strengthen the internal audit system.

**SUSTAINABLE DEVELOPMENT**

DGML is committed to sustainable development; we believe in creating sustainable values that our employees, business partners and shareholders can uphold and believe in. We strive to meet the needs of all our stakeholders. DGML believes in making a positive contribution to the community in which we are involved. Our mission is to increase the known gold resources base of the country in a way that enhances the well being of its people, the environment, and the investors and stakeholders of the Company.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of the applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include the availability of economically viable deposits, changes in Government regulations, tax regimes, economic developments in India and other incidental factors.



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**PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members  
Deccan Gold Mines Limited

We have examined the compliance of conditions of Corporate Governance by Deccan Gold Mines Limited (“the Company”) for the year ended 31 March 2011 as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**M/s. Rathi & Associates**  
Company Secretaries

Place : Mumbai  
Date : 10 August, 2011

**Himanshu S. Kamdar**  
Partner  
FCS No. 5171



## REPORT ON CORPORATE GOVERNANCE

### for the year ended and as on 31 March, 2011

### Pursuant to Clause 49 of Listing Agreement

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation and spells out the rules and procedures for making decisions on corporate affairs. It involves the building of a set of relationships between the company, its Board, the management, the shareholders and other stakeholders by putting in place a structure and a system through which the established goals of the company may be achieved. Your company's management and Board of Directors are committed to ensure good corporate governance in its operations.

The company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the BSE relating to Corporate Governance.

#### 2. BOARD OF DIRECTORS

##### a) Composition and category of Directors, number of other Board and Board Committees in which they are Chairman / Member

As on 31 March, 2011, the Board comprised of 6 Directors out of which one is an Executive Director and the other 5 are Non Executive Directors. Out of the 5 Non Executive Directors, 3 are Independent Directors. The Chairman of the Board (Promoter Category) is a Non Executive Director and one-half of the Board comprises of Independent Directors.

The Board comprises of competent professionals who are highly recognized in their respective field.

The composition of the Board and other relevant details relating to Directors are given below:

Name	Designation	Category of Directorship	No. of Other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E. E. Devenish	Chairman	Promoter, Non-Executive	3	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. V. Sivakumar	Director	Non-Executive	11	Nil	Nil
Mr. K.R. Krishnamurthy	Director	Non-Executive; Independent	Nil	Nil	Nil
Dr. M. Ramakrishnan	Director	Non-Executive; Independent	1	Nil	Nil
Prof. V.K. Gaur	Director	Non-Executive; Independent	Nil	Nil	Nil

##### # Notes:

- For the purpose of considering the limit of directorship positions, foreign companies have been excluded.
- For the purpose of considering the limit of committee membership positions, membership of only Audit Committee and Investors' / Shareholders' Grievance Committee have been considered.
- There are no inter-se relationships amongst the directors.

##### b) Reappointment of Directors:

Detailed profile of Mr. Charles E.E. Devenish and Dr. M. Ramakrishnan Directors liable to retire by rotation and who being eligible have offered themselves for re-appointment is furnished along with the Notice convening the ensuing Annual General Meeting.



**c) Number of Board Meetings held & dates on which held**

Four Board Meetings were held during the financial year 2010-11. These meetings were held on 30 April, 2010; 12 August, 2010; 12 November, 2010; and 14 February, 2011.

**d) Attendance of each Director at the Board Meetings and the last Annual General Meeting:**

The details of attendance of Directors in Board Meetings and in the last Annual General Meeting held on 29 September, 2010 are as follows:

<b>Name</b>	<b>No. of Board Meetings Attended</b>	<b>Attendance at Last Annual General Meeting (Yes / No)</b>
Mr. Charles E.E. Devenish	4	Yes
Mr. Sandeep Lakhwara	4	Yes
Mr. V. Sivakumar	0	No
Mr. K.R. Krishnamurthy	3	Yes
Dr. M. Ramakrishnan	3	No
Prof. V.K. Gaur	2	No

**3. AUDIT COMMITTEE**

**a) BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditor and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ix) Discussion with internal auditors on any significant findings and follow up there on.



- x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

#### POWERS OF THE AUDIT COMMITTEE

Further, the Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

#### b) Composition, Name of Members & Chairman

The Committee comprises 3 Non Executive Directors, all of whom are Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director and is the member with accounting or related financial management expertise.

The name of members & Chairman of the Committee are as under:

Name	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Prof. V.K. Gaur	Member

#### c) Meetings and attendance during the year

Four Audit Committee Meetings were held during the financial year 2010-11. These meetings were held on 30 April, 2010; 12 August, 2010; 12 November, 2010; and 14 February, 2011.

The details of attendance in Audit Committee Meetings are as follows:

Name	No. of Meetings Attended
Mr. K.R. Krishnamurthy	3
Dr. M. Ramakrishnan	3
Prof. V.K. Gaur	2

- d) The Company Secretary acts as Secretary to the Committee. Further, the Audit Committee invites such of the executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors are also invited to these meetings.

## 4. REMUNERATION COMMITTEE

### A) BRIEF DESCRIPTION OF TERMS OF REFERENCE

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee. This Committee also functions as the Compensation Committee under the supervision and control of the Board of Directors in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for the implementation of the Deccan Gold Mines Employee Stock Option Plan – 2008.

The terms of reference of the Committee are to review and recommend compensation payable to the Executive Directors and Senior Management of the company. It shall also administer the Company's stock option plans, if any,



including the review and grant of the stock options to eligible employees under such plans. The Committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the Executive Directors at the beginning of the year.

**B) COMPOSITION, NAME OF MEMBERS AND CHAIRMAN**

The Committee comprises of Non Executive Directors and the Chairman is an Independent Director.

The name of members and Chairman of the Committee are as under:

<b>Name</b>	<b>Designation</b>
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Mr. Charles E.E. Devenish	Member

**C) ATTENDANCE DURING THE YEAR**

During the financial year 2010-11, the Remuneration Committee met once i.e., on 30 April, 2010. Mr. Charles Devenish and Dr. M. Ramakrishnan attended the meeting. Mr. K.R. Krishnamurthy did not attend the meeting due to his preoccupations.

During the financial year 2010-11, the Compensation Committee met once i.e., on 2 June, 2010. Mr. Charles Devenish and Mr. K.R. Krishnamurthy attended the meeting. Dr. M. Ramakrishnan did not attend the meeting due to his preoccupations.

**D) REMUNERATION POLICY & DETAILS OF REMUNERATION TO ALL DIRECTORS**

**i) Management Staff :**

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled, individual performance, etc.

**ii) Non-Executive Directors**

The Company pays sitting fees to all the Non-executive Directors of the Company for attending Board and Committee Meetings. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

Details of the Sitting fees paid to Non Executive Directors during the year 2010-11 is as under:

(in Rs.)

Name of the Director / Member	Sitting Fee paid for attending meetings of	
	Board	Audit Committee
Dr. M. Ramakrishnan	15,000	7,500
Mr. K.R. Krishnamurthy	15,000	7,500
Prof. V.K. Gaur	10,000	5,000
<b>Total</b>	<b>40,000</b>	<b>20,000</b>

**iii) Executive Directors**

The aggregate of the salary paid in the financial year 2010-11 to Mr. Sandeep Lakhwara, Managing Director is Rs. 12,00,000/-.

**5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**

**a) Name of Non Executive Director heading the Committee**

Mr. K.R. Krishnamurthy, a Non Executive Director heads the Committee.

This Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. Presently, the Registrars & Share Transfer Agents of the Company are attending to the share transfer requests on a regular basis.



The Committee met thrice during the financial year 2010-11. These meetings were held on 12 August, 2010; 12 November, 2010; and 14 February, 2011.

The composition of the Shareholders/Investors' Grievance Committee and the details of attendance in meetings are as follows:

Name	Designation	No. of Meetings Attended
Mr. K.R. Krishnamurthy	Chairman	3
Mr. Sandeep Lakhwara	Member	3

**b) Compliance Officer**

Mr. S. Subramaniam, Company Secretary is the Compliance Officer of the Company.

**c) Shareholder Complaints**

During the financial year 2010-11, the Company received one shareholder complaint pertaining to non-receipt of Annual Report and the same was resolved. As such, there were no pending complaints as at the end of the year.

## 6. GENERAL BODY MEETINGS

i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of the Meeting
2007-08	28/11/2008	11.00 a.m.	Royal Room, 3 <sup>rd</sup> Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2008-09	29/09/2009	11.00 a.m.	Royal Room, 3 <sup>rd</sup> Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2009-10	29/09/2010	3.00 p.m.	Royal Room, 3 <sup>rd</sup> Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

ii) Special Resolutions during previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolutions Passed
8/11/2008	Introduction of Employee Stock Option Plan (ESOP) for the employees of the Company and its subsidiaries.
29/09/2009	Nil
29/09/2010	Reappointment of Mr. Sandeep Lakhwara as Managing Director for 3 years with effect from 1 <sup>st</sup> May, 2010.

iii) During the financial year 2010-11, no resolutions were passed through Postal Ballot.

iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

v) No Special resolution is proposed to be passed through Postal Ballot in the ensuing AGM.

## 7. DISCLOSURES

a) The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at 31 March, 2011.

b) There was no non-compliance in respect any matter related to the capital markets by the Company during the last 3 years. Further, there was no penalty / strictures imposed on the Company by any Stock Exchange, SEBI or any Statutory Authority on any matter related to the capital markets during the last 3 years.

c) The Company has complied with all the mandatory requirements as contained in Clause 49 of the Listing Agreement.



