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**CORPORATE INFORMATION**

Chairman	:	Mr. Charles E.E. Devenish
Managing Director	:	Mr. Sandeep Lakhwara
Directors	:	Mr. K.R. Krishnamurthy Dr. M. Ramakrishnan Prof. V.K. Gaur
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 : 91-22-25963838 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 ever since 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 provide significant and valued input to the Company.

### **SANDEEP LAKHWARA**

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 lived 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.

### **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.

### **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.

### **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.



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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 nearly 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 Malanjkhand 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 15 years of experience as Exploration Geologist. Earlier he worked for Geological Survey of India for 8 years as a Geologist. He 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.

### **CONSULTING MINING ENGINEER**

#### **MR. DEEPAK VIDYARTHI**

A qualified Mining Engineer, Mr. Deepak possesses over 36 years of experience in the mining industry which include 3 years with NMDC Limited as Executive Director, 11 years in the Kudremukh Iron Core Co Ltd and



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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 16 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 GOLD EXPLORATION PROJECT, KARNATAKA STATE

This Project forms part of Archaean Western Dharwar Craton in the State of Karnataka. 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 of the Dharwar-Shimoga Greenstone belt covered under 3 RP blocks and resulting in identifying 22 gold prospects (Fig-1,2). Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert. Prospects around Dharwar towards north (Dharwar Cluster) and Haveri in the south (Ganajur-Karajagi Cluster) are considered as significant discoveries. Seven (7) Prospecting Licence (PL) and two (2) Mining Lease (ML) applications covering all the important prospects of Dharwar-Shimoga basin were filed. The Ganajur-Karajagi PL was granted where detailed exploration is underway. The remaining applications are under various stages of processing. The updates on the Dharwar-Shimoga Belt Projects are presented below:

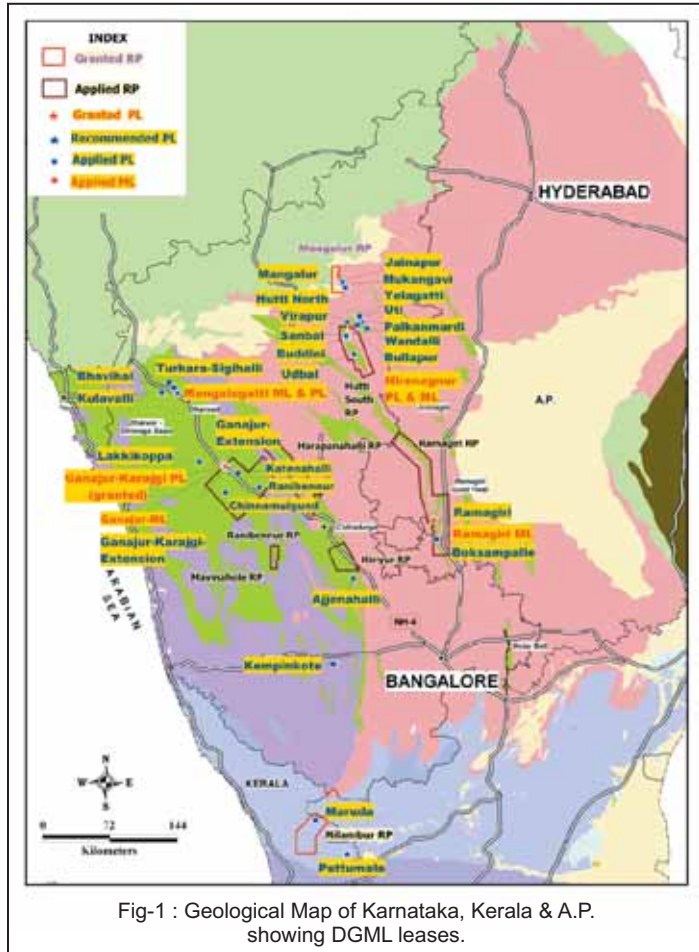


Fig-1 : Geological Map of Karnataka, Kerala & A.P. showing DGML leases.

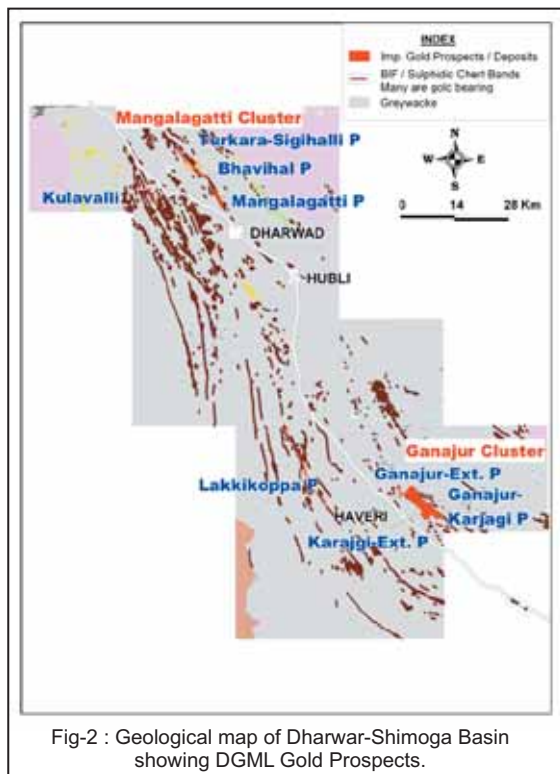


Fig-2 : Geological map of Dharwar-Shimoga Basin showing DGML Gold Prospects.

### GANAJUR MAIN GOLD DEPOSIT ITS SATELLITE PROSPECTS:

As our shareholders are aware, DESPL holds a Prospecting Licence (PL) over an area of 2.2 sq.kms which covers the Ganajur Main gold deposit and its adjoining gold prospects all of which were new discoveries by the Company. The PL is in the third year of its execution and DESPL has submitted application for renewal of the same for an additional two years to continue further exploration in the PL block.

The PL Block has been explored by using multi disciplinary techniques as per international standards. The exploration efforts have resulted in upgrading the project in terms of resource augmentation and value addition. The PL block comprises the highly rated Ganajur Main Gold Deposit which has now progressed into an advanced project that is surrounded by other seven (7) Satellite Prospects known as Ganajur East, South, South East, Central prospects, Karajagi



Main, Karajgi East and Hut prospects (Fig-3). Exploration carried out so far has demonstrated that the Ganajur-Karajgi PL block is an important mineralised corridor with possibility of mining and finding additional gold resources.

**Mining Lease under approval of the Ministry of Mines, New Delhi:**

A Mining Lease (ML) application for 0.29 sq.kms of DESPL over the Ganajur Gold Project is currently awaiting approval of the Ministry of Mines, Government of India (MoM) after it was recommended by the State Government of Karnataka (SG).

The Indian Bureau of Mines (IBM) has replied to the queries raised by MoM relating to categorization of gold resources for the Ganajur Main Gold Deposit under UNFC guidelines. The query from MoM

originated from the earlier report sent by Indian Bureau of Mines (IBM) to the MoM on 25-11-2011 that categorized Ganajur Resources under 331 which is equivalent to Measured Resource category as per JORC standards. This report of IBM was based on information in its possession prior to SRK completing its Scoping Studies.

IBM after examining the representations made by DESPL along with supporting documentation has reported to the MoM stating that the economic viability of the Ganajur Project has been established and as such the earlier classification under UNFC 331 category could be upgraded to UNFC 121 category which is known as "Economic Probable Mineral Reserve" category.

**Preparation of Mining Plan:**

DGML has made all out efforts to speed up the implementation of the project while the approval of the ML is awaited. We are in the process of preparing the Mining Plan which would be submitted to Indian Bureau of Mines as per Rule 22(4) of MCR-1960 once the Letter of Intent from the State Government is obtained. Concurrently we have also

completed the Environmental Base line data studies which will be part of the Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) of the Mining Plan.

DGML has also submitted application for Terms of Reference (ToR) along with Pre feasibility report for the proposed 2000 TPD gold ore processing plant, pre-requisite for obtaining the Environmental Clearance from the Ministry of Environment and Forest (MOEF). We are also in the process of finalizing the Terms of Reference for the proposed Ganajur Main Open pit mine (Fig-4).

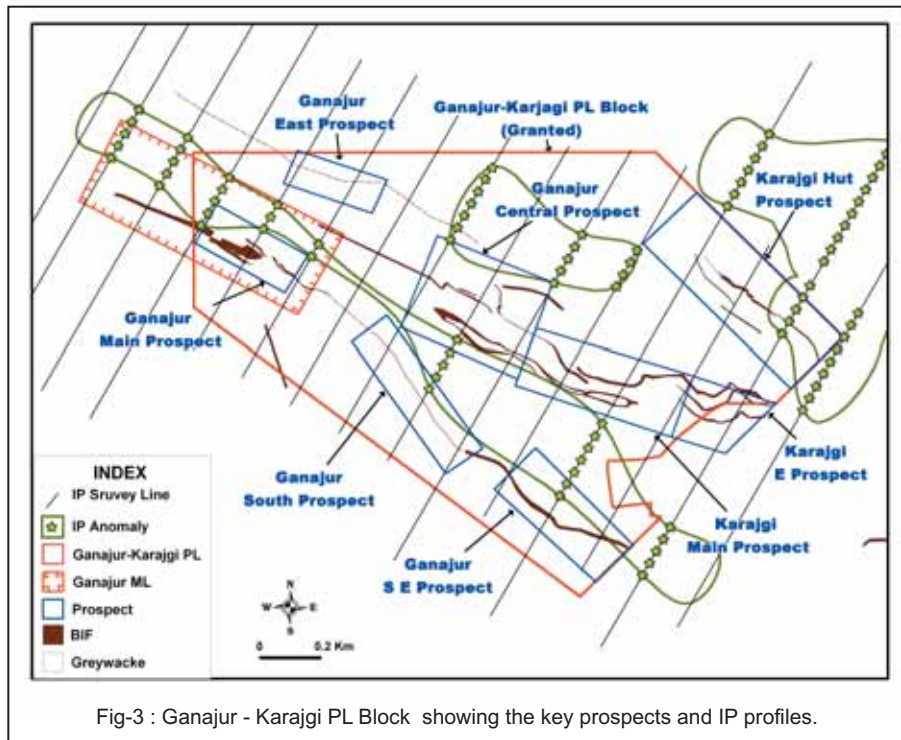


Fig-3 : Ganajur - Karajgi PL Block showing the key prospects and IP profiles.

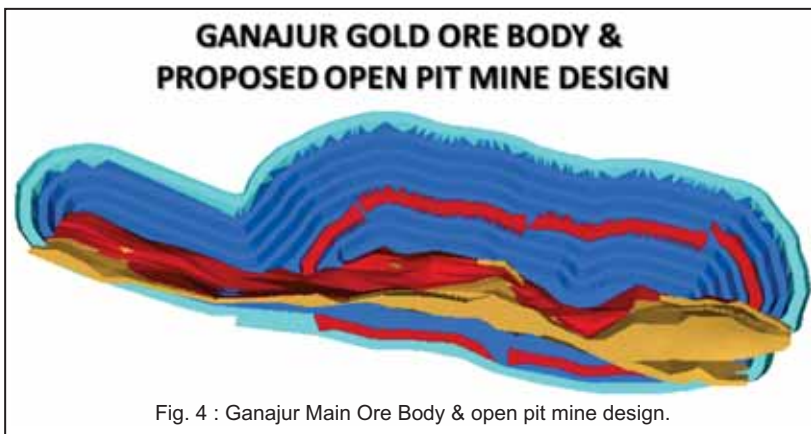


Fig. 4 : Ganajur Main Ore Body & open pit mine design.



**Government of Karnataka's approval for land acquisition:**

DESPL has received a Government Order (G.O.) after the State High Level Clearance Committee (SHLCC) cleared our request for allotment of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant. The G.O. has approved DESPL's request for additional 55 acres of land from 145 acres to 200 acres at Ganajur Village in Haveri District, Karnataka for the proposed gold mine and processing plant.

The G.O. has also facilitated land acquisition process through Karnataka Industrial Areas Development Board (KIADB). DESPL would be submitting the application to the KIADB shortly. DGML has also entered into a long term lease agreement with land owners of the proposed gold mine that would be of help at the time of land acquisition.