**8. MEANS OF COMMUNICATION**

- i. The quarterly / half yearly / annual financial results are published in leading English and Marathi newspapers. Further, they are also submitted to the BSE upon their approval by the Board of Directors and are available on the website of BSE (www.bseindia.com).
- ii. The website of the Company (www.deccangoldmines.com) also displays financial results and official news releases issued on behalf of the Company.
- iii. No presentations were made to institutional investors or to the analysts during the year under review.

**9. GENERAL SHAREHOLDER INFORMATION**

**i. Annual General Meeting:**

Day / Date : Thursday, 29 September 2011

Time : 3.00 p.m.

Venue : Royal Room,

3<sup>rd</sup> Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

**ii. Financial Year:**

The Company follows April-March as its financial year. The financial calendar would be as under:

Unaudited financial results for quarter/half year ending	Reporting date
30 June, 2011	10 August, 2011
30 September, 2011	By 14 November, 2011
31 December, 2011	By 14 February, 2012
31 March, 2012	By 14 May, 2012
Annual General Meeting for year ending 31 March, 2012	By 30 September, 2012

**iii. Date of Book Closure :**

23 September 2011 (Friday) to 29 September 2011 (Thursday) - both days inclusive.

**iv. Dividend Payment Date**

Not applicable

**v. Listing on Stock Exchanges**

The Company's shares are listed on Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees to the BSE within the prescribed time

**vi. Stock Code**

512068 (BSE).

**vii. MARKET PRICE DATA – HIGH & LOW DURING EACH MONTH OF LAST FINANCIAL YEAR**

The monthly high and low quotations of the Company's shares traded on the BSE is as follows:

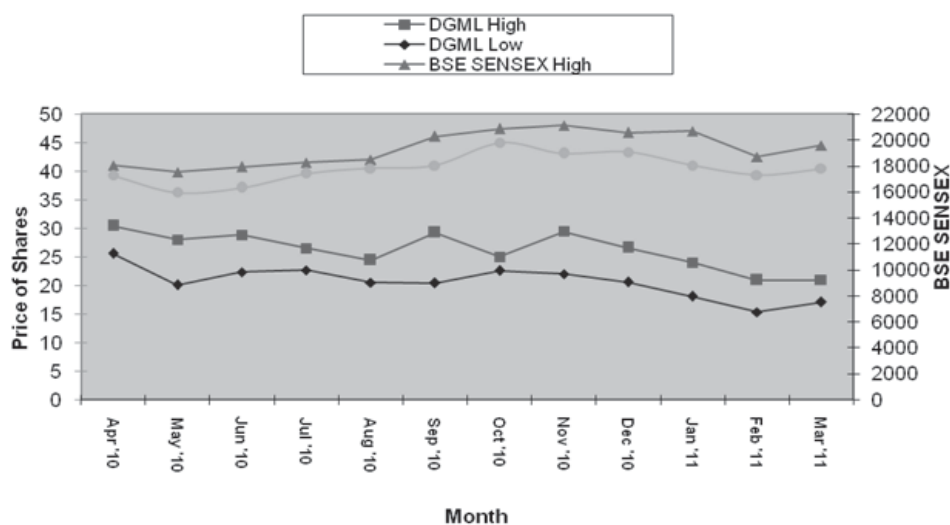
Month	BSE	
	High (Rs.)	Low (Rs.)
April 2010	30.40	25.60
May 2010	28.00	20.10
June 2010	28.80	22.30
July 2010	26.50	22.70
August 2010	24.40	20.50
September 2010	29.25	20.40
October 2010	25.00	22.55
November 2010	29.45	22.00
December 2010	26.60	20.55
January 2011	24.00	18.10
February 2011	20.90	15.35
March 2011	20.95	17.10





## viii. Performance in comparison to broad-based indices of BSE Sensex

Monthly High-Low Share Price / NSE NIFTY



## ix. REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited

(formerly Intime Spectrum Registry Limited)

Pannalal Silk Mills Compound, C-13, L.B.S. Marg,

Bhandup (W), Mumbai – 400 078.

Tel : 91-22-55555454 Fax : 91-22-55555353 E-mail : mumbai@linkintime.co.in

## x. SHARE TRANSFER SYSTEM

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

## xi. SHAREHOLDING PATTERN &amp; DISTRIBUTION OF SHAREHOLDING

## a) Shareholding Pattern (as at 31 March, 2011)

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	26238641	44.89
2.	Banks/FI/FII/Mutual Funds / UTI / Central & State Govt.,/ Venture Capital / Foreign Venture Capital / Trusts	507798	0.87
3.	Bodies Corporate	5734528	9.81
4.	Individual Public shareholders	23994553	41.05
5.	Clearing Member	599638	1.03
6.	Non Resident Indian / OCB	1374842	2.35
	<b>Total</b>	<b>5,84,50,000</b>	<b>100.00</b>



**b) Distribution of Shareholding (as at 31 March, 2011)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 500	21806	75.06	4360163	7.46
501 - 1000	3664	12.61	3189944	5.46
1001 - 2000	1711	5.89	2741262	4.69
2001 - 3000	580	2.00	1522490	2.60
3001 - 4000	252	0.87	930674	1.59
4001 - 5000	271	0.93	1306594	2.24
5001 - 10000	412	1.42	3143956	5.38
10001 and above	356	1.22	41254917	70.58
<b>TOTAL</b>	<b>29052</b>	<b>100.00</b>	<b>5,84,50,000</b>	<b>100.00</b>

**xii. Dematerialisation of Shares and Liquidity**

About 99.72% of the shares have been dematerialized as on 31 March, 2011. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE).

**xiii. Details of Shares held by Non-Executive Directors as on 31 March 2011**

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. Charles E.E. Devenish	Nil
2	Mr. V. Sivakumar	Nil
3	Mr. K.R. Krishnamurthy	Nil
4	Dr. M. Ramakrishnan	Nil
5	Prof. V.K. Gaur	Nil

**xiv. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:**

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments which were outstanding as of 31 March, 2011.

**xv. Plant locations**

Nil. The Company does not have any manufacturing activities.

**xvi. Address for Correspondence:**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Private Limited  
 (formerly Intime Spectrum Registry Limited)  
 Pannalal Silk Mills Compound,  
 C-13, L.B.S. Marg,  
 Bhandup (W), Mumbai – 400 078.  
 Tel. No. 91-22-55555454 & Fax 91-22-55555353  
 E-mail : mumbai@linkintime.co.in



**For General Correspondence**

Deccan Gold Mines Limited  
"Raja Ikon Building", 4th Floor,  
# 89/1, Marathahalli Outer Ring Road, Bangalore – 560 037.  
Tel : 91-80-40428400 & Fax : 91-80-40428401  
e-mail : info@deccangoldmines.com

**10) NON-MANDATORY REQUIREMENTS :**

**I. The Board**

- (a) An office for the use of the Chairman is made available whenever required.
- (b) At present there is no policy fixing the tenure of independent directors.

**II. Remuneration Committee**

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

**III. Shareholders' Rights**

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.

**IV. Audit Qualifications**

The financial accounts of the Company are unqualified.

**V. Training of Board Members**

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

**VI. Mechanism for evaluating non-executive board members**

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

**VII. Whistle Blower Policy**

The Company has not implemented the whistle blower policy.

**CODE OF CONDUCT DECLARATION**

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place : Bangalore  
Date : 10 August, 2011

**Sandeep Lakhwara**  
Managing Director



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## AUDITORS' REPORT

We have audited the attached Balance Sheet of **DECCAN GOLD MINES LIMITED**, as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account and the Cash Flow Statement 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 we enclose the annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, 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 it appears from our examination of those books.
  - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 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 accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - I. In the case of **Balance Sheet**, of the state of affairs of the Company as at **31<sup>st</sup> March, 2011**, and
    - II. In the case of **Profit & Loss Account**, of the **LOSS** of the company for the year ended on that date, and
    - III. In the case of **Cash Flow Statement**, of the Cash flows for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO 101083W

**CA K. V. BESWAL**  
PARTNER  
Membership Number: 131054

Place : Mumbai  
Dated : 10 August, 2011



**DECCAN GOLD MINES LIMITED**

(FORMERLY WIMPER TRADING LIMITED)

**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE**

(Referred to in paragraph 1 thereof)

1. In respect of Fixed Assets –
  - 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 during the year. We are informed that no material discrepancies were noticed by the management on such verification.
  - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that the company has not disposed of any fixed assets during the year.
2. As the company has not purchased or sold any goods during the year, nor does the company have any opening stock, therefore the requirement to report the physical verification of stocks or maintenance of inventory records in our opinion, does not arise.
3. The company has not granted or taken any loans to/from companies, firms or other party covered in the register maintained u/s.301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
5.
  - a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us since the company has not accepted any deposits from public within the meaning of section 58-A, 58AA or any other provision of the Act, the question of compliance with the provisions of section 58A, 58AA or any other provisions of the Act does not arise.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956.
9.
  - a) According to the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it.  