**INDEPENDENT EVALUATORS' REPORT**

DGML commissioned SRK Mining Services (India) Private Limited (SRK) to complete an updated mineral resource estimate and Preliminary Economic Assessment of the Ganajur Main Gold Deposit (Fig-5).

SRK submitted an updated Mineral Resource Statement in accordance with the Australasian Code for Reporting of Exploration Results known as JORC Standard. SRK estimated a total of 308,000 ounces of gold, out of which 255,000 ounces are under indicated category (Table-1). The resource has been estimated up to a depth of 120 metres. The updated mineral resource model formed the basis for evaluating the viability of Ganajur Gold project.



Fig-5 : SRK Team's Field Visit at Ganajur-Karajigi PL Block.

SRK submitted its final Report on 3 February, 2012 and the entire report is available in the DGML website [www.deccangoldmines.com](http://www.deccangoldmines.com).

The Scoping study addressed the mine optimization, process design, waste disposal and management plans, site lay out and infrastructure, capital /operating expenditure estimates, project economics (including key risks and opportunities) and future work programme.

The Study has revealed that project economics is technically and economically attractive that could be improved upon considering the fact that there

CATEGORY AS PER SRK (JORC)	Quantity (tonnes)	Grade (g/t)	Gold (ounces)	UNFC CODE AS PER IBM
<b>1. INDICATED</b>				
A. SULPHIDE	1,921,000	3.83	237,000	
B. OXIDE	631,000	3.19	65,000	
TOTAL INDICATED	2,552,000	3.67	301,000	121
<b>2. INFERRED</b>				
A. SULPHIDE	93,000	1.82	5,000	
B. OXIDE	17,000	3.26	2,000	
TOTAL INFERRED	109,000	2.06	7,000	

**Table-1, Updated Mineral Resource**

are a number of highly prospective gold bearing targets in the PL block with distinct possibilities of adding to the existing mineral resource. SRK's scoping studies have demonstrated that at a sustainable gold price greater than USD850/oz, the Ganajur Main Project has the potential to be developed into a viable open-pit mining operation. The key aspect of the scoping study was cash flow projection and project valuation.

A valuation of the Project has been derived based on the application of Discounted Cash Flow (DCF) techniques. In summary, at an Au price of USD1250/oz and a 10% discount rate the project has an NPV of USD37.39M. At the prevailing gold price of US\$1700/oz the project represents a very attractive proposition. Sensitivity analysis of the project at different gold prices is given below:

**PROJECT VALUATION AND SENSITIVITY ANALYSIS UNDER DIFFERENT GOLD PRICE SCENARIOS**

DESCRIPTION	UNIT	1000	1100	1250-BASE CAE	1400	1500	1650
NET PRE TAX CASH FLOW	MUSD INR-CRORES	70.86 318.87	92.36 415.62	124.61 560.75	156.85 705.83	178.35 802.58	210.6 947.70
NPV @ 10% DISCOUNT RATE	MUSD INR-CRORES	14.88 66.96	23.88 107.46	37.39 168.26	50.89 229.01	59.87 269.42	73.17 329.27
IRR	%	20.15	25.61	33.11	39.95	44.22	50.24





**Positive indications through Ground Geophysical IP survey:**

The discovery at Ganajur Main and the surrounding prospects in the PL block indicated possibility of locating moderate to large scale system hosting gold mineralization. As a step towards achieving the objective, a multi-parametric geophysical exploration campaign was carried out employing Transient Electromagnetic Survey (TEM) followed by a detailed Induced Polarization (IP) survey to delineate conductive zones and also to locate geological structures favorable for hosting gold mineralization in the Ganajur –Karajgi PL Block. The survey was undertaken by internationally renowned Elliot Geophysics- Australia. A total of 17.4 line kms of IP survey was completed at different dipole spacing. The IP survey defined a major resistive feature in the southern half of the survey area.

The IP survey has also clearly brought out a strong linear Chargeability anomaly with high resistivity background for 2.8 kms, part of which encloses the 600 metre long Ganajur Main Gold Deposit (Fig-6). 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-7).

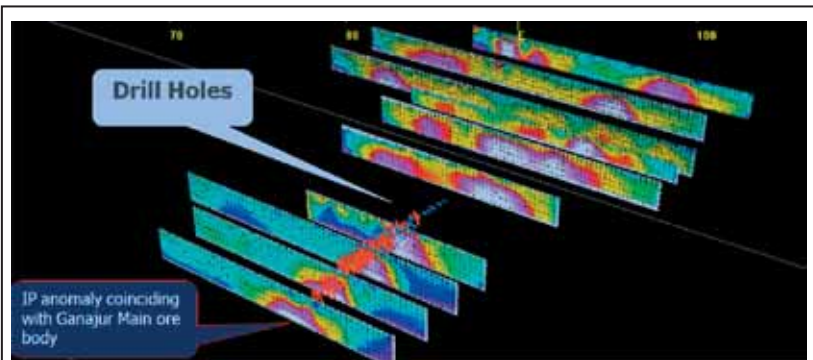


Fig-6 : Stacked 2D IP inversion models showing Ganajur Main ore body.

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.

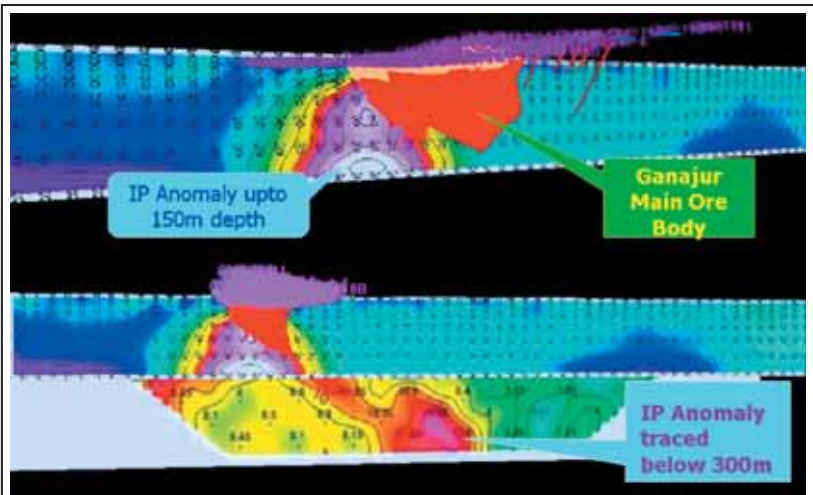


Fig-7 : 2D Inversion model showing deep seated IP Anomaly, Ganajur-Karajgi PL.

The drilling at Ganajur Main prospect indicated the presence of 16-18% sulphides within the ore body. In order to explore such high content of sulphides, a 100m moving loop TEM survey was carried out 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 centered on line 800E, which represents a narrow conductive feature.

To summarize, Geophysical IP survey has been very successful in tracing new zones of possible gold mineralization. Comparing the present information on hand with other gold deposits of similar geological settings elsewhere in the World, it could be inferred that the PL Block holds the potential for finding about a million ozs of gold resource within the Ganajur-Karajgi PL block that would require detailed exploration by drilling.

**Reconnaissance drilling to test the Geophysical anomalies:**

DESPL recently completed a total of 1,262m of diamond core drilling in the Ganajur-Karajgi PL Block spread over 6 locations which included 3 deep holes in the Ganajur Main deposit; 2 holes at Karajgi Main Prospect and one in the Ganajur South East Prospect (Fig-8).



Fig-8 : Diamond Core Drilling operation at Ganajur Main Prospect, Ganajur-Karajgi PL.



The results are highly encouraging as they have demonstrated the possibility of increasing the overall resource base of the Ganajur Gold Project. A brief account of the drilling programme is presented below:

**Karajgi Main Prospect:** Karajgi Main is located at 1 km South East of Ganajur Main Prospect. It is rated by DGML as one of the most important among the prospects in the PL block. Exploration in Karajgi Main prospect during the RP stage had defined two sulphidic gold bearing zones- A and B with significant gold grades and width. The zone B has a drilled resource of 90,000 tonnes averaging 2.23 g/t. Ancient open pits are noticed all along this prospect.

DESPL completed two diamond drill holes in this prospect in order to confirm the earlier promising results as well as to understand the structural control of gold mineralization.

- Out of two holes drilled at Karajgi Main Prospect, KMC-01 (**Fig-9**) intersected two significant zones of gold mineralisation. The first one is 5.0 m thick which passed through between 45.50 to 50.50m averaging 7.43 g/t gold including a high value of **33.60 g/t**.
- The second zone is 9.0 m thick and was encountered between 71.1 and 80.1m averaging 3.19 g/t gold.

The results from Karajgi Main Prospect has confirmed the existence of high grade gold bearing zones and distinct possibility of finding additional resources in the prospect subject to additional drilling.

**Ganajur Main Deposit:** The IP geophysical surveys in this block had indicated the possibility of depth ward extension of the Ganajur Main Deposit below the existing drilled resource. Structural interpretation and the deep seated IP signature have indicated possible repetitions of the folded structure of the Ganajur Main Ore body. To explore

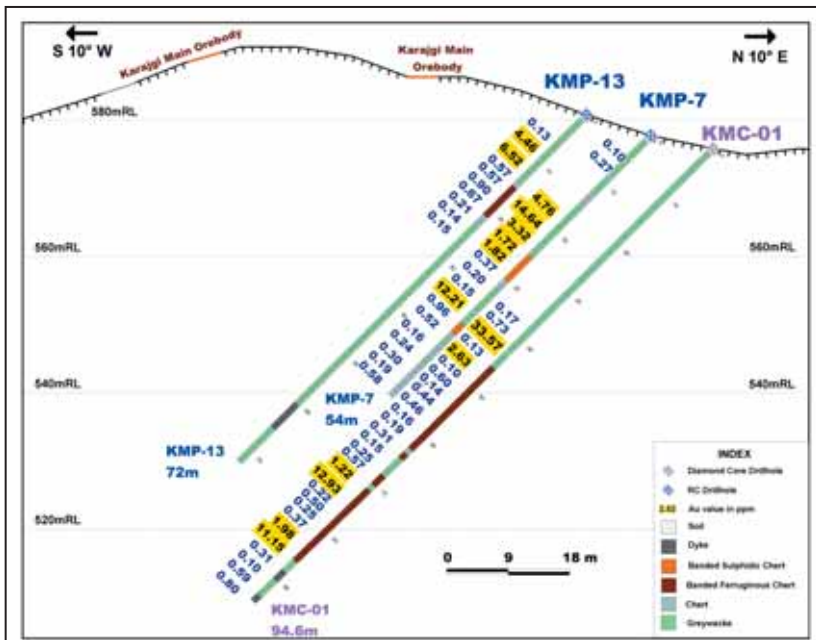


Fig-9: Drill hole Cross Section of KMP-13, KMP-7 & KMC-01, Karajgi Main Prospect.

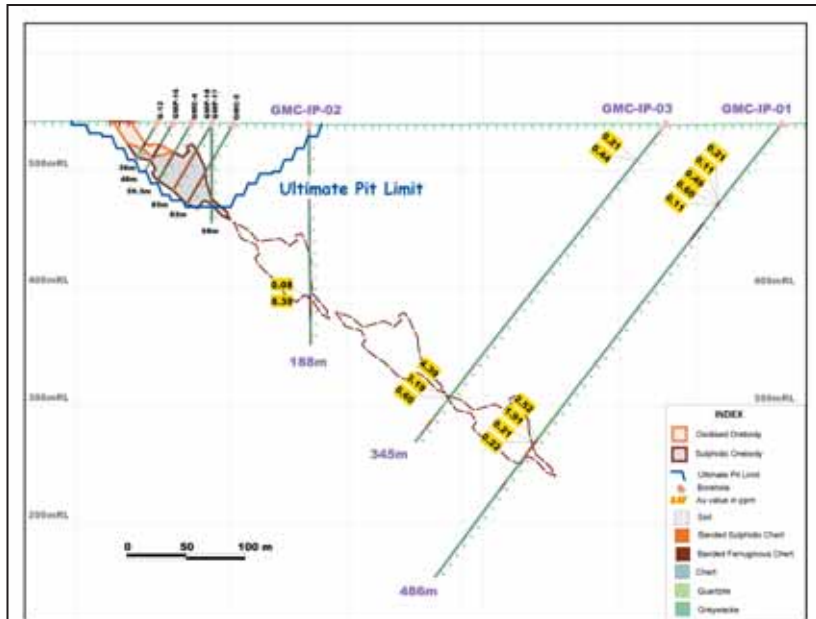


Fig-10 : Drill hole Cross Section of GMC-IP-01, GMC-IP-02 & GMC-IP-03, Ganajur Main Prospect.

the structural interpretation and IP anomaly, three bore holes were drilled to meet the inferred ore body at different depth intervals (**Fig-10**). All the drill holes passed through the gold-bearing rock indicating the depth-ward extension of Ganajur Main Ore body. The drill results are summarized below:

- GMC-IP-03 intersected 1.5 metres of sulphidic chert between 296.50m to 298m analyzing gold values in the range of 0.60 to 4.39 g/t.