According to information & explanation given there were no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty, service tax cess & other statutory dues which remained outstanding as at 31<sup>st</sup> March, 2011 for a period more than six months from the date they became payable.
  - b) The disputed statutory dues aggregating Rs. 1813.17 thousand that have not been deposited on account of disputed matters pending before appropriate authorities are as under:



Name of Statute	Amount (Rs. in Lacs)	Financial Year for which it relates	Forum where dispute is pending
Income Tax Act, 1961	2.13	2004-05	ITAT, MUMBAI
Income Tax Act, 1961	18.13	2006-07	ITAT, MUMBAI

10. The accumulated losses of the company are not more than 50% of its net worth as at 31st March 2011. The company has incurred a cash loss of Rs.58.13 lacs in the current financial year and Rs.52.13 lacs in the immediately preceding financial year.
11. According to the records of the company, the company has not borrowed from financial institutions or banks or issued any debentures during the year, Hence in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture holders does not arise.
12. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi /mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, and debentures and other investments.
15. The company has not given any guarantee in connection with loans taken by others from banks or financial institutions.
16. According to the records of the company, the Company has not taken any term loan.
17. According to the information and explanations given to us and, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act.
19. No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any money by public issues during the period covered by our audit report.

Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V. K. BESWAL & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 FIRM REGN NO 101083W

**CA K. V. BESWAL**  
 PARTNER  
 Membership Number: 131054

Place : Mumbai  
 Dated : 10 August, 2011



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs. '000)	As at 31.03.2010 (Rs. '000)
<b>A. SOURCE OF FUNDS:</b>			
Share Capital	A	58,450.00	58,450.00
Employee Stock Options Outstanding		4,690.27	-
Reserves & Surplus	B	113,256.11	113,256.11
<b>TOTAL</b>		<b>176,396.38</b>	<b>171,706.11</b>
<b>B. APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Gross Block	C	6,103.73	6,103.73
Less: Depreciation		4,119.82	3,086.66
Net Block		<b>1,983.91</b>	<b>3,017.07</b>
<b>INVESTMENTS</b>	D	51,374.15	56,368.45
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash & Bank Balances	E	1,441.96	18,000.12
Loans & Advances		6,566.42	6,369.27
		8,008.38	24,369.39
Less: Current Liabilities & Provisions	F	3,591.19	805.50
<b>NET CURRENT ASSETS</b>		<b>4,417.19</b>	<b>23,563.89</b>
Pre-Operative Expenditure	G	75,976.63	57,623.26
		<b>75,976.63</b>	<b>57,623.26</b>
Profit & Loss Account		42,644.51	31,133.44
<b>TOTAL</b>		<b>176,396.38</b>	<b>171,706.11</b>

Significant Accounting Policies &amp; Notes to the Accounts J

As per our report of even date,  
**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

**CA K. V. BESWAL**  
 PARTNER  
 Membership Number: 131054

Place: Mumbai  
 Dated: 10 August, 2011

**For and on behalf of the board**

**Charles E.E. Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Place: Bangalore  
 Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	Year Ended 31.03.2011 (Rs. '000)	Year Ended 31.03.2010 (Rs. '000)
<b>INCOME</b>			
Exploration Income		-	582.76
Other Income	H	3,274.10	3,605.58
		<u>3,274.10</u>	<u>4,188.34</u>
<b>EXPENDITURE</b>			
Exploration expenses		-	582.76
Administrative & Other Expenses	I	13,777.71	8,819.00
Depreciation		1,033.16	904.78
		<u>14,810.87</u>	<u>10,306.54</u>
Profit/(Loss) before Taxation		(11,536.77)	(6,118.20)
Less: Provision for Tax		-	-
(Loss) for the Year		<u>(11,536.77)</u>	<u>(6,118.20)</u>
Less : Prior Period Items (refer point no 9 in notes to accounts of Schedule J)		(25.69)	141.77
Net (Loss) for the year		(11,511.08)	(6,259.97)
Add: Balance brought forward		(31,133.44)	(24,873.47)
<b>Balance transferred to Balance sheet</b>		<b><u>(42,644.51)</u></b>	<b><u>(31,133.44)</u></b>
Basic EPS		(0.20)	(0.11)
Diluted EPS		(0.19)	(0.11)

Significant Accounting Policies &amp; Notes to the Accounts J

As per our report of even date,  
**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

For and on behalf of the board

**CA K.V. BESWAL**  
 PARTNER  
 Membership Number: 131054

**Charles E.E. Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Place: Mumbai  
 Dated: 10 August, 2011

Place: Bangalore  
 Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary





## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 'A'</b>		
Share Capital:		
Authorised		
10,00,00,000 Equity Shares of Re.1/- each	100,000.00	100,000.00
	<u>100,000.00</u>	<u>100,000.00</u>
Issued, Subscribed and Paid up:		
5,84,50,000 Equity Shares of Re.1/- each fully paid up	58,450.00	58,450.00
	<u>58,450.00</u>	<u>58,450.00</u>
<b>SCHEDULE 'B'</b>		
Reserves & Surplus		
Securities Premium		
	96,529.80	96,529.80
	<u>96,529.80</u>	<u>96,529.80</u>
Capital Reserve		
	16,726.31	16,726.31
	<u>113,256.11</u>	<u>113,256.11</u>

**SCHEDULE 'C'****FIXED ASSETS SCHEDULE AS ON 31.03.2011**

(Rs. in '000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.10	Addition during the year	Deletion during the year	Total Cost as at 31.03.11	As at 01.04.10	For the Year Additions	Deletion	Total as at 31.03.11	As at 31.03.11	As at 31.03.10
1	Computers	485.64	-	-	485.64	337.21	59.37	-	396.58	89.07	148.43
2	Plant & Machinery	1,138.10	-	-	1,138.10	82.32	273.34	-	355.66	782.44	1,055.78
3	Vehicle	502.09	-	-	502.09	399.57	26.54	-	426.11	75.98	102.52
4	Office Equipement	452.29	-	-	452.29	158.42	40.89	-	199.31	252.98	293.87
5	Furniture & Fixture	661.55	-	-	661.55	328.93	60.20	-	389.13	272.42	332.62
6	Leased Assets	2,864.06	-	-	2,864.06	1,780.21	572.81	-	2,353.02	511.04	1,083.85
	Total	6,103.73	-	-	6,103.73	3,086.66	1,033.16	-	4,119.82	1,983.91	3,017.07
	Previous Year	4,936.29	1,167.44	-	6,103.73	2,181.88	904.78	-	3,086.66	3,017.07	



	As at 31.03.2011 (Rs. '000)	As at 31.03.2010 (Rs. '000)
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Shares of Wholly owned subsidiary Deccan Exploration Services Private Limited, (formerly Deccan Gold Exploration Services Private Limited) 10,000 equity shares of Rs 10 each, fully paid	100.00	100.00
BNP Paribas Money Plus Institutional Weekly Dividend Mutual Fund (Formerly : Fortis Money Plus Institutional Weekly Dividend Mutual Fund (C.Y. Market Value Rs.508.95 Lacs P.Y Market Value Rs.559.36 Lacs)	50,873.94	55,888.68
Reliance Medium Term Fund Daily Dividend Plan (C.Y. Market Value Rs.4 Lacs P.Y Market Value Rs. 3.8 Lacs)	400.21	379.77
	<b>51,374.15</b>	<b>56,368.45</b>
<b>SCHEDULE 'E'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Current Assets:</b>		
Cash on hand	38.06	112.27
Balance with Banks		
- Current Accounts	1,403.90	2,887.85
- Term Deposits	-	15,000.00
	<b>1,441.96</b>	<b>18,000.12</b>
<b>Loans &amp; Advances:</b>		
Taxes Paid (Net)	2,221.72	2,130.64
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	4,344.70	4,238.63
	<b>6,566.42</b>	<b>6,369.27</b>
<b>SCHEDULE 'F'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	-	-
due to SSI Units	-	-
due to others	2,915.97	300.98
(refer to note no 10 of Schedule J)		
Other Liabilities	167.30	103.19
<b>PROVISIONS:</b>		
Provision for Gratuity	507.92	401.33
	<b>3,591.19</b>	<b>805.50</b>
<b>SCHEDULE 'G'</b>		
Miscellaneous Expense		
<i>Pre-Operative expenses</i> (Exploration expenses)	75,976.63	57,623.26
	<b>75,976.63</b>	<b>57,623.26</b>


**DECCAN GOLD MINES LIMITED**

(FORMERLY WIMPER TRADING LIMITED)

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

	<b>Year Ended 31.03.2011 (Rs. '000)</b>	<b>Year Ended 31.03.2010 (Rs. '000)</b>
<b>SCHEDULE 'H'</b>		
<b>OTHER INCOME</b>		
Interest on FD	225.57	248.66
Dividend	2,992.72	3,351.38
Interest on Tax Refund	42.83	-
Profit on sale of Investments	12.98	5.54
	<b><u>3,274.10</u></b>	<b><u>3,605.58</u></b>
<b>SCHEDULE 'I'</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salaries & Other benefits	7,830.52	2,811.84
Staff welfare	12.01	20.36
Bank charges	18.45	18.74
Business promotion expenses	1,188.16	1,120.06
Travelling & Conveyance	66.93	589.97
Electricity charges	149.36	127.70
Membership & subscription	32.67	22.31
Repairs & Maintenance	234.39	160.05
Communication expenses	41.66	37.51
Rent, rate & taxes	2,309.87	2,399.62
Advertisement expenses	38.80	44.50
Audit fees	115.82	115.82
Directors Sitting Fees	60.00	75.00
Professional & consultancy fee	603.13	814.26
Misc Balance written off	655.12	50.00
Fees-Filing & Listing	240.84	211.05
Sundry Expenses	180.00	200.21
	<b><u>13,777.71</u></b>	<b><u>8,819.00</u></b>



**SCHEDULE 'J'**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET**  
**AS AT 31<sup>st</sup> MARCH, 2011**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Basis of accounting:**

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**B. Fixed Assets:**

Fixed Assets are stated at cost of acquisition less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

**C. Depreciation:**

- i) Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on Leased Premises is provided over a period of five years i.e the tenure of the lease

**D. Foreign Currency transactions:**

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency, assets / liabilities are translated in rupees at the rates prevailing on the date of Balance Sheet.