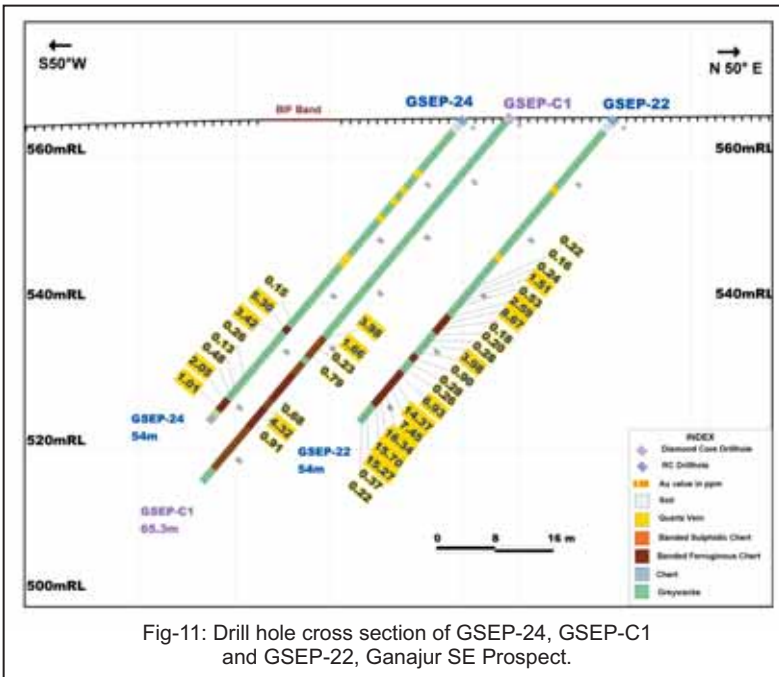


Fig-11: Drill hole cross section of GSEP-24, GSEP-C1 and GSEP-22, Ganajur SE Prospect.

- GMC-IP-01 intersected mineralised zone between 341.50 to 343.50m containing around 5-15 % sulphides and analyzing gold values in the range of 0.22 to 2.52 g/t.

The above drilling results are significant enough to undertake a detailed drilling programme to define the possible deep seated gold mineralization below the currently known Ganajur Main gold resource.

**Ganajur South East Prospect:**

Ganajur southeast prospect is located around 1.2 km SE of Ganajur Main Deposit (Fig-3). Preliminary exploration by way of Channel sampling, DTH drilling and 576 metres of RC drilling has resulted in delineating a mineralized zone for a length of 455 metres. Apart from this the recent Geophysical IP survey has also indicated strong IP anomaly over this zone.

A recent drill hole in this prospect passed through 2 zones of gold mineralisation; the

first one of 3.60m @ 1.85 g/t gold between 39.40 to 43.0m depth and the second of 1m thickness yielding 2.5 g/t gold between 52.50 to 53.50m depth (Fig-11). The latest drill results and the previous data in Ganajur SE prospect suggest the possibility of finding additional resource in the PL block.

In summary, the recent diamond core drilling campaign described above, though limited, was very useful in better understanding of the structure of gold bearing zones and will be important for planning the future drilling programme.

**Results of Additional Exploration Work:**

**Trenching:** A 460m long trench was opened in one of the selected IP Profile in Ganajur-Karajgi PL block to explore the Geophysical IP anomaly in the soil covered area. The trench exposed two sulphidic chert bands coinciding with two of the IP geophysical anomalies. The first zone is 2.0m thick that analysed 1.50 g/t Au. The second zone of 17.60m recorded the best value of 2.51 g/t over 7.0 metres width. Based on these positive results, it is planned to open up more trenches to explore the continuity of these mineralised zones.

**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 sulphidic Chert bands. The Dharwar cluster comprises of Mangalagatti SE, Mangalagatti Main, East and Bhavihal prospects. All these are considered as highly potential like the Ganajur-Karajgi 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.

Initial exploration during the RP tenure in the Mangalagatti SE prospect by RC drilling and channel sampling had revealed significant gold mineralization. Gold mineralization is hosted by southeasterly plunging folded banded iron formation. Two auriferous zones extending for

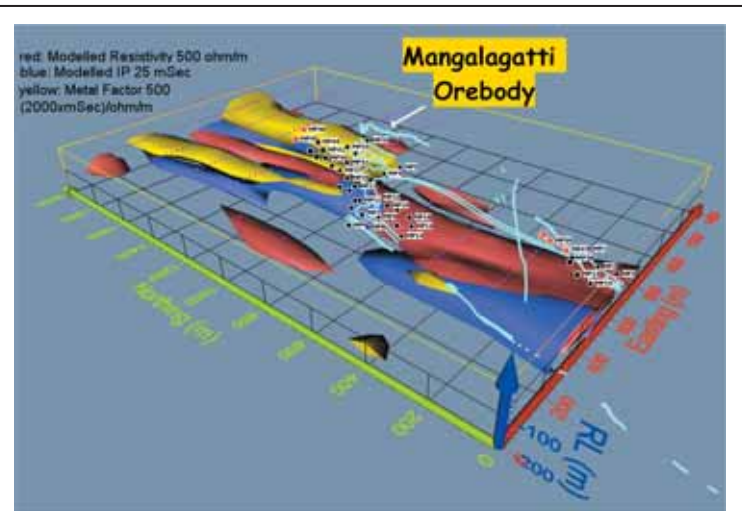


Fig-12: Mangalagatti 3D IP Geophysical Model (50m Dipoles), Mangalagatti Prospect.



nearly 500 metres over a width of 30 metres were defined. An ancient working and adjacent pounding marks indicates ancient mining activity in the area.

An inferred resource of **1.5 million tonnes@ 1.63 g/t Au** was estimated based upon results of shallow RC drilling programme. After the successful exploration by geophysical methods in the Ganajur-Karajgi PL block, DGML conducted Induced Polarization (IP) survey in the PL block to investigate the existence of possible mineralised zones in addition to those already explored. 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.

The results of the IP survey revealed 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 (**Fig-12**).

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 8 kms NW of Mangalagatti prospect. 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 pittable 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 74,000 oz of Au was estimated averaging 1.76 g/t.

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 (**Fig-13**). It is very encouraging to note that all the three lines have brought out two moderate chargeability anomalies with co-incident resistivity highs. With this positive information, it is planned to go ahead with additional IP survey to explore the depth and strike continuity of the mineralisation.

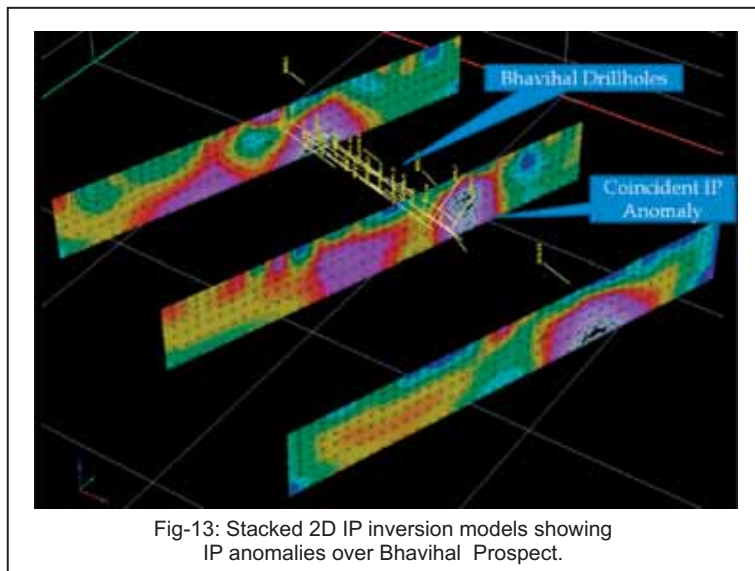


Fig-13: Stacked 2D IP inversion models showing IP anomalies over Bhavihal Prospect.

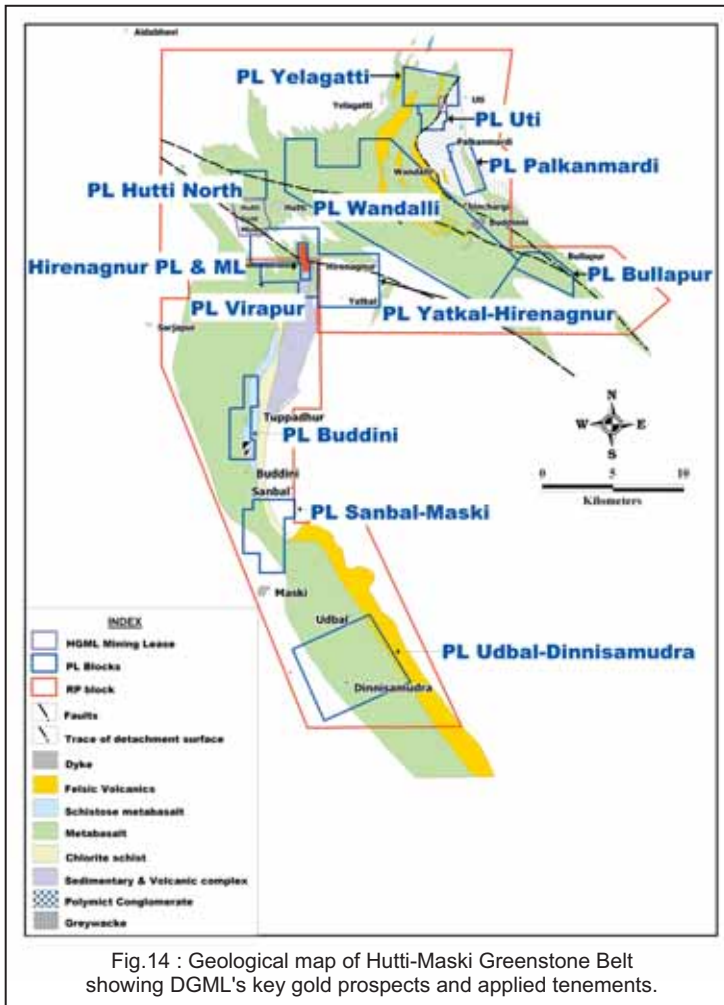
**HUTTI MASKI BELT PROJECT**

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. Exploration over an area 851 sq km in the Hutti Belt have 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-14**).

Our shareholders are aware that DGML had to pass through legal battles in order to win back its legal rights over the Hutti-Maski Belt Project. The legal battle has reached a decisive stage with filing of a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India against the Order dated 3 April, 2012 passed by the Hon'ble High Court of Karnataka regarding the Hutti Belt project. The SLP has been admitted in the Hon'ble Supreme Court on 16 July, 2012 and the Hon'ble Court further observed that the decision to be made by the Central Government shall be subject to the outcome of the present SLP.

A historical account of the legal battle is recounted in the following paragraphs:

- 1) State Government of Karnataka rejected the Hutti North PL application in the year 2006 which was challenged in the High Court of Karnataka.



- 2) In the year 2008, the State Government of Karnataka sent a proposal to the Ministry of Mines, Government of India, New Delhi (MoM) recommending for reservation of 14 prospective blocks in favour of Hutti Gold Mines Limited, which is a PSU of the State Government. These 14 blocks included several PL applications areas associated with DGML.
- 3) The recommendation of the State Government of Karnataka was challenged through a Revision Petition filed before the Tribunal of the MoM.
- 4) The Tribunal passed a Final Order on 22 October, 2010 rejecting the recommendation of the State Government of Karnataka and directed it to consider the pending PL applications of DESPL under the relevant law within a period of 100 days.
- 5) Hutti Gold Mines Limited filed a Writ Petition before the Hon'ble High Court of Karnataka challenging the aforesaid Order of the Tribunal.
- 6) The High Court of Karnataka passed an Order dated 18 February, 2011 directing the MoM to consider the recommendation of the State Government of Karnataka in accordance with law.
- 7) The MoM rejected the recommendation of the State Government of Karnataka and instead directed the State Government to consider the pending Prospecting Licence applications of DESPL.

- 8) Aggrieved, Hutti Gold Mines Limited once again took the matter to the High Court of Karnataka challenging the decision of the MoM. The High Court of Karnataka in its Order dated 3 April, 2012 directed the MoM to take a fresh decision on the matter within 3 months.
- 9) DESPL has challenged the Order through a Special Leave Petition in the Supreme Court of India and has appointed leading Advocates to argue the case. The MoM is not inclined to take any fresh decision and is instead preparing to challenge the High Court verdict. The Supreme Court had directed the State Government of Karnataka and the Hutti Gold Mines Limited to furnish their comments.
- 10) In the meanwhile, in the Hutti North PL case referred at (1) above, the High court of Karnataka has directed DESPL to appeal before the Tribunal of the MoM. Accordingly, DESPL has filed a Revision Petition before the Tribunal on 2 July, 2012.

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 presented below:

#### A. Hutti Mine North Prospect

This block is located immediately north of the currently operating Hutti Gold Mine in Raichur District in Karnataka. A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the Hutti Mines. DESPL carried out detailed exploration within the prospect during its RP tenure. Exploration methods comprised Litho structural mapping, bed rock geochemical exploration, Ground Geophysical IP survey and limited Diamond Core drilling. The exploration

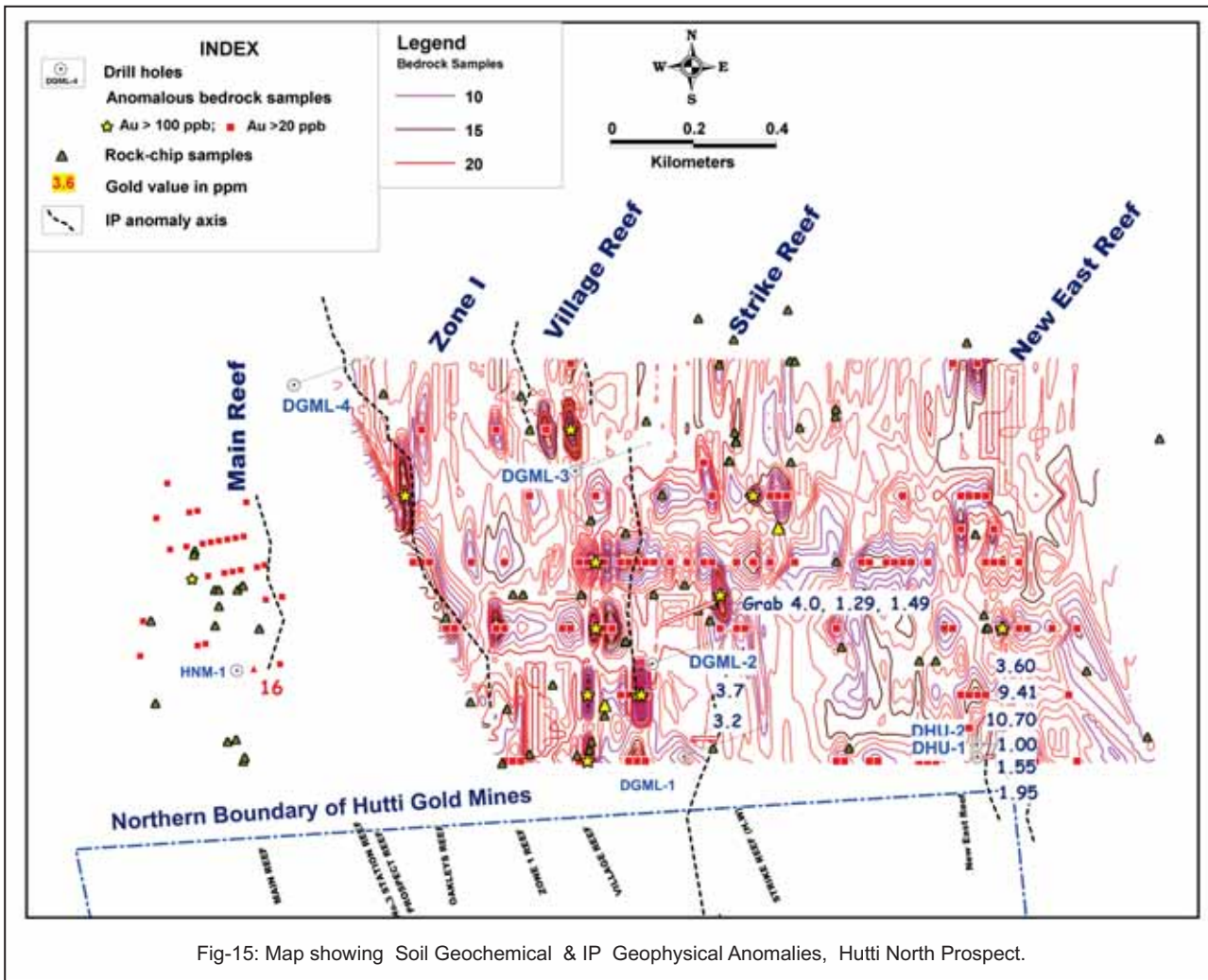


Fig-15: Map showing Soil Geochemical & IP Geophysical Anomalies, Hutti North Prospect.

efforts resulted in tracing the extensions of 5 of the gold lodes that are being mined in the Hutti Gold Mines. 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 limited drilling with positive results (Fig-15).

Based upon the highly encouraging results, DESPL applied for a Prospecting Licence over an area 4.9 sq.kms that covers all the mineralized zones. However, the State Government rejected the PL application on totally untenable grounds. DESPL has filed a revision petition on 2 July, 2012 as directed by the High Court of Karnataka challenging the rejection order.

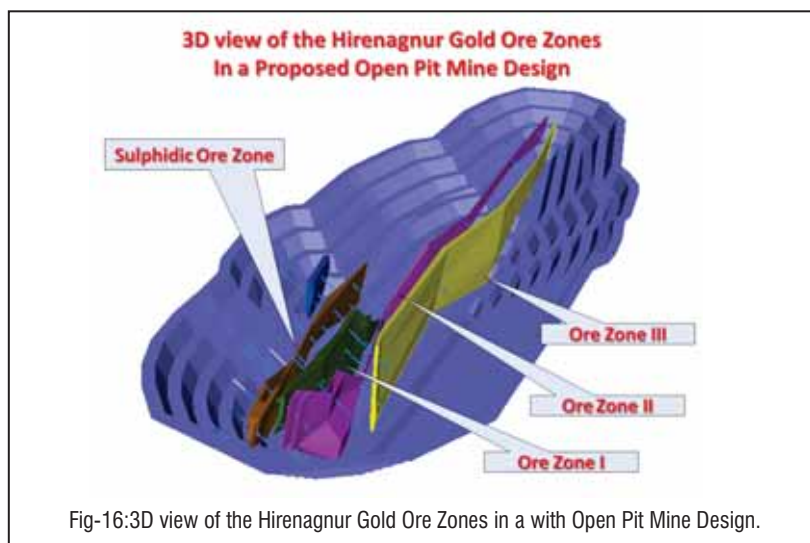


Fig-16:3D view of the Hirenagur Gold Ore Zones in a with Open Pit Mine Design.



### 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 indicated 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 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 the possibility of open pit mining of the Hirenagnur ore body (**Fig-16**). Some of the best drill intercepts are furnished below:

Drill hole No	Width (m)	Grade(g/t)
IHN-2	8	3.52
1HN-5	8	5.02
DHN-5	19	3.02
DHN-6	16	6.38
DHN-16	11	4.52

### A. Chinchergi-Wandalli Block:

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

In order to locate new targets, besides tracing the 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.

### B. Yatkan Block:

Yatkan prospect is situated 10 kms south-east of Hutti. Gold mineralization is noticed in quartz veins emplaced along sheared and fractured granite. Mineralisation is controlled by a NE-SW trending fracture system along which several quartz veins are emplaced. During its Reconnaissance Permit, DESPL carried out detailed geochemical exploration, rock chip sampling and ground magnetic survey. The geochemical data processed reveals a 950 metre long NE-SW trending gold anomaly spread over 150 metres width. Most of the high gold values analysed in rock chip samples (1.0 to 32.05 g/t Au) fall within the 950 m long geochem anomaly. The geochemical anomaly matches very well with ground magnetic anomaly. Detailed drilling is warranted under a prospecting license.

Other key projects of DESPL in the Hutti-Maski belt are, Palkanmardi-Chinchergi block, Bullapur block, Uti Extensions, Sanbal-Maski block, Tuppadhur-Buddini block etc. All these prospects are covered under different PL applications and would be investigated after the grant of the Licence.

### 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-17**). 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. 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 old mine workings was explored by shaft sinking and 3 level development up to 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 70 to 100 feet. Similarly the north drive analysed very high gold values including 76 g/t, 105 g/t etc.

During the RP, few samples collected from this area showed 14 and 65 g/t gold with significant silver content which confirmed the earlier John Taylor's report.

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

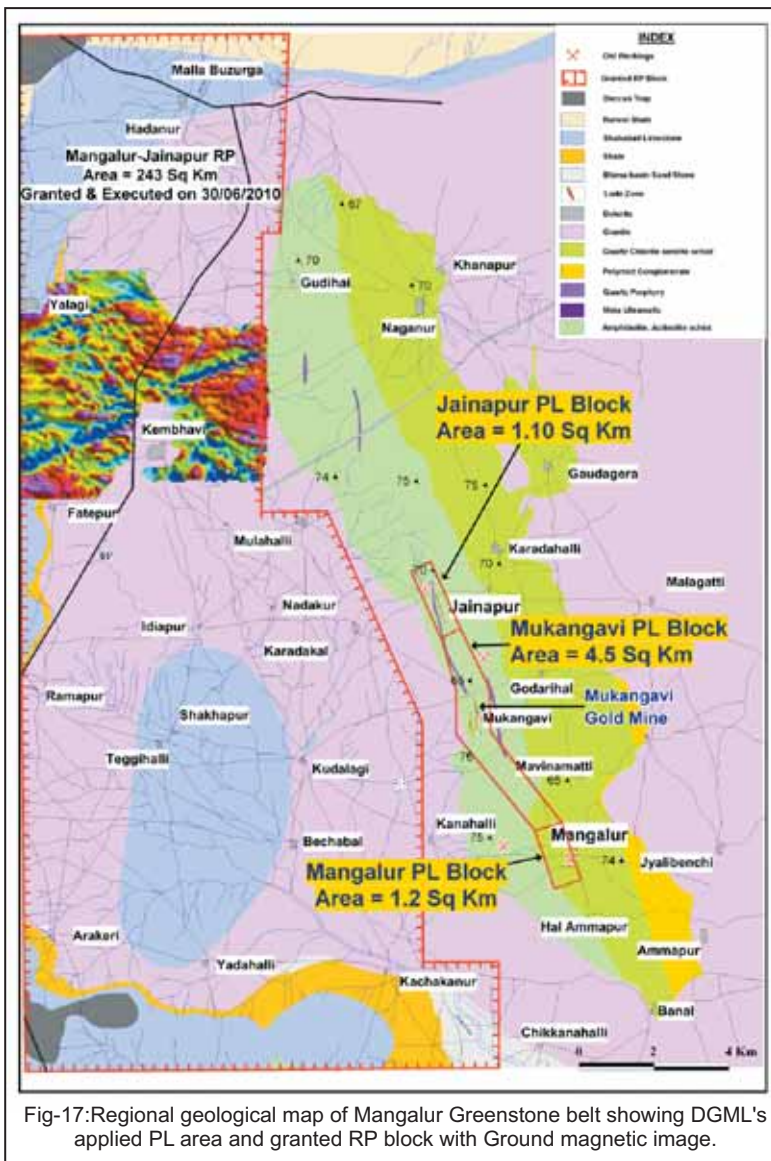


Fig-17:Regional geological map of Mangalur Greenstone belt showing DGML's applied PL area and granted RP block with Ground magnetic image.