**E. Investments:**

- a. Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.
- b. Current investments are carried at the lower of cost and market value. The determination of carrying cost of such investments is done on the basis of specific identification.

**F. Taxes on income:**

- i. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- ii. The Company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax asset has not been recognized by way of prudence in accordance with Accounting Standard 22 "Accounting for taxes on income" issued by The Institute of Chartered Accountants of India.

**G. Impairment of Assets:**

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets, is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use.

**H. Revenue Recognition:**

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

- i. Exploration Income is recognised when services are provided
- ii. Interest Income is recognised on accrual basis
- iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established.

**I. Employee Benefits**

Leave encashment : - The company does not have a policy of carry forward of pending leaves and hence no provision for the same is made as mentioned under AS - 15 issued by ICAI.

Gratuity : - Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method.

**J Provisions, contingent liabilities and contingent assets**

Estimation of the probability of any loss that might be incurred on outcome of contingencies on basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted



to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

- K** The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation.

The deferred employee compensation is charged to Profit & Loss Account on straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

**NOTES TO THE ACCOUNTS:**

	31st March 2011 (Rs '000)	31st March 2010 (Rs '000)
1. Capital Commitments	Nil	Nil
2. Claims made against the company but not acknowledge as debts	Nil	Nil
3. Contingent Liabilities on disputed Income Tax	2027	2027
4. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.		
a) Expenditure in foreign currency	22.41	95.11
b) Earning in foreign currency	Nil	Nil
c) Payment to Auditors: - Audit Fees	115.82	115.82

**5. Related Party Disclosure :**

- a. Name of related parties and relationship

Sl No.	Name of the Party	Relationship
1	Deccan Exploration Services Private Limited	Wholly owned subsidiary
2	Mr. Sandeep Lakhwara	Managing Director
3	Mr. Charles E.E. Devenish	Chairman
4	Mr. K.R. Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	Prof. V. K. Gaur	Director

- b. The company had transactions with the following related parties :- Dr. M. Ramakrishnan, Mr. K.R. Krishnamurthy, Prof. V.K.Gaur, Mr. Sandeep Lakhwara and Deccan Exploration Services Private Limited.

- c. Transactions with related parties :-

(Rs '000)

Sl. No.	Nature	Year ended 31st March 2011
1	Reimbursement of Exploration Expenses to Subsidiary	16,217.86
2	Managerial Remuneration	1,200.00
3	Directors Sitting & Audit Committee Fees	60.00
4	Rent for Guest House	360.00

6. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.7,59,76,628 as noted in schedule 'G' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production commences.

**7. Computation of Earning per Share (Annualised)**

(Rs '000)

Particulars	For the year ended	
	31.3.2011	31.3.2010
a. Net Profit (Loss) after Tax available for Equity Share holders	(11,511.08)	(6,259.97)
b. Weighted average number of equity shares of Re. 1/- each outstanding during the period	58,450	58,450
c. Basic earning per share	(0.20)	(0.11)
d. Dilutive Potential Equity Shares (in thousands)	59705	58,450
e. Diluted earning per share	(0.19)	(0.11)



8. Disclosure in respect of Employee Stock Option Scheme :

a. Employee Stock Option Scheme:

Particulars	Tranche-I	Tranche-II	Tranche-III
No of Options	750,000	1,050,000	1,200,000
Method of Accounting	Intrinsic Value		
Vesting Period	1 year	2 year	3 year
Exercise Period	1 year	1 year	1 year
Grant Date	2-6-2010	2-6-2010	2-6-2010
Grant/Exercise Price (Rs.16.95 per share)	16.95	16.95	16.95
Market Price on the date prior to the date of grant of option)	22.6	22.6	22.6

b. Movement of Options Granted:

Particulars	CY	PY
Options outstanding at the beginning of the year	-	-
Granted during the year	3,000,000	-
Exercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	3,000,000	-
Options unvested at the end of the year	3,000,000	-
Options exercisable at the end of the year	-	-

c. Employee Stock Option Outstanding account Rs.1.70 Crore & Deferred Employee Compensation account Rs.1.23 Crore.

9. Prior Period Items

Short Depreciation Charged in earlier years	-	126.93
Short / (excess) provision for taxation of earlier years	(25.69)	14.84

10. Defined benefit Plans :-

**A The amounts (in Rs.) recognised in the statement of Profit and Loss are as follows:**

Defined benefit Obligation

Sl No.	Particulars	31.3.2011	31.3.2010
1	Current service cost	88,053	81,949
2	Interest on obligation	31,103	23,490
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognised in year ended	(12,561)	(39,687)
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total included in 'Employee Benefit Expense'	106,595	65,752

**B Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

Defined benefit Obligation

Sl No.	Particulars	31.3.2011	31.3.2010
1	Opening Defined Benefit Obligation	401,326	335,574
2	Service cost for the year	88,053	81,949
3	Interest cost for the year on opening D.B.O.	31,103	23,490
4	Actuarial losses (gains)	(12,561)	(39,687)
5	Losses (gains) on curtailments	-	-
6	Liabilities extinguished on settlements	-	-
7	Liabilities assumed in an amalgamation in the nature of purchase	-	-
8	Exchange differences on foreign plans	-	-
9	Benefits paid	-	-
	Closing defined benefit obligation	507,921	401,326



**C. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:**

Not Applicable as the Liability is not funded.

**D. Principal actuarial assumptions at the balance sheet date**

Expressed as weighted averages	31.3.2011	31.3.2010
1. Discount rate	8.00%	7.75%
2. Expected return on plan assets	-	-
3. Proportion of employees opting for early retirement	-	-
4. Annual increase in Salary costs	6.00%	6.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

11. The company has not received information from creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the end of the year under this act has not been given. There were no claims for interest on delayed payments.

**12. Segment Reporting :**

The Company is mainly engaged in the business of gold exploration and mining. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; Gold Mining and Exploration as reportable segment.

**13. Grant of Stock Options**

Pursuant to the approval accorded by the shareholders at their Annual General Meeting held on 28th November 2008, the Company had introduced the Deccan Gold Mines Employees Stock Option Plan, 2008 for the benefit of the Eligible Employees of the Company and its subsidiaries providing for issue of up to a maximum of 30,00,000 Stock Options. The Bombay Stock Exchange Limited (BSE) had granted its 'in-principle' approval for listing of the 30,00,000 Equity Shares that are likely to arise out of the exercise of the Stock Options under the Plan.

The Compensation Committee of the Board, at its meeting held on 2nd June 2010 had granted 30,00,000 Options at an Exercise Price of Rs.16.95 per Option / Equity Share to certain Eligible Employees of the Company and its wholly-owned subsidiary viz, Deccan Exploration Services Private Limited. In terms of the Plan, the Options were granted at a 25% discount to the latest available closing price of Rs.22.60 at the BSE on 1 June, 2010 (a day prior to the date of the Compensation Committee meeting).

Employee Stock Option Outstanding account Rs.1.70 Crore & Deferred Employee Compensation account Rs.1.23 Crore.

Employee Compensation Expenses amounting to Rs.46,90,274/- is included under the head Salaries and other benefits.

14. Previous year figures have been re-grouped, re-arranged wherever considered necessary.

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

**For and on behalf of the board**

**CA K. V. BESWAL**  
 PARTNER

**Charles E.E.Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Membership Number: 131054

Place: Mumbai

Dated: 10 August, 2011

Place: Bangalore

Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	For the year ended 31.03.2011 (Rs.'000)	For the year ended 31.03.2010 (Rs.'000)
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax & extraordinary items	(11,536.77)	(6,118.20)
<b>Adjustment for:</b>		
Interest & Dividend Income	(3,261.12)	(3,600.04)
Profit on Sale of Investments	(12.98)	(5.54)
Employee Stock Option Compensation Exp	4,690.27	-
Depreciation	1,033.16	904.78
Operating Profit / (Loss) before Working Capital changes	(9,087.44)	(8,819.00)
<b>Adjustment for:</b>		
Increase / (Decrease) in Trade Liabilities	2,785.70	(2,732.35)
(Increase) / Decrease in Loans and Advances	(106.08)	1,179.09
	(6,407.82)	(10,372.26)
Taxes Paid	(65.38)	(376.59)
Net Cash used in Operating Activities (A)	(6,473.20)	(10,748.85)
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>		
(Purchase)/Sale of Fixed Assets	-	(1,167.44)
Sale (Purchase) of Investments (Net)	5,007.28	38,648.61
Interest & Dividend Income	3,261.12	3,600.04
Pre Operative expenses	(18,353.37)	(14,148.72)
Net Cash flow from Investing Activities (B)	(10,084.97)	26,932.49
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Shares	-	-
Share Issue Expenses	-	-
Proceeds from issue of Share Warrants	-	-
Net Cash flow from Financing Activities(C)	-	-
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(16,558.16)	16,183.65
Cash & Cash equivalents at the beginning of the year	18,000.12	1,816.47
Cash & Cash equivalents at the end of the year	1,441.96	18,000.12

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

For and on behalf of the board

**CA K.V. BESWAL**  
 PARTNER

Membership Number: 131054

Place: Mumbai

Dated: 10 August, 2011

**Charles E.E. Devenish**  
 Chairman

Place: Bangalore

Dated: 10 August, 2011

**Sandeep Lakhwara**  
 Managing Director

**S. Subramaniam**

Company Secretary




**DECCAN GOLD MINES LIMITED**

(FORMERLY WIMPER TRADING LIMITED)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>A. REGISTRATION DETAILS</b>		
State Code	:	11
Registration Number	:	34662
Balance Sheet Date	:	31st March, 2011
CIN	:	L51900MH1984PLC034662
<b>B. CAPITAL RAISED DURING THE YEAR</b>		<b>(Amount in '000)</b>
Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil
<b>C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		
Total Liability	:	179,988
Total Assets	:	179,988
<b>SOURCE OF FUNDS</b>		
Paid up Capital	:	58,450
Reserves & Surplus	:	113,256
Monies pending allotment	:	-
Unsecured Loans	:	-
<b>APPLICATION OF FUNDS</b>		
Net fixed Assets	:	1,984
Investment	:	51,374
Net Current Assets	:	4,417
<b>D. PERFORMANCE OF THE COMPANY</b>		
Total Income	:	3,274
Total Expenditure	:	14,811
Profit/(Loss) Before Tax	:	(11,537)
Profit/(Loss) After Tax	:	(11,511)
Earning per share in Rs.	:	(0.20)
Dividend Rate %	:	-
<b>E. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY</b>		
(as per Monetary terms)		
Item Code No. (ITC Code)	:	-
Product Description	:	N.A

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

**For and on behalf of the board**
**CA K.V. BESWAL**  
 PARTNER

**Charles E.E.Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Membership Number: 131054

 Place: Mumbai  
 Dated: 10 August, 2011

 Place: Bangalore  
 Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Fourteenth Annual Report of the Company together with the audited accounts of the company for the year ended 31 March, 2011.

**OPERATIONS AND FUTURE OUTLOOK**

Your company continued to carry out exploration activities pursuant to the Agreement with Deccan Gold Mines Limited in terms of which, all expenses incurred by the company for exploration activities are reimbursed by Deccan Gold Mines Limited.

The company during the year incurred profit / (loss) of Rs. 6.30 million compared to profit / (loss) of Rs. (0.05) million during the previous year.

It may be noted during November, 2010 the ML application for 0.29 sq kms covering the Ganajur Main Gold Prospect was recommended by the Government of Karnataka to the Ministry of Mines, Government of India (MoM) for final approval. The ML application is being pursued vigorously. Further, SRK Mining Services (India) Private Limited (SRK) have been appointed in February, 2011 to undertake a comprehensive scoping (pre-feasibility) study to assess the mining potential of the Ganajur Main Gold Prospect, Haveri District, Karnataka.

**MANAGEMENT**

The Board comprises of eminent geologists and professionals. Further, Mr. S.C.R. Peshwa and Mr. K. Karunakaran are the Directors retiring by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that:

- a. in preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to any material departures, if any;
- b. they 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 as at 31 March, 2011 and of the net profit / (loss) for the year ended on that date;
- c. they had taken proper and sufficient care for maintenance of adequate accounting records as required under the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities; and
- d. they have prepared the Statement of Accounts for the year ended 31 March, 2011 on a going concern basis.

**PARTICULARS OF EMPLOYEES**

During the year under review, the company did not have any employee falling under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

- (a) Conservation of energy and technology absorption:  
Considering the nature of the company's existing business activities, your Directors have nothing to state in connection with conservation of energy and technology absorption.
- (b) Foreign exchange earnings and outgo:  
During the year under review, the company did not have any foreign exchange earnings, but had a foreign exchange outgo of Rs.8.58 lac.

**AUDITORS**

M/s. Rao & Venkatesulu, Chartered Accountants, Bengaluru (FRN 003108S) who were appointed as Auditors of the company at the last annual general meeting, will be retiring at the conclusion of the ensuing annual general meeting. They, being eligible, have communicated their consent for re-appointment.

**ACKNOWLEDGMENT**

Your Directors acknowledge the co-operation and support extended by one and all.

For and on behalf of the Board

Place : Bangalore  
Date : 30 May 2011

**S. C. R. PESHWA**  
Director

**K. KARUNAKARAN**  
Director

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

**AUDITORS' REPORT****To the members of****DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

We have audited the Balance Sheet of DECCAN EXPLORATION SERVICES PRIVATE LIMITED as at 31<sup>st</sup> MARCH, 2011 and the annexed Profit and Loss Account for the year ended on that date. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The company being not coming under the purview of the Companies (Auditor's Report) Order, 2003 issued by the central government under section 227 (4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
  - 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 the law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
  - d. in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956,;
  - e. on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director of the Company are disqualified from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956; and
  - f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011; and

in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

For **RAO & VENKATESULU**  
**Chartered Accountants**  
**Firm Registration No. (FRN) 003108S**

Place : Bangalore  
Date : 30 May 2011

**K.Y. Ningoji Rao**  
**Partner**  
**Membership No.18278**


**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs. in '000)	As at 31.03.2010 (Rs. in '000)
<b>A. SOURCE OF FUNDS:</b>			
<b>SHAREHOLDERS FUNDS:</b>			
Share Capital	A	100.00	100.00
Share Application Money		-	-
Reserves & Surplus	B	6,082.16	-
<b>LOAN FUNDS:</b>			
Secured Loans		-	-
Unsecured Loans		-	-
<b>Total Source of Funds</b>		<b>6,182.16</b>	<b>100.00</b>
<b>B. APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Capital Works in Progress		-	-
<b>DEFERRED TAX ASSETS</b>			
		-	92.34
<b>NET CURRENT ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Inventories	C	4,082.50	360.00
Trade Debtors		4,943.02	126.50
Cash & Bank Balances		1,402.28	243.00
Loans & Advances		4,226.10	519.15
<b>Total Current Assets</b>		<b>14,653.90</b>	<b>1,248.65</b>
<b>Less: CURRENT LIABILITIES:</b>			
Current Liabilities	D	5,743.64	1,463.49
Provisions		2,728.03	-
<b>NET CURRENT ASSETS:</b>		<b>6,182.16</b>	<b>(214.84)</b>
<b>Miscellaneous Expenses (ASSET)</b>			
Preliminary Expenses (to the extent not written off) -		-	222.50
<b>Profit &amp; Loss Account</b>		<b>-</b>	<b>222.50</b>
<b>Total Application of Funds</b>		<b>6,182.16</b>	<b>100.00</b>

Significant Accounting Policies &amp; Notes to the Accounts

H

As per our report attached

For and on behalf of the Board

 For **RAO & VENKATESULU**

Chartered Accountants

**FRN 003108S**
**K.Y. Ningoji Rao**

Partner

Membership No.18278

**S.C.R. Peshwa**

Director

**K. Karunakaran**

Director

Bangalore

30 May 2011



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	For the Year ended 31.03.2011 (Rs. in '000)	For the Year ended 31.03.2010 (Rs. in '000)
<b>INCOME:</b>			
Exploration Contract Receipts		15,250.78	11,434.71
Drilling Contract Receipts		27,618.58	-
Other Income	D	1,988.84	525.06
<b>Total Income</b>		<b>44,858.20</b>	<b>11,959.77</b>
<b>EXPENDITURE:</b>			
Exploration Expenses	E	<b>39,294.80</b>	<b>12,255.86</b>
Administrative & Other Expenses	F	160.87	95.76
Financial Charges			
Depreciation			
<b>Total</b>		<b>39,455.67</b>	<b>12,351.62</b>
<b>Increase in Inventory</b>	G	<b>(3,722.50)</b>	<b>(330.25)</b>
<b>Total Expenditure</b>		<b>35,733.17</b>	<b>12,021.37</b>
<b>NET PROFIT(+)/ LOSS(-) BEFORE TAXES</b>		<b>9,125.03</b>	<b>(61.60)</b>
Less/Add(-): Prior Period Adjustments		-	-
Less: Provision for Taxes for the year:			
Income Taxes		(2728.03)	-
Deferred Tax Assets Created		(92.34)	11.58
<b>NET PROFIT(+)/ LOSS(-) AFTER TAXES</b>		<b>6,304.66</b>	<b>(50.02)</b>
Add: Balance Loss Brought Forward		(222.50)	(172.48)
<b>BALANCE LOSS CARRIED FORWARD</b>		<b>6,082.16</b>	<b>(222.50)</b>

Significant Accounting Policies & Notes to the Accounts

H

As per our report attached

For and on behalf of the Board

For **RAO & VENKATESULU**

Chartered Accountants

**FRN 003108S**

**K.Y. Ningoji Rao**

Partner

Membership No.18278

**S.C.R. Peshwa**

Director

**K. Karunakaran**

Director

Bangalore

30 May 2011


**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

**SCHEDULES FORMING PART OF ACCOUNTS**

	As at 31.03.2011 (Rs. in '000) Current Year (Rs. in '000)	As at 31.03.2010 (Rs. in '000) Previous Year (Rs. in '000)
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorized Share Capital:</b>		
50,000 Equity Shares of Rs.10/- Each	500.00	500.00
<b>Issued Share Capital:</b>		
50,000 Equity Shares of Rs.10/- Each	500.00	500.00
<b>Subscribed and Paid Up Share Capital:</b>		
10000 (P.Y.10,000) Equity Shares of Rs.10/- Each Fully Paid Up	100.00	100.00
TOTAL Carried to Balance Sheet	100.00	100.00
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve	-	-
Profit & Loss Account	6,082.16	-
TOTAL Carried To Balance Sheet	6,082.16	-
<b>SCHEDULE C</b>		
<b>CURRENT ASSETS</b>		
Inventories:		
Work-In-Progress	4082.50	360.00
Trade Debtors	4,943.02	126.50
<b>Cash At Banks:</b>		
In Current Accounts	1,364.84	223.00
In Other Accounts		
<b>Cash On Hand</b>	37.38	20.00
<b>Loans &amp; Advances:</b>		
Deposits	255.54	137.43
Advances Recoverable In Cash Or Kind	3,970.55	381.72
TOTAL Carried to Balance Sheet	14,653.83	1,248.65
<b>SCHEDULE D</b>		
<b>CURRENT LIABILITIES</b>		
Current Liabilities:		
Creditors For Trade	5,651.03	1,411.74
Creditors For Expenses	92.61	51.75
<b>Provisions:</b>		
Income Tax Provision	2728.03	
TOTAL Carried To Balance Sheet	8,471.67	1463.49