**Mangalur-Jainapur RP**

The Government of Karnataka granted Mangalur-Jainapur Reconnaissance permit over an area of 243 sq.kms and the same was executed on 30-6-2010 (Fig-17). This RP block covers the western portion of the Mangalur greenstone belt and comprises of granitic rocks and sediments of Bhima Basis.

The results of our exploration did not indicate any sign of gold mineralization outside the Mangalur Greenstone Belt described under Mangalur Belt Project above.

**RAMGIRI BELT PROJECT**

The grant of Prospecting License in Ramagiri belt is awaited. A summary of the data on hand is presented below:

The Ramagiri belt forms the southern half of the Ramagiri-Penkacherla greenstone belt falling in Andhra Pradesh. Ramagiri is located 40km 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 RP block 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. Until April 2001, the Government of India owned Bharat Gold Mines Ltd. (BGML) was operating the underground Yeppamana Mine in the RGF.

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:

- 1) Ramagiri Gold Field block (RGF) - 20 sq km area
- 2) Boksampalle block - 17 sq km area

PL applications are under processing by the Government of Andhra Pradesh.

**A. Ramagiri Gold Field PL block (RGF) - 20 sq km area**

Ramagiri Gold Fields PL block comprises the extensions of BGML's Yeppamana mine lodes and several other old mines such as Power house and Jibutill Mines. DGML believes that the Ramagiri greenstone belt is under explored and much of the ground between one mine to another remains unexplored underground.

**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. A 50 cm wide quartz vein with sulphides analysed 1.67 to 3.83 ppm of gold. Rock-chip sampling from an outcrop NE of Shaft No. 5 has analysed 2 g/t Au. Dump samples from the old mines reported 3 to 17 g/t gold. Detailed prospecting is proposed to be undertaken in the Jibutil area in the light of these encouraging results.

**B. Boksampalle PL block - 17 sq km area :**

The 2 km 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 and sheared granite. A wide mineralized zone of 4.2m to 62.12m, is delineated over a length of 350 m. Randomly collected rock-chip samples from assayed 0.23 g/t to 3.49 g/t. The vein quartz zone is 2 km long with surface width of 2 to 25m within a narrow and steep sheet of granite intruding metabasalt.

This block was explored by GSI's that showed few intercepts of 6.29m at 2.54g/t and 9.18m at 1.20g/t. One of the boreholes intersected a series of quartz veins within sheared granite averaging 0.47g/t of gold over a width of 26.92m.

Surface rock chip sampling was also carried out from Boksampalle North prospect located at a distance of 2.5 kms north of the Main Boksampalle Prospect. Three separate shear zones were mapped that yielded best assays of 15.6 g/t, 3.4 g/t and 8.89 g/t respectively

It is planned to explore the Boksampalle block by detailed drilling once the Prospecting Licence is granted.

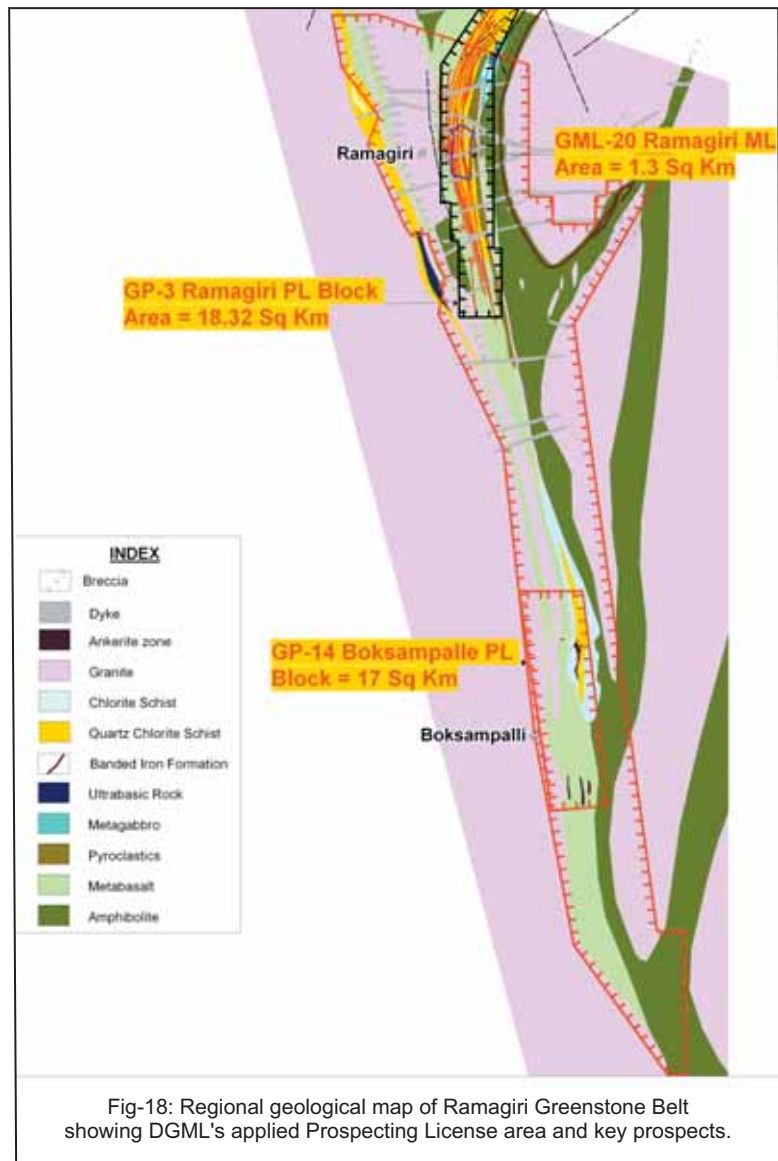


Fig-18: Regional geological map of Ramagiri Greenstone Belt showing DGML's applied Prospecting License area and key prospects.



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

(as on 20 August, 2012)

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

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	121.67	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. RP area was relinquished by 50% on 25.7.2012.
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
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.
4 RPs			TOTAL	4147.67			

**DECCAN GOLD MINES LTD. (DGML)  
PROSPECTING LICENCE (PL) APPLICATIONS OF DGML**

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	Under processing at the Secretariat, Karnataka.
DGML.PL-7	Ajjenahalli	Tumkur	1	2.4.2009	No.DMG/58/APL 09/450, dt.17.4.2009	Under processing at DMG, Bangalore. No.DMG:09APL/2009-10/18735, dt.20.3.2010
DGML.PL-8	Chinna Mulgund -Aladgeri	Haveri	35	26.2.2010	No.DMG:09APL/2009-10/18735, dt.20.3.2010 (PL Application filed in response to Gazette Notification dt.30.12.2009).	Rejection Notice dt 12.3.2012 issued by Director, DMG, Bangalore. Contested at the Tribunal, MoM, New Delhi through DES PL-15. On 16.7.2012, the Tribunal has directed the State Govt. to furnish parawise comments on the Petition filed by DESPL.
DGML.PL-9	Ranibennur	Haveri	70	26.2.2010	No.DMG:10 APL/2009-10/18736, dt.20.3.2010	-do-
DGML.PL-10	Katenahalli-Kengond	Haveri	26	26.2.2010	No.DMG:11 APL/2009-10/18734, dt.20.3.2010	-do-
5 PLs		TOTAL	153			



CHHATTISGARH STATE						
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.
2 PLs		TOTAL	48			

**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)**

RP Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status
KARNATAKA STATE						
DES.PL-2	Ganajuru-Karajgi	Haveri-Dharwar	2.2	17.10.2003	Grant Order No.CI. 157:MMM. 2005, dt.10.9.2009	Renewal Appl. No.02-APL/2012-13/4467 PL Deed No.3370 & Executed on 25.9.2009. Prospecting operations are underway. Applied for Renewal of PL on 14.6.2012.
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.16.4.10. Under processing at the State Secretariat, Government of Karnataka. Under Secretary to CM has directed the Mines Secretariat to take action for grant of PL.
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, 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, Karnataka.
DES.PL-1	Hutti North	Raichur	5	1.8.2003	No.24 APL 03, Dt.18.8.2003	On 4.6.2012, Hon'ble High Court of Karnataka directed DESPL to take the matter before the Tribunal of the MoM. Accordingly, on 27.7.2012, the Tribunal has directed the State Govt. to furnish comments on DESPL's Petition.
DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127APL 2004, Dt.24.11.2004 CI 112 MMM 07	The Director has recommended the file to the Secretary, 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, Karnataka.
DES.PL-11	Ganajuru Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005	The Director has recommended the file to the Secretary, Karnataka.

# DECCAN GOLD MINES LIMITED



DES.PL-15	Ganajuru-Karajgi Extension	Haveri	25	26.2.2010	Ack. No.DMG:08 APL 2009-10/18729, dt.20.3.2010	PL Application filed in response to Gazette (Notification dt.30.12.2009). Rejection Notice dt.12.3.2012 issued by Director, DMG, Bangalore which was contested before the Tribunal of the MoM, New Delhi. On 16.7.2012, the Tribunal has directed the State Govt. to furnish parawise comments on the Petition of DESPL.
DES.PL-3	Uti	Raichur	2.9	14.1.2004	No.06APL04/16815, Dt.16.1.2004	The State Govt had recommended for reservation of this area, among 13 other PL blocks in favour of the State PSU-Hutti Gold Mines Ltd. It had been rejected by MoM. The High Court of Karnataka has directed the MoM to take a fresh decision. DESPL has contested the High Court's direction through a SLP at the Supreme Court. The Judges have recognized the merit in our SLP & directed the Respondents for reply. The MoM is also approaching the Supreme Court against the High Court Order.
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-
DES.PL-13	Palkanmardi	Raichur	6	28.2.2006	No.39 APL 06/17, Dt.29.3.2006	-do-
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 who in turn has sought certain clarifications from the State Government. Pending at DMG, Hyderabad.
<b>1 PL</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.



## DECCAN GOLD MINES LTD. (DGML)

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 Govt. The MoM had sought the opinion of the I.B.M. The IBM has given a favourable report to MoM on the mineability of the Gold Resource at Ganajur on the basis of SRK's report & Annual reports of work done by DGML in the granted P.L. block.
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	Asst. Director's Office, Under processing at 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 31 March 2012.

### 1. Financial Results

(Rs in '000)

Particulars	2011-12	2010-11
Total Income	3,028	3,274
Profit/(Loss) before Taxation	(10,618)	(11,537)
Profit/(Loss) after Tax	(10,618)	(11,537)
Balance brought forward	(42,644)	(31,133)
Balance transferred to Balance Sheet	(53,262)	(42,644)

During the year, the Company incurred Rs. 207.88 lacs on exploration activities and Rs. 127.61 lacs on administrative and other expenses. The cumulative amount spent on exploration activities of Rs. 967.65 lacs as on 31 March, 2012 has been transferred to pre-operative expenses.

### 2. BUSINESS OPERATIONS AND OUTLOOK

For full details on the operations of the Company during the period under review, please refer 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.

India has initiated several progressive policy measures, putting itself in a good starting position to undertake the transformation of the mining and mineral exploration sector. The National Mineral Policy of 1993 was updated with a new Policy in 2008 which clearly incentivizes private sector investment in exploration and seeks to ensure increased transparency in allocation of mineral concessions; gives thrust on building infrastructure for mining and seeks to promote R&D in minerals and establish educational facilities for human resource development.

The proposed Mines and Minerals (Development & Regulation) Act, 2011 (MMDRA, 2011) is presently awaiting the approval of the Parliament of India. While it contains certain positive measures like reduction of time limit for disposal of applications by 50%; assured transition of licences; dedicated mining tribunal for grievance redressal etc., there are certain areas which cause concern. For example, introduction of a complex system of grant of exploration licences; auctioning of metal anomalies for grant of prospecting licences; and imposition of super tax on mining. During June 2012, the Company was able to put forth its views and comments on the proposed MMDRA, 2011 before the Parliamentary Standing Committee to whom it has been sent for review by the Indian Parliament.