	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
<b>SCHEDULE E</b>		
<b>OTHER INCOME</b>		
Consultancy Services Receipts	1,984.47	481.16
Interest on Income Tax Refund	4.37	17.00
Miscellaneous Income		26.90
<b>TOTAL carried To Profit &amp; Loss Account</b>	<b>1,988.84</b>	<b>525.06</b>
<b>SCHEDULE F</b>		
<b>EXPLORATION EXPENSES</b>		
Analysis Charges	2,902.24	691.57
Boarding & Lodging Charges	218.62	150.67
Camp Expenses	237.76	133.46
Diesel & fuel	237.28	110.70
Duplicating Charges	4.09	1.50
Field Supplies & Consumables	846.68	92.03
Field Vehicle Maintenance	233.81	52.92
RP Processing Fees	75.67	22.40
Rent	104.60	-
Land & Crop Compensation	843.58	266.92
Field Travel Expenses	73.03	25.29
Exploration Contract Expenses	5,829.98	3,138.42
Food & Water Charges	328.40	139.66
Professional & Consultancy Fee	569.80	424.00
Trenching , Drilling & Pitting Charges	25,530.66	6,900.14
Surveying Charges	1,234.00	33.71
Other Camp Expenses	24.60	72.49
<b>TOTAL carried To Profit &amp; Loss Account</b>	<b>39,294.80</b>	<b>12,255.86</b>
<b>SCHEDULE G</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement Expenses	5.00	-
Bank Charges	14.72	1.84
Filing Fee	3.00	0.15
Staff Welfare	-	4.46
Computer Maintenance	-	2.25
Professional Charges	6.38	17.57
Miscellaneous Expenses	-	-
Postage & Telegrams	4.62	7.53
Printing & Stationery	0.78	22.92
Insurance Charges	-	2.30
Telephone Charges	-	-
Travelling Expenses	94.58	19.83
Interest On TDS Payments	2.32	0.36
Preliminary Expenses Amortised	-	-
Auditors Remuneration:	-	-
For Audit	22.06	13.24
For Tax Audit	4.41	-
For Other Services	3.00	3.31
<b>TOTAL carried To Profit &amp; Loss Account</b>	<b>160.87</b>	<b>95.76</b>


**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

**SCHEDULE H**
**INCREASE OR DECREASE IN STOCKS**
**OPENING STOCK:**

Works In Progress

360.00

29.75

**TOTAL**

360.00

29.75

**CLOSING STOCKS:**

Works In Progress

4,082.50

360.00

**TOTAL**

4,082.50

360.00

Increase(-) or Decrease(+) in Inventory

(3,722.50)

(330.25)

**SUNDRY CREDITORS**
**FOR TRADE:**

Geo Mysore Services (India) Pvt Ltd

3,701.30

1,411.74

APC Drilling &amp; Construction Co-Namakkal

1,028.58

-

Skyline Survey

721.16

-

Manyatha Developers Pvt.Ltd

200.00

-

**Total**

5,651.03

1,411.74

**FOR EXPENSES:**

Income Tax TDS Payable

66.14

20.87

Rao &amp; Venkatesulu

26.47

30.88

**Total**

92.61

51.75

**SUNDRY DEBTORS**
**FOR TRADE:**

Deccan Gold Mines Ltd

2,616.24

126.50

Ultra Tch Cments Limited

2,326.78

-

**Total**

4,943.02

126.50

**LOANS & ADVANCES**
**ADVANCES:**

Income Tax T.D.S.

3,920.61

369.44

S.B.Harish Kumar

49.95

12.28

**Total**

3,970.55

381.72

**DEPOSITS**

Security Deposit

117.43

117.43

Service Tax

98.11

-

Rent Deposit

40.00

20.00

**Total**

255.54

137.43




**NOTES FORMING PART OF ANNUAL ACCOUNTS**
**1. Trade Debtors include:**

(Rs. in '000)

Particulars	As At 31.3.2011	As At 31.3.2010
a. Debts considered good but not secured for which the company do not hold any security other than the personal security of debtors	4,943.02	126.50
b. Debts considered doubtful for which no provision is made	Nil	Nil
c. Debts due from concerns in which the relatives of Directors of the company are interested	Nil	Nil
d. Debts due from firms and companies in which the Directors of the company are interested as partners and Directors	Nil	Nil
e. Debts due for period:		
(i) More than Six Months	Nil	Nil
(ii) Others	4,943.02	126.50

**1. THE PARTICULARS OF THE DEFERRED TAX ASSET CREATED IS AS UNDER:**

Particulars	As On 31.3.2011	As On 31.3.2010	Difference
<b>Depreciation:</b>			
Written Down Value:			
As Per IT Rules	Nil	Nil	Nil
As Per Books	Nil	Nil	Nil
Difference	Nil	Nil	Nil
Deferred Tax Liability	Nil	Nil	Nil
<b>Unabsorbed Items Under IT:</b>			
Unabsorbed Business Loss	Nil	298.83	(298.83)
Unabsorbed Depreciation	Nil	Nil	Nil
Total	Nil	298.83	(298.83)
Deferred Tax Asset	Nil	92.34	(92.34)
Net Deferred Tax Asset:	Nil	92.34	(92.34)

**2. SIGNIFICANT ACCOUNTING POLICIES:**
**A. REVENUE RECOGNITION:**

1. Sales revenues are accounted on accrual basis.
2. All incomes, to the extent they are ascertained, are accounted on accrual basis.

**B. EXPENDITURE RECOGNITION:**

1. All expenditure relating to the purchase of goods are accounted on accrual basis.
2. All expenditure, to the extent they are ascertained, are accounted on accrual basis.

**C. VALUATION OF INVENTORY:**

Inventories of goods traded are valued at cost or net realisable value which ever is lower.

**D. FIXED ASSETS:**

Depreciation on fixed assets are provided on Written Down Value Method at the rates prescribed under the Income Tax Rules, 1962.

**E. ACCOUNTING OF TAXES ON INCOME:**

- a. Current Taxes On Income is provided as per the liability computed under the Income Tax Act, 1961.
- b. The Deferred Tax Asset and liabilities is created as per AS-22 prescribed by the Institute Of Chartered Accountants of India.

**F. ACCOUNTING OF INTANGIBLE ASSETS:**

- a. All intangible Assets acquired at cost are recognized as assets.

All intangible Assets are amortized as per the norms stipulated in AS-22 issued by the ICAI.



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details:

State Code	08
Registration No.	22819
Balance Sheet Date	31 March, 2011

#### BALANCE SHEET AS AT 31 MARCH, 2011

(Rs in '000)

#### II. Capital raised during the year :

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

#### III. Position of mobilisation and deployment of funds:

Total Liabilities	6182
Total Assets	6182

#### Source of Funds:

Paid Up Capital	100
Reserves & Surplus	6082
Secured Loans	Nil
Unsecured Loans	Nil

#### Application of Funds:

Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Asset	Nil
Net Current Assets	6182
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

#### IV. Performance of the Company:

Turnover	44858
Total Expenditure	35733
Profit Before Tax	9125
Profit After Tax	6305
Earning Per Share [Annualised]	
after reckoning Deferred Tax Asset (in Rs.)	630.47
Dividend	Nil

#### V. Generic names of three principal products of Company (as per monetary terms):

Product Description	Item Code (ITC Code)
a. Mining Exploration	980100.45

As per our report attached

For and on behalf of the Board

For **RAO & VENKATESULU**

Chartered Accountants

**FRN 003108S**

**K.Y. Ningoji Rao**

Partner

Membership No.18278

Bangalore

30 May 2011

**S.C.R. Peshwa**

Director

**K. Karunakaran**

Director



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## AUDITORS' REPORT

Auditors Report to the Board of Directors of DECCAN GOLD MINES LIMITED on the consolidated financial statements of Deccan Gold Mines Limited and its wholly owned subsidiary Deccan Exploration Services Private Limited.