The global mining trends and the reactions of the various Governments point to a case for India to fast-track adoption of progressive policy measures for the mineral exploration and mining sector. The Company keenly awaits and expects that the final MMDRA, 2011 would positively address the concerns expressed by the Company and the industry associations like FIMI.

A write-up on "Outlook and Opportunities" for the mineral exploration sector in general forms part of the section "Management Discussion and Analysis Report" published elsewhere in this Annual Report.

### 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, 2012 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 specified by the Securities and Exchange Board of India through Clause 49 of the Listing Agreement. As required by the said Clause, a separate

## ANNUAL REPORT - 2012



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. K.R. Krishnamurthy and Prof V.K. Gaur 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, 2012 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, 2012 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 Companies (Particulars of Employees) Rules, 1975.

### 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 re-appointment.

### 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.



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**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 or outgo.

**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: 13 August, 2012

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 during 2010-11	3,000,000
Options vested during 2011-12	750,000
Options Exercised during 2011-12	76,250
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of option	76,250
Money realized as a result of exercise of options	Rs. 1,292,437.50
Total number of options in force as at 31-3-2012	2,573,750

### 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 (resigned w.e.f. 03/02/2012)	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. 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 Rs. (0.18).

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.

## DECCAN GOLD MINES LIMITED



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: 13 August, 2012

**S. Subramaniam**  
Company Secretary



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### 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 in all of its exploration prospects that resulted in identification of probable 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".

A comprehensive list of the prospects 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".

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

Unlocking the potential of the mining sector in India could add around USD 210 billion to USD 250 billion to the GDP and create 13 to 15 million jobs through direct and indirect contribution by 2025. However to achieve this, action is required on certain key areas including enhancing resource and reserve base through exploration; reducing permit delays; putting in place core enablers (infrastructure, human capital, technology); ensuring sustainable mining and sustainable development around mining; creating an information, education and communication strategy; and undertaking measures to ensure implementation. (Source : Ministry of Mines, Government of India)

India has initiated several progressive policy measures, putting itself in a good starting position to undertake the transformation of the mining sector. These include the introduction of a new legislation (MMDRA Act, 2011) intended to modernize mining law and to facilitate large scale investment in the Indian mineral exploration / mining sector by foreign and Indian investors. It was introduced in the Indian Parliament last year and subsequently referred to a Parliamentary Standing Committee for review. During June 2012, the Company along with industry associations like FIMI was able to put forth its views, concerns and comments on the MMDRA, 2011 before the Standing Committee.

The mineral exploration 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. 967.65 lacs (cumulative) on exploration on its prospects as on 31 March 2012. The amount of exploration expenditure (cumulative) incurred as on 31 March, 2011 was Rs. 759.77 lacs.

Administrative and other costs for the year ended 31 March 2012 were Rs. 127.61 lacs compared to Rs. 137.77 lacs for the year ended 31 March 2011.

The net loss of the company for the year ended 31 March 2012 was Rs. 106.18 lacs compared to Rs. 115.11 lacs for the year ended 31 March 2011.

DGML's working capital funds as at 31 March 2012 were Rs. 294.43 lacs compared to Rs. 540.84 lacs for the year ended 31 March 2011.

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

The Company's exploration activities are dependent upon the timely grant of appropriate licences. The granting process for Reconnaissance Permits, Prospecting Licences and Mining Leases in India can take a long time and there is no



guarantee that the mineral concessions will be granted to the Company and therefore the Company will be able to implement its strategy in the near future, or at all.

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 by the Company 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.

It is also possible that the Company may not be able to exploit commercially viable discoveries. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents may be beyond the Company's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Company may not be able to meet. As a result of such delays, the Company may incur additional costs or losses of revenue.

Resource estimates are expression of judgment based on knowledge, experience of promoters and industry practice. Reserve and resource estimates may require revision 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 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.

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 favourable 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**

With global demand for minerals consistently outpacing supply, recent years have seen an unprecedented rise in commodity prices. In response, companies worldwide have explored all possibilities to boost supply. As the relevance of the mining sector grows globally, the Indian mining sector is lagging behind, with just 1.2 per cent contribution to GDP over the last decade (as opposed to 5 to 6 per cent in major mining economies) and very low exploration spend per square kilometer - USD9 compared to USD 124 for Australia and USD 118 for Canada!

It takes 5 to 8 years (or more) to get a mining lease in India while it takes only about a year in Australia. India needs to address permit delays by reducing permit timelines for mining leases from the present 5 to 8 years to below 2 years. Also it is equally important to reduce uncertainty in time and outcomes while awarding permits for mining. Security of tenure is another area that needs to be addressed.

As per the Fraser Institute's Analysis of attractiveness of India for investments in mineral sector, India ranked very low at the 74th place with a PPI (Policy Potential Index) score of only 10.6 among 79 countries as against Canada with a PPI score of 90.

To keep pace with the growing demand, India must enhance domestic mineral production and exploration activity. It is also imperative to reform the Indian mining sector by creating a favourable policy environment and setting up core enablers such as infrastructure and human capital.

Despite all the shortcomings, the Indian mineral exploration and mining sector holds a huge potential for all stakeholders, including the Central Government, State Government (s), community and the entire economy. With the right kind of support, the mining sector has the potential to contribute substantially to the GDP to the extent of USD 210 billion – USD



250 billion by 2025. Further, the sector has the potential to create 2 million to 2.5 million direct jobs by 2025, and an additional 11 million to 13 million jobs through indirect employment opportunities created in other sectors. (Source: Ministry of Mines, Government of India)

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 2012 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 : 13 August, 2012

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



## REPORT ON CORPORATE GOVERNANCE

### for the year ended and as on 31 March, 2012

### Pursuant to Clause 49 of Listing Agreement

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

Corporate Governance is concerned with the way the Directors control the activities of the Company and 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. Good governance is integral to the existence of a Company. It inspires and strengthens investor confidence by ensuring Company's commitment to higher growth and profits. 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 for the year ended and as on 31 March, 2012.

#### 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, 2012, the Board comprised 5 Directors out of which one is an Executive Director and the other 4 are Non Executive Directors. Out of the 4 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. 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. K.R. Krishnamurthy and Prof V.K. Gaur, the Directors liable to retire by rotation and who being eligible have offered themselves for re-appointment is furnished along with the Notice convening the Annual General Meeting.

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

Four Board Meetings were held during the financial year 2011-12. These meetings were held on 12 May, 2011; 10 August, 2011; 14 November, 2011 and 13 February, 2012.



**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, 2011 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	No
Mr. Sandeep Lakhwara	4	Yes
Mr. K.R. Krishnamurthy	4	Yes
Dr. M. Ramakrishnan	3	Yes
Prof. V.K. Gaur	2	No
Mr. V. Sivakumar*	0	N.A.

\* Resigned w.e.f. 23rd August 2011

**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 and related financial management expertise.

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

<b>Name</b>	<b>Designation</b>
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 2011-12. These meetings were held on 12 May, 2011; 10 August, 2011; 14 November, 2011 and 13 February, 2012.

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

<b>Name</b>	<b>No. of Meetings Attended</b>
Mr. K.R. Krishnamurthy	4
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:

Name	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Mr. Charles E.E. Devenish	Member*

\*The Committee was reconstituted by the Board at its meeting held on 13 August, 2012 in terms of which Mr. Charles E.E. Devenish ceased to be a member and Prof V.K. Gaur was inducted as a member of the Committee.

**C) ATTENDANCE DURING THE YEAR**

During the financial year 2011-12, the Compensation Committee met twice on 8 September, 2011 and 3 October, 2011 for issue and allotment of equity shares pursuant to exercise of stock options by the allottee (s) under the Deccan Gold Mines Employee Stock Option Plan – 2008. Mr. Charles Devenish and Mr. K. R. Krishnamurthy attended both the meetings. Dr. M. Ramakrishnan did not attend the meeting due to his preoccupations.

The Remuneration Committee did not meet during 2011-12.

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

Details of the sitting fee paid to Non Executive Directors during the year 2011-12 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	20,000	10,000
Prof. V.K. Gaur	10,000	5,000
<b>Total</b>	<b>45,000</b>	<b>22,500</b>

**iii) Executive Directors**

The aggregate of the salary paid in the financial year 2011 – 12 to Mr. Sandeep Lakhwara, Managing Director is Rs. 12,00,000/-.

Mr. Sandeep Lakhwara was granted 550,000 stock options under the Deccan Gold Mines Employee Stock Option Plan, 2008 on 2 June, 2010 at a price of Rs.16.95 per Stock Option / Equity Share. The Stock Options were issued at a 25% discount to the closing price of the shares of the Company (Rs.22.60 per Equity Share) at the BSE on 1 June, 2010 (a day prior to the date of grant in terms of the Plan). Out of this, 137,500 Stock Options got vested on 2 June, 2011 which were exercisable by Mr. Sandeep Lakhwara on or before 1 June, 2012. Mr. Sandeep Lakhwara exercised 80,000 Stock Options during May, 2012 and accordingly 80,000 Equity Shares of the Company were issued on 29 May, 2012 to him.



## 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 four times during the financial year 2011-12. These meetings were held on 12 May, 2011; 10 August, 2011; 14 November, 2011 and 13 February, 2012.

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	4
Mr. Sandeep Lakhwara	Member	4

### b) Compliance Officer

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

### c) Shareholder Complaints

During the financial year 2011-12, the Company received four (4) shareholder complaints pertaining to non-receipt of Annual Report etc., 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
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.
2010-11	29/09/2011	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
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 2011-12, no resolutions were passed through Postal Ballot.

iv) Resolutions if any passed through 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, 2012.

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 : Saturday, 29 September, 2012

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, 2012	13 August, 2012
30 September, 2011	By 14 November, 2012
31 December, 2012	By 14 February, 2013
31 March, 2012	By 14 May, 2013
Annual General Meeting for year ending 31 March, 2013	By 30 September, 2013

**iii. Date of Book Closure :**

21 September 2012 (Friday) to 29 September 2012 (Saturday) - 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 fee to the BSE within the prescribed time

**vi. Stock Code**

512068 (BSE).

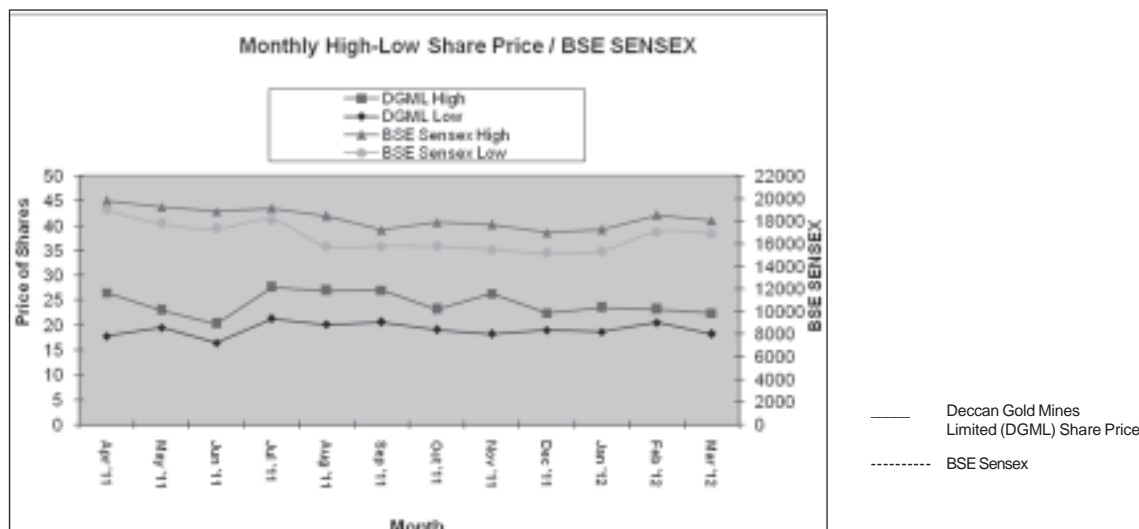
**vii. MARKET PRICE DATA – HIGH & LOW DURING EACH MONTH OF LAST FINANCIAL YEAR**