1. We have examined the attached consolidated balance sheet of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31<sup>st</sup> March, 2011 and the consolidated profit and loss account and consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **DECCAN GOLD MINES LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted Accounting Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not conducted the audit of the financial statements of the subsidiary, whose financial statement has been audited by other auditors, and on which we have relied for the purpose of our examination of the consolidated financial statement.
4. We report that:
  - a) the consolidated financial statements has been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of **DECCAN GOLD MINES LIMITED** and its subsidiary.
  - b) The consolidated cash flow statement has been prepared on the basis of consolidated financial statement.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **DECCAN GOLD MINES LIMITED** and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In case of the *consolidated Balance Sheet*, of consolidated statement of affairs of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31<sup>st</sup> March, 2011.
  - ii) In case of *consolidated Profit and Loss Account* of the consolidated results of operations of **DECCAN GOLD MINES LIMITED**, and its subsidiary for the year ended on that date; and
  - iii) In case of the *consolidated Cash Flow Statement*, of **DECCAN GOLD MINES LIMITED** and its subsidiary for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO 101083W

**CA K. V. BESWAL**  
PARTNER  
Membership Number: 131054

Place : Mumbai  
Dated: 10 August, 2011



**DECCAN GOLD MINES LIMITED**  
(FORMERLY WIMPER TRADING LIMITED)

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SOURCE OF FUNDS :</b>			
Share Capital	A	58,450.00	58,450.00
Employee Stock Options Outstanding		4,690.27	-
Reserves & Surplus	B	113,256.11	113,256.11
<b>TOTAL</b>		<b>176,396.38</b>	<b>171,706.11</b>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Gross Block	C	6,103.73	6,103.73
Less: Depreciation		4,119.82	3,086.60
Net Block		1,983.91	3,017.13
<b>GOODWILL</b>		197.26	197.26
<b>INVESTMENTS</b>	D	51,274.15	56,268.45
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	E	4,082.50	360.00
Cash & Bank Balances		2,844.17	18,243.11
Sundry Debtors		2,326.79	6,888.41
Loans & Advances		10,792.51	-
		20,045.97	25,491.52
Less: Current Liabilities & Provisions	F	9,446.63	2,142.49
<b>NET CURRENT ASSETS</b>		10,599.34	23,349.03
Pre-operative Expenditure	G	70,145.38	51,791.97
		70,145.38	51,791.97
Profit & Loss Account		42,196.34	36,989.93
Deferred Tax Assets		-	92.34
<b>TOTAL</b>		<b>176,396.38</b>	<b>171,706.11</b>
Significant Accounting Policies & Notes to the Accounts	L		

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
FIRM REGN NO 101083W

**CA K. V. BESWAL**  
PARTNER  
Membership Number: 131054

Place: Mumbai  
Dated: 10 August, 2011

**For and on behalf of the board**

**Charles E.E. Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place: Bangalore  
Dated: 10 August, 2011

**S. Subramaniam**  
Company Secretary



**DECCAN GOLD MINES LIMITED**  
(FORMERLY WIMPER TRADING LIMITED)

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	For the Year ended 31.03.2011 (Rs.'000)	For the Year ended 31.03.2010 (Rs.'000)
<b>INCOME</b>			
Operational Income	H	27,618.58	12,017.47
Other Income	I	5,262.94	4,130.64
Increase/(Decrease) in Inventory	J	3,722.50	330.25
		36,604.02	16,478.36
<b>EXPENDITURE</b>			
Exploration Expenses		24,044.01	12,838.59
Administrative & other expenses	K	13,938.58	8,914.75
Depreciation		1,033.16	904.78
		39,015.75	22,658.12
Profit/(Loss) before taxation		(2,411.73)	(6,179.76)
Add/(Less): Provision for Deffered Tax		(92.34)	11.58
Add/(Less): Provision for Income Tax		(2,728.03)	-
Profit/(Loss) for the Year before prior period items		(5,232.10)	(6,168.18)
Less: Prior Period Items (Refer Note No.9 of Schedule 'L')		(25.69)	141.77
Net Profit/(Loss) for the Year		(5,206.41)	(6,309.95)
Add: Balance brought forward		(36,989.93)	(30,679.98)
<b>Balance transferred to Balance sheet</b>		<b>(42,196.34)</b>	<b>(36,989.93)</b>
Basic EPS		(0.09)	(0.11)
Diluted EPS		(0.09)	(0.11)

Significant Accounting Policies & Notes to the Accounts

K

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
FIRM REGN NO 101083W

**For and on behalf of the board**

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054

**Charles E.E. Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place: Mumbai  
Dated: 10 August, 2011

Place: Bangalore  
Dated: 10 August, 2011

**S. Subramaniam**  
Company Secretary



**DECCAN GOLD MINES LIMITED**  
(FORMERLY WIMPER TRADING LIMITED)

**SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2011**

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised 10,00,00,000 (PY 10,00,00,000) Equity Shares of Re.1/- each	1,00,000.00	1,00,000.00
	<u>1,00,000.00</u>	<u>1,00,000.00</u>
Issued, Subscribed and Paid up : 5,84,50,000 (PY 5,84,50,000) Equity Shares of Re.1/- each fully paid up	58,450.00	58,450.00
	<u>58,450.00</u>	<u>58,450.00</u>
<b>SCHEDULE 'B'</b>		
Reserves & Surplus		
Securities Premium	96,529.80	96,529.80
Profit & Loss A/c	-	-
Capital Reserve	16,726.31	16,726.31
	<u>113,256.11</u>	<u>113,256.11</u>

**SCHEDULE 'C'**  
**FIXED ASSETS**

**FIXED ASSETS SCHEDULE AS ON 31.03.2011**

(Rs. in '000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.10	Addition during the year	Deletion during the year	Total Cost as at 31.03.11	As at 01.04.10	For the Year Additions	Deletion	Total as at 31.03.11	As at 31.03.11	As at 31.03.10
1	Computers	485.64	-	-	485.64	337.21	59.37	-	396.58	89.07	148.43
2	Plant & Machinery	1,138.10	-	-	1,138.10	82.32	273.34	-	355.66	782.44	1,055.78
3	Vehicle	502.09	-	-	502.09	399.57	26.54	-	426.11	75.98	102.52
4	Office Equipement	452.29	-	-	452.29	158.42	40.89	-	199.31	252.98	293.87
5	Furniture & Fixture	661.55	-	-	661.55	328.93	60.20	-	389.13	272.42	332.62
6	Leased Assets	2,864.06	-	-	2,864.06	1,780.21	572.81	-	2,353.02	511.04	1,083.85
	Total	6,103.73	-	-	6,103.73	3,086.66	1,033.16	-	4,119.82	1,983.91	3,017.07
	Previous Year	4,936.29	1,167.44	-	6,103.73	2,181.88	904.78	-	3,086.66	3,017.07	

**SCHEDULE 'D'**  
**INVESTMENTS**

BNP Paribas Money Plus Institutional Weekly Dividend Mutual Fund (Formerly : Fortis Money Plus Institutional Weekly Dividend Mutual Fund (C.Y. Market Value Rs.508.95 Lacs P.Y Marekt Value Rs.559.36 Lacs)

50,873.94

55,888.68

Reliance Medium Term Daily Dividend Plan (C.Y. Market Value Rs. 4 lacs P.Y. Market Value Rs. 3.8 lacs)

400.21

379.77

51,274.15

56,268.45



	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 'E'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>Current Assets:</b>		
Inventories		
Work in Progress	4,082.50	360.00
Trade Debtors	2,326.79	-
Cash on hand	75.43	132.26
Balance with Scheduled Banks		
- Current Accounts	2,768.74	3,110.85
- Term Deposits	-	15,000.00
	<u>2,844.17</u>	<u>18,243.11</u>
<b>Loans &amp; Advances:</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	10,792.51	6,888.41
	<u>10,792.51</u>	<u>6,888.41</u>
<b>SCHEDULE 'F'</b>		
<b>CURRENT LIABILITIES:</b>		
Sundry Creditors	6,043.37	1,637.97
Other Liabilities	167.30	103.19
<b>PROVISIONS:</b>		
Provision for Gratuity	507.92	401.33
Provision for Income Tax	2,728.03	-
	<u>9,446.63</u>	<u>2,142.49</u>
<b>SCHEDULE 'G'</b>		
Pre-Operative expenses		
Exploration expenses	70,145.38	51,791.97
	<u>70,145.38</u>	<u>51,791.97</u>
<b>SCHEDULE 'H'</b>		
<b>Operational Income</b>		
Exploration income	-	12,017.47
Drilling Income	27,618.58	-
	<u>27,618.58</u>	<u>12,017.47</u>
<b>SCHEDULE 'I'</b>		
<b>Other Income</b>		
Dividend	2,992.72	3,351.38
Interest	272.77	265.66
Profit/(Loss) on sale of Investments	12.98	5.54
Consultancy Services Receipts	1,984.47	481.16
Miscellaneous Income	-	26.90
	<u>5,262.94</u>	<u>4,130.64</u>



**DECCAN GOLD MINES LIMITED**  
(FORMERLY WIMPER TRADING LIMITED)

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	<b>For the year ended 31.03.2011 (Rs.'000)</b>	<b>For the year ended 31.03.2010 (Rs.'000)</b>
<b>SCHEDULE 'J'</b>		
<b>Increase/(Decrease) in Inventory</b>		
Closing Stock		
Work In Progress	4,082.50	360.00
Opening Stock		
Work In Progress	360.00	29.75
Increase/(Decrease) in Inventory	<u>3,722.50</u>	<u>330.25</u>
<b>SCHEDULE 'K'</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES:</b>		
Salaries & Other benefits	7,830.52	2811.84
Staff welfare	12.01	24.81
Bank charges	33.18	20.58
Business promotion expenses	1,188.16	1120.06
Travelling & Conveyance	161.50	609.80
Electricity charges	149.36	127.70
Membership & Subscription	32.67	22.31
Repairs & Maintenance	234.39	160.05
Communication Expenses	41.66	37.51
Postage & telegram & Telephone	4.62	7.52
Rent, Rate & taxes	2,312.97	2399.62
Advertisement expenses	43.80	44.50
Audit fee	145.29	132.37
Directors Sitting Fees	60.00	75.00
Professional & consultancy fee	609.50	831.84
Misc Bal written off	655.12	50.00
Fees-Filing & Listing	243.84	211.20
Sundry Expenses	180.00	228.04
	<u><b>13,938.58</b></u>	<u><b>8,914.75</b></u>





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**SCHEDULE 'L'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ANNEXED TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Principles of Consolidation**

The Consolidated financial statements relate to Deccan Gold Mines Ltd. ("The Company") and its subsidiary Company.