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 2011	26.50	17.80
May 2011	23.00	19.55
June 2011	20.30	16.40
July 2011	27.60	21.30
August 2011	26.95	20.15
September 2011	27.00	20.60
October 2011	23.20	19.05
November 2011	26.35	18.25
December 2011	22.45	19.00
January 2012	23.50	18.70
February 2012	23.20	20.50
March 2012	22.40	18.20



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



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. No. 91-22-25963838 & 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 & DISTRIBUTION OF SHAREHOLDING

a) Shareholding Pattern (as at 31 March, 2012)

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	25,747,506	43.99
2.	Banks/FI/FII/Mutual Funds / UTI / Central & State Govt./ Venture Capital / Foreign Venture Capital / Trusts	1,804,271	3.08
3.	Bodies Corporate	5,167,967	8.83
4.	Individual Public shareholders	23,413,264	40.00
5.	Clearing Member	428,409	0.73
6.	Non Resident Indian / OCB	1,964,833	3.37
	<b>Total</b>	<b>58,526,250</b>	<b>100.00</b>



**b) Distribution of Shareholding (as at 31 March, 2012)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 500	19,860	75.44	3,938,672	6.73
501 - 1000	3,232	12.28	2,821,243	4.82
1001 - 2000	1,486	5.64	2,380,167	4.07
2001 - 3000	513	1.95	1,340,896	2.29
3001 - 4000	235	0.89	863,704	1.48
4001 - 5000	244	0.93	1,169,243	2.00
5001 - 10000	392	1.49	3,057,903	5.22
10001 and above	364	1.38	42,954,422	73.39
<b>TOTAL</b>	<b>26,326</b>	<b>100.00</b>	<b>58,526,250</b>	<b>100.00</b>

**xii. Dematerialisation of Shares and Liquidity**

About 99.79% of the shares have been dematerialized as on 31 March, 2012. 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 2012**

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

g) The Company confirms that there are no shares that remain undispached / undelivered to the shareholders of the Company.

**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, 2012. However, details of the stock options granted, vested and exercised and outstanding at the end of the year that were granted under the Deccan Gold Mines Employee Stock Option Plan, 2008 are given in the Annexure to the Directors' Report forming part of the Annual Report for the year 2011-12.

**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. 91-22-25963838 & 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



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**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 Bombay Stock Exchange Limited, Mumbai, 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 : 13 August, 2012

**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 March 2012 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 March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March, 2012 from being appointed as a director in terms of clause (g) of sub-section (i) 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 March, 2012**, 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 : 13 August 2012





**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 there were sales of fixed assets during the year but the fixed assets disposed of did not constitute a substantial part of the fixed assets of the company. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.
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 31st March, 2012 for a period more than six months from the date they became payable.
  - b) The disputed statutory dues aggregating Rs. 2.57 Lacs 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	0.44	2006-07	ITAT, MUMBAI

10. The accumulated losses of the company are more than 50% of its net worth as at 31 March 2012. The company has incurred a cash loss of Rs 52.75 lacs in the current financial year and Rs.58.13 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.
21. 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 : 13 August 2012



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

**BALANCE SHEET AS AT 31 MARCH, 2012**

(Rs.'000)

PARTICULARS	Note No.	31.03.2012	31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	1	58,526	58,450
(b) Reserves and Surplus	2	(35,124)	(5,365)
(c) Employee Stock Option Outstanding		8,717	4,690
		<u>32,119</u>	<u>57,775</u>
<b>2. Share Application Money Pending Allotment</b>			
		-	-
<b>3. Non-current liabilities</b>			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liability (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long-Term provisions	3	613	508
		<u>613</u>	<u>508</u>
<b>4. Current liabilities</b>			
(a) Short -Term Borrowings		-	-
(b) Trade Payables	4	3,297	2,811
(c) Other Current Liabilities	5	408	273
(d) Short-Term Provisions		-	-
		<u>3,705</u>	<u>3,084</u>
<b>TOTAL (A)</b>		<b><u>36,437</u></b>	<b><u>61,367</u></b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	6		
(i) Tangible Assets		1,055	1,952
(ii) Intangible Assets		19	32
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets under Development		-	-
(b) Non-current Investments	7	100	100
(c) Deferred Tax Assets (Net)		-	-
(d) Long Term Loans and Advances		-	-
(e) Other Non-Current Assets	8	2,115	2,115
		<u>3,289</u>	<u>4,199</u>
<b>2. Current assets</b>			
(a) Current Investments	9	25,299	51,274
(b) Inventories		-	-
(c) Trade Receivables		-	-
(d) Cash and Cash Equivalents	10	2,916	1,442
(e) Short-term Loans and Advances	11	4,933	4,452
(f) Other current assets		-	-
		<u>33,148</u>	<u>57,168</u>
<b>TOTAL (B)</b>		<b><u>36,437</u></b>	<b><u>61,367</u></b>

Notes are integral part of the Balance Sheet & Profit & Loss Account

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 : 13 August 2012

**Charles E.E. Devenish**  
Chairman  
Place : Bangalore  
Dated : 13 August 2012

**Sandeep Lakhwara**  
Managing Director  
**S. Subramaniam**  
Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31 MARCH, 2012

PARTICULARS	Note No.	31.03.2012	31.03.2011
<b>I. Revenue</b>			
Other Income	12	3,028	3,274
<b>Total Revenue</b>		<b>3,028</b>	<b>3,274</b>
<b>II. Expenses:</b>			
Employee Benefits Expense	13	7,884	7,843
Finance Costs	14	16	18
Depreciation and Amortization Expense	6	885	1,033
Other Expenses	15	4,861	5,916
<b>Total Expenses</b>		<b>13,646</b>	<b>14,811</b>
<b>Profit before extraordinary items and tax</b>		<b>(10,618)</b>	<b>(11,536)</b>
Extraordinary Items			
Prior Year Adjustments		-	(26)
<b>Profit before tax</b>		<b>(10,618)</b>	<b>(11,511)</b>
<b>Tax expense:</b>			
(1) Current tax		-	-
<b>Profit (Loss) for the period (XI + XIV)</b>		<b>(10,618)</b>	<b>(11,511)</b>
Earnings per Equity Share: Basic (in Rs.)		-0.18	-0.20
Earnings per Equity Share: Diluted (in Rs.)		-0.18	-0.19

Notes are integral part of the Balance Sheet &amp; Profit &amp; Loss Account

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 : 13 August 2012

For and on behalf of the board

**Charles E.E.Devenish**  
 Chairman

Place : Bangalore  
 Dated : 13 August 2012

**Sandeep Lakhwara**  
 Managing Director

**S. Subramaniam**  
 Company Secretary


**DECCAN GOLD MINES LIMITED**

(FORMERLY WIMPER TRADING LIMITED)

**Notes to Financial Statements for the year ended 31 March 2012**
**Note : 1 SHARE CAPITAL**

A	Particulars	31 March, 2012		31 March, 2011	
		Numbers	Rs.('000)	Numbers	Rs.('000)
	<b>Authorised</b>				
	Equity Shares of Rs.1 each	100,000,000	100,000	100,000,000	100,000
		100,000,000	100,000	100,000,000	100,000
	<b>Issued, Subscribed &amp; fully Paid up</b>				
	Equity Shares of Rs.1 each	58,526,250	58,526	58,450,000	58,450
	Total	58,526,250	58,526	58,450,000	58,450

**B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Particulars	Equity Shares			
	31 March, 2012		31 March, 2011	
	Number	Rs.('000)	Number	Rs.('000)
At the beginning of the year	58450000	58450	58450000	58450
Add Shares Issued on exercise of Employee Stock Options	76,250	76	-	-
At the end of the year	58526250	58526	58450000	58450

**C. Shares held by holding company / ultimate holding company and/or their subsidiaries/associates**

Particulars	Nature of Relationship	As at 31 March 2012	As at 31 March 2011
Equity Shares		NIL	

**D. Detail of shareholders holding more than 5% of shares in the company**

Name of Shareholder	Equity Shares			
	31 March, 2012		31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rama Mines (Mauritius) Limited	25747506	43.99%	26238641	44.89%

E The company has reserved issuance of '25,73,750' ( Previous year 30,00,000) Equity shares of Rs. 1/- each for offering to eligible employees of the company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year the company has not granted any option [ Previous year 30,00,000 option granted to the eligible employees at a price of Rs. 16.95/- per option plus all applicable taxes, as may be levied in this regard on the company]. The Options would vest over a maximum period of 3 years or such other period as may be decided by the Employees Stock compensation Committee from the date of grant based on specified criteria.



**F. Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956**

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

**Note - 2 : Reserve and Surplus**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
<b>a. Capital Reserves</b>		
Opening Balance	16726	16726
(+)/(-) Transfer	-	-
Closing Balance	16726	16726
<b>b. Securities Premium Account</b>		
Opening Balance	96530	96530
(+) on allotment of Equity Shares	1,647	-
Closing Balance	98177	96530
<b>c. Profit &amp; Loss Account</b>		
Opening balance	(42644)	(31133)
(+) Net Profit/(Net Loss) For the current year	(10618)	(11511)
Closing Balance	(53262)	(42644)
<b>d. Preoperative Expenses</b>		
Opening balance	(75977)	(57623)
(+) Incurred during the year	(20788)	(18354)
Closing Balance	(96765)	(75977)
<b>Total</b>	<b>(35124)</b>	<b>(5365)</b>

**Note - 3 : Long Term Provisions**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Provision for Gratuity	613	508
	613	508

**Note - 4 : Trade payables**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Mirco, small and medium enterprises	-	-
Others	3297	2,811
	3297	2811

Note: Based on the information available with the Company, there are no suppliers who are registered as micro small & Medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2012

**Note - 5 : Other Current Liabilities**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
(i) Statutory dues	302	167
(ii) other liability	106	106
<b>Total</b>	<b>408</b>	<b>273</b>

**Note 6 : Fixed Assets**

Rs.('000)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01-04-2011	Additions	Disposals	Balance as at 31-03-2012	Balance as at 01-04-2011	For the year	Written back	Balance as at 31-03-2012	Balance as at 31-03-2012	Balance as at 31-03-2011
<b>Tangible Assets :</b>										
Land - Lease hold	2,864	-	-	2,864	2,353	511	-	2,864	-	511
Plant and Equipment	1,138	-	-	1,138	356	235	-	590	548	782
Vehicles	502	-	-	502	426	20	-	446	56	76
Computer	339	-	71	268	282	23	70	235	33	57
Furniture and Fixtures	662	-	98	563	389	49	75	363	200	272
Office equipment	452	-	-	452	199	35	-	235	218	253
<b>Total</b>	<b>5,957</b>	<b>-</b>	<b>169</b>	<b>5,788</b>	<b>4,005</b>	<b>873</b>	<b>145</b>	<b>4,733</b>	<b>1,055</b>	<b>1,952</b>
<b>Intangible Assets :</b>										
Computer software	146	-	-	146	115	13	-	127	19	32
<b>Total</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>115</b>	<b>13</b>	<b>-</b>	<b>127</b>	<b>19</b>	<b>32</b>
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intangible assets under Development	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,104</b>	<b>-</b>	<b>169</b>	<b>5,935</b>	<b>4,120</b>	<b>885</b>	<b>145</b>	<b>4,860</b>	<b>1,074</b>	<b>1,984</b>
Previous Year	6,104	-	-	6,104	3,087	1,033	-	4,120	1,984	-

**Note - 7 : Non-current investments**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Investments in Wholly Owned Subsidiary Company: 10,000 Equity Shares of Rs.10 Each of Deccan Exploration Services Pvt Ltd fully paid	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

**Note - 8 : Other Non-current Assets**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Security Deposits	2115	2115
<b>Total</b>	<b>2,115</b>	<b>2115</b>



**Note - 9 : Current investments**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Investments in Mutual Fund : Reliance Medium Term Fund Daily Dividend Plan (C.Y Market Value 4.28 Lacs P Y Market Value Rs. 4 Lacs)	428	400
BNP Paribas Money Plus Institutional Weekly Dividend (C.Y Market Value Rs.248.89 Lacs P Y Market Value Rs. 508.95 Lacs)	24871	50874
<b>Total</b>	<b>25,299</b>	<b>51274</b>