The Consolidated financial statements have been prepared on the following basis:

- a) The financial statement of the Company & its subsidiary company are combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income & expenses, after fully eliminating intra-group transactions resulting in unrealised profits/losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.
- b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

**B. Basis of accounting:**

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**C. Fixed Assets:**

Fixed Assets are stated at cost of acquisition less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

**D. Depreciation:**

- a) Depreciation is provided as per Written down Value prescribed under Schedule XIV of the Companies Act, 1956.
- b) Depreciation on Leased Premises is provided over a period of five years i.e the tenure of the lease.

**E. Foreign Currency transactions**

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency assets/ liabilities are translated in rupees at the rates prevailing on the date of Balance Sheet.

**F. Investments:**

- (a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.
- (b) Current investments are carried at the lower of cost and market value. The determination of carrying costs of such investments is done on the basis of specific identification.

**G. Taxes on income:**

- a) Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- b) Deferred tax is recognised subject to the consideration of prudence, 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. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**H. Impairment of Assets:**

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the



recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use.

**I. Revenue Recognition:**

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

- a) Exploration Income is recognised when services are provided
- b) Interest Income is recognised on accrual basis
- c) Dividend Income is accounted on accrual basis when the right to receive the dividend is established

**J. Employee Benefits:**

Leave encashment : - The company does not have a policy of carry forward of pending leaves and hence no provision for the same is made as mentioned under AS - 15 issued by ICAI.

Gratuity : Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit of cost method.

**K. Provisions, contingent liabilities and contingent assets:**

Estimation of the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

**NOTES TO THE ACCOUNTS:**

	31.3.2011 Rs in '000	31.3.2010 Rs in '000
1. Capital Commitments (Net of Advance)	Nil	Nil
2. Claims made against the company but not acknowledge as debts	Nil	Nil
3. Contingent Liabilities On disputed Income Tax	2027	2027
4. Figures of the previous year have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.		
a) Expenditure in foreign currency	858	Nil
b) Earning in foreign currency	Nil	Nil
c) Payment to Auditors:		
- Audit Fees	145.29	132.37



## 6. Related party disclosure

## a) Name of related parties and relationship

SI No.	Name of the party	Relationship
1	Charles E. Devenish	Chairman
2	Sandeep Lakhwara	Managing Director
3	K.R.Krishnamurthy	Director
4	Dr.M.Ramakrishnan	Director
5	V.K.Gaur	Director
6	Rama Mines (Mauritius) Limited	Holding Company
7	Australian Indian Resources Pty Ltd.,	Having common Director
8	Lakhwara Consultants Pty Ltd.,	Having Common Director
9	Western Goldsmiths Pty Ltd	Having Common Director
10	The Paramount Mining Corporation Limited	Having Common Director

## b) The company had transactions with the following related parties :-

Dr.M.Ramakrishnan, K.R.Krishnamurthy, V.K.Gaur, Sandeep Lakhwara and Deccan Exploration Services Pvt Ltd.,

## c) Transactions with related parties :-

Sl. No.	Nature	Year ended 31, March'2011
1	Rent for Guest House to Managing Director	360.00
2	Managerial Remuneration	1,200.00
3	Directors Sitting Fees	60.00

## 7. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.70145.38 (in thousands) as noted in schedule 'G' to the Balance Sheet as pre-operative expenditure which will be charged to the profit &amp; loss account as and when the commercial activities / production commences.

## 8. Computation of Earning per Share (Annualised)

Rs in ('000)

Particulars	Year ended	
	Mar-11	Mar-10
a. Net Profit (Loss) after Tax available for Equity Share holders	(5,206.41)	(6,309.95)
b. Weighted average number of equity shares of Rs 1 each outstanding during the period	58450.00	58450.00
c. Basic earning per share (in Rs.)	(0.09)	(0.11)
d. Dilutive Potential Equity Shares (in thousands)	59705.00	58450.00
e. Diluted earning per share (in Rs.)	(0.09)	(0.11)

## 9. Prior Period Items

Short Depreciation Charged in earlier years	-	126.93
Short / (excess) provision for taxation of earlier years	(25.69)	14.84

## 10. Disclosure in respect of Employee Stock Option Scheme

## a) Employee Stock Option Scheme:

Paticulars	Tranche-I	Tranche-II	Tranche-III
No of Options	750,000	1,050,000	1,200,000
Method of Accounting	Intrinsic Value		
Vesting Period	1 year	2 year	3 year
Exercise Period	1 year	1 year	1 year
Grant Date	2-6-2010	2-6-2010	2-6-2010
Grant/Exercise Price (Rs.16.95 per share)	16.95	16.95	16.95
Market Price on the date prior to the date of grant of option)	22.6	22.6	22.6



b) Movement of Options Granted:

Paticulars	C.Y	PY
Options outstanding at the beginning of the year	-	-
Granted during the year	3,000,000	-
Excercised during the year	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	3,000,000	-
Options invested at the end of the year	3,000,000	-
Options exercisable at the end of the year	-	-

c) Employee Stock Option Outstanding account Rs.1.70 Crore & Deffered Employee Compensation account Rs.1.23 Crore

As per our report of even date,  
**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

**CA K.V. BESWAL**  
 PARTNER  
 Membership Number: 131054

Place: Mumbai  
 Dated: 10 August, 2011

**For and on behalf of the board**

**Charles E.E.Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Place: Bangalore  
 Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary



**DECCAN GOLD MINES LIMITED**  
(FORMERLY WIMPER TRADING LIMITED)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	For the year ended 31.03.2011 (Rs.'000)	For the year ended 31.03.2010 (Rs.'000)
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax & extraordinary items	(2,411.73)	(6,179.76)
<b>Adjustment for:</b>		
Add :		
Interest and Dividend Income	(2,719.95)	(3,617.04)
Employee Stock Option Compensation Expenses	4,690.27	-
Profit on Sale of Investments	(12.98)	(5.54)
Depreciation	1,033.16	904.78
Operating Profit / (Loss) before working Capital Changes	<u>578.76</u>	<u>(8,897.56)</u>
<b>Adjustment for:</b>		
(Increase )/Decrease in Inventories	(3,722.50)	(330.25)
Increase / (Decrease) in Trade Liabilities & Provisions	10,067.73	(1,842.95)
(Increase) / Decrease in Debtors	(2,326.78)	-
(Increase) / Decrease in Loans and Advances	(3,904.10)	431.31
Net Cash used in Operating Activities (A)	<u>693.10</u>	<u>(10,639.45)</u>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>		
(Purchase)/Sale of Investment & Fixed Assets	4,981.32	37,532.03
Interest and Dividend Income	(2,719.95)	3,617.04
Pre Operative expenses	(18,353.41)	(14,148.72)
Net Cash flow from Investing Activities (B)	<u>(16,092.04)</u>	<u>27,000.35</u>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Shares	-	-
Share Issue Expenses	-	-
Proceeds from issue of Shares Warrants	-	-
Net Cash flow from Financing Activities(C)	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	<u>(15,398.94)</u>	<u>16,360.90</u>
Cash & Cash equivalents at the beginning of the year	<u>18,243.11</u>	<u>1,882.21</u>
Cash & Cash equivalents at the end of the year	<u>2,844.17</u>	<u>18,243.11</u>

As per our report of even date,

**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
FIRM REGN NO 101083W

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054

Place: Mumbai  
Dated: 10 August, 2011

**For and on behalf of the board**

**Charles E.E.Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place: Bangalore  
Dated: 10 August, 2011

**S. Subramaniam**  
Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>A. REGISTRATION DETAILS</b>		
State Code	:	11
Registration Number	:	34662
Balance Sheet Date	:	31 March, 2011
<b>B. CAPITAL RAISED DURING THE YEAR</b>		<b>(Amount in '000)</b>
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
<b>C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		
Total Liability	:	185,843
Total Assets	:	185,843
<b>SOURCE OF FUNDS</b>		
Paid up Capital	:	58,450
Reserves & Surplus	:	113,256
Monies pending allotment	:	-
Unsecured Loans	:	-
<b>APPLICATION OF FUNDS</b>		
Net fixed Assets	:	1,983.91
Investment	:	51,274.15
Net Current Assets	:	10,599.34
Miscellaneous Expenses	:	70,145.38
<b>D. PERFORMANCE OF THE COMPANY</b>		
Total Income	:	36,604.02
Total Expenditure	:	39,015.75
Profit/(Loss) Before Tax	:	(2,411.73)
Profit/(Loss) After Tax	:	(5,206.41)
Earning per share in Rs.	:	NIL
Dividend Rate %	:	NIL
<b>E. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY</b>		
(as per Monetary terms)		
Item Code No. (ITC Code)	:	-
Product Description	:	N.A

As per our report of even date,  
**For V. K. BESWAL & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS**  
 FIRM REGN NO 101083W

**For and on behalf of the board**

**CA K.V. BESWAL**  
 PARTNER  
 Membership Number: 131054

**Charles E.E. Devenish**  
 Chairman

**Sandeep Lakhwara**  
 Managing Director

Place: Mumbai  
 Dated: 10 August, 2011

Place: Bangalore  
 Dated: 10 August, 2011

**S. Subramaniam**  
 Company Secretary