**Note - 10 : Cash and Cash Equivalents**

Cash and cash equivalents	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
a. Balances with banks On current accounts in scheduled bank	2866	1404
b. Cash on hand	50	38
	<b>2916</b>	<b>1442</b>

**Note - 11 : Short-term loans and advances**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Advance receivable in cash or kind	5	20
Income Taxes Paid (Net)	2,225	2,222
Balance with Service Tax Authorities	2,703	2,210
<b>Total</b>	<b>4933</b>	<b>4452</b>

**Note - 12 : Other Income**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Interest on FD	-	226
Profit on Sale of Investment	41	13
Interest on tax refund	3	43
Dividend Income	2,984	2,993
<b>Total</b>	<b>3,028</b>	<b>3,274</b>

**Note - 13 : Employee Benefit Expenses**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Salaries & wages	3405	3140
Expenses on Employee Stock Option Scheme	4457	4690
Staff welfare expenses	22	12
<b>Total</b>	<b>7884</b>	<b>7843</b>



**Note - 14 : Finance costs**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Bank Charges	14	18
Interest Paid	2	-
Total	16	18

**Note - 15 : Other expenses**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Electricity Expenses	146	149
Filing Fees	260	241
Rent	2014	2283
Rates and taxes	27	27
Repair and maintenance	184	234
Bussiness promotion & Advertiesment Exp.	1075	1227
Travelling and conveyance	195	67
Communication Expenses	17	42
Legal and Professional fees	583	534
Directors' sitting fees	68	60
Auditor's remuneration	198	185
Misc Balance Written Off	0	180
Loss on Disposal of Assets	24	-
Miscellaneous expenses	38	655
Membership & Subscription fees	32	33
Total	4861	5916

**Payments to Auditor**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
For Audit Fee	105	105
For Certification & Others	93	80
Total	198	185



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**SCHEDULE '16' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ANNEXED TO BALANCE SHEET AS AT 31 MARCH, 2012**

**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 :**

1. Depreciation is provided as per Written down Value prescribed under Schedule XIV of the Companies Act, 1956.
2. 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 asset's net selling price and value in use.

**H. REVENUE RECOGNITION :**

Revenue is recognised to the extent it is probable that the economic benefits 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 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.

**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:**

	31.03.2012 Rs. in Lacs	31.03.2011 Rs. in Lacs
1. Capital Commitments	Nil	Nil
2. Claims made against the company but not acknowledged as debts	Nil	Nil
3. Contingent Liabilities on disputed Income Tax	2.57	20.27
4. Additional information pursuant to para 3 & 4 of para ii of schedule VI of the Companies Act, 1956.		
	31.03.2012 Rs. in ('000)	31.03.2011 Rs. in ('000)
1. Expenditure in foreign currency	Nil	22.41
2. Earning in foreign currency	Nil	Nil
3. Payment to Auditors :		
- Audit Fees	105	105

**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	Sandeep Lakhwara	Managing Director
3	Charles E.E. Devenish	Chairman
4	K.R.Krishnamurthy	Director
5	Dr.M.Ramakrishnan	Director
6	V.K.Gaur	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 Private Limited.

- c) Transactions with related parties:- (Rs. In '000)

Sr. No.	Nature	31 March 2012	31 March 2011
1	Reimbursement of Exploration Expenses to Subsidiary	16,821.40	16,217.86
2	Managerial Remuneration	1,200.00	1200.00
3	Directors Sitting Fees & Audit Comiittte fees	67.50	60.00
4	Rent for Guest House to Managing Director	360.00	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 967.65 Lacs as noted in schedule '2 c' 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. 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	02.06.2011	02.06.2012	02.06.2013
Exercise Period	1 year	1 year	1 year
Grant Date	02.06.2010	02.06.2010	02.06.2010
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)	22.60	22.60	22.60

**b. Movement of Options Granted:**

Particulars	C.Y 01.04.11 - 31.03.12	P.Y 01.04.10 – 31.03.11
Options outstanding at the beginning of the year	3000000	-
Granted during the year	-	30,00,000
Exercised during the year	76,250	-
Lapsed during the year	-	-
Lapsed on account of employee resignation	*350,000	-
Options outstanding at the end of the year	25,73,750	30,00,000
Options unvested at the end of the year	19,87,500	30,00,000
Options exercisable at the end of the year	5,86,250	-

\* This includes 87500 stock options vested on 2nd June 2011

- c. Employee Stock Option Outstanding account Rs 1.45 Crore & Deferred Employee Compensation account Rs 0.58 Crore.

Employee Compensation Expenses amounting to Rs.44.57 Lacs is included under the head Salaries and other benefits.



8.	Prior Period Items	31.3.2012	31.3.2011
	Short / (excess) provision for taxation of earlier years	Nil	(25.69)

## 9. Defined benefit Plans: -

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

## Defined benefit Obligation

Sr No.	Particulars	31.3.2012	31.3.2011
1	Current service cost	87,997	88,053
2	Interest on obligation	40,634	31,103
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognised in year ended	(23,855)	(12,561)
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total, included in 'Employee Benefit Expense'	104,776	106,595

**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

Sr No.	Particulars	31.3.2012	31.3.2011
1	Opening Defined Benefit Obligation	507,921	401,326
2	Service cost for the year	87,997	88,053
3	Interest cost for the year on opening D.B.O.	40,634	31,103
4	Actuarial losses (gains)	(23,855)	(12,561)
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	612,698	507,921

**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):**

Sr No.	Particulars	31.3.2012	31.3.2011
1	Discount rate	8.50%	8.00%
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.



10. 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.
11. 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.
12. 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

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054  
Place : Mumbai  
Dated : 13 August 2012

**For and on behalf of the board**

**Charles E.E.Devenish**  
Chairman  
Place : Bangalore  
Dated : 13 August 2012

**Sandeep Lakhwara**  
Managing Director  
**S. Subramaniam**  
Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	For the year ended 31.03.2012 (Rs.'000)	For the year ended 31.03.2011 (Rs.'000)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax and after Extraordinary items	(10618)	(11536)
<b>Adjustment For :</b>		
Depreciation	885	1033
Interest & Finance charges	16	18
Interest received	(3)	(268)
Dividend Income	(2984)	(2993)
Expenses on Employee Stock option	4,457	4,690
Profit on Sale of Investment	(41)	(13)
Loss (Profit) on sale/disposal of Assets	24	-
<b>Operative Profit before Working Capital Changes</b>	<b>(8264)</b>	<b>(9069)</b>
<b>Adjustment For :</b>		
Trade and Other Receivables	(478)	(106)
Trade & Other liability	726	2786
<b>Cash Generation from Operations</b>	<b>(8016)</b>	<b>(6389)</b>
Direct Taxes	(3)	(65)
<b>Net Cash Flow from operating activities</b>	<b>(8019)</b>	<b>(6454)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Pre-operative Expenses	(20,788)	(18,354)
Proceeds from investments	26,016	5,007
Dividend Income	2,984	2,993
Interest Received	3	268
<b>Net Cash used in investing activities</b>	<b>8215</b>	<b>(10086)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	1293	-
Financial Charges	(16)	(18)
<b>Net Cash used in financing activities</b>	<b>1277</b>	<b>(18)</b>
<b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1473</b>	<b>(16558)</b>
Cash and Cash Equivalents as at 1st April 2011	1442	18000
Cash and Cash Equivalents as at 31st March 2012	2916	1442

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 : 13 August 2012

For and on behalf of the board

**Charles E.E. Devenish**  
Chairman

Place : Bangalore  
Dated : 13 August 2012

**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	:	31 March 2012
		(Amount Rs.'000)
<b>B. CAPITAL RAISED DURING THE YEAR</b>		
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
Employee Stock Option Scheme	:	76.25
<b>C. POSITION OF MOBILISATION AND DEVELOPMENT</b>		
Total Liability	:	36,437
Total Assets	:	36,437
<b>SOURCE OF FUND</b>		
Paid up capital	:	58,526
Reserves & Surplus	:	(35,124)
Employees Stock Option Outstanding	:	8,717
Unsecured Loans	:	-
Non- Current Liabilities	:	613
Current Liabilities	:	3,705
<b>APPLICATION OF FUNDS</b>		
Net fixed Assets	:	1,074
Non-Current Assets	:	2,215
Current Assets	:	33,148
<b>D. PERFORMANCE OF THE COMPANY</b>		
Total Income	:	3,028
Total Expenditure	:	13,646
Profit/(Loss) Before Tax	:	(10,618)
Profit/(Loss) After Tax	:	(10,618)
Earning per share in Rs.	:	(0.18)
Dividend Rate %	:	-
<b>E. GENERAL NAMES OF THEIR 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

**CA K.V. BESWAL**  
 PARTNER  
 Membership Number: 131054  
 Place : Mumbai  
 Dated : 13 August 2012

For and on behalf of the board

**Charles E.E. Devenish**  
 Chairman  
 Place : Bangalore  
 Dated : 13 August 2012

**Sandeep Lakhwara**  
 Managing Director  
**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, 2012.

#### 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. 1.02 million compared to profit / (loss) of Rs. 6.30 million during the previous year.

The Mining Lease Application over an area of 0.29 sq kms covering the Ganajur Main Gold Prospect is now pending approval of the Ministry of Mines, Government of India (MoM) to whom it was recommended by the State Government of Karnataka. The same is being pursued vigorously.

The Company had commissioned SRK Mining Services (India) Pvt. Ltd, (SRK) to complete an updated mineral resource estimate and to undertake a comprehensive Scoping Study and Preliminary Economic Assessment for the Ganajur Main Gold Deposit. It may be noted that SRK submitted an Updated Mineral Resource Statement in accordance with the Australasian Code for Reporting of Exploration Results known as JORC Standard. SRK estimated a total of 308,000 ounces of gold, out of which 255,000 ounces are under 'indicated' category. The resource has been estimated up to a depth of 120 metres. Further, SRK also submitted the final Scoping Study Report on 3 February, 2012.

#### MANAGEMENT :

The Board comprises of eminent geologists and professionals. Further, Dr. M. Ramakrishnan and Dr. V.N. Vasudev 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, 2012 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, 2012 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. 9.71 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 : 13 August, 2012

**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 MARCH, 2012 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 March, 2012 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 March, 2012; and
    - (ii) 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 : 20 June 2012

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



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

### BALANCE SHEET AS AT 31 MARCH, 2012

(Rs.'000)

Particulars	Sch No	31.3.2012	31.3.2011
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholder's Funds:			
a Share Capital	1	100	100
b Reserves and Surpluses	2	7,105	6,082
c Money Received Against Share Warrants			
2 Share Application Money Pending Allotment		-	-
3 Non-Current Liabilities:			
a Long Term Borrowings		-	-
b Deferred Tax Liabilities (Net)		-	-
c Other Long Term Liabilities		-	-
d Long Term Provisions		-	-
4 Current Liabilities:			
a Short Term Borrowings		-	-
b Trade Payables	3	367	5,678
c Other Current Liabilities	4	61	66
d Short Term Provisions	5	324	2,728
<b>TOTAL</b>		<b>7,957</b>	<b>14,654</b>
<b>II ASSETS</b>			
1 Non Current Assets:			
a Fixed Assets:			
(i) Tangible Assets	6	748	-
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible Assets Under Development		-	-
b Non Current Investments		-	-
c Deferred Tax Assets (net)		-	-
d Long Term Loans and Advances	7	284	207
e Other Non Current Assets	8	1,867	3,921
2 Current Assets:			
a Current Investments			
b Inventories	9	-	4,083
c Trade Receivables	10	3,102	4,943
d Cash and Cash Equivalentents	11	1,915	1,402
e Short Term Loans and Advances	12	41	98
f Other Current Assets		-	-
<b>TOTAL</b>		<b>7,957</b>	<b>14,654</b>
NOTESTOACCOUNTS	20		

Schedules referred to above and notes attached there to form an integral part of Balance Sheet.

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered Accountants

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

K Y Ningoji Rao  
Partner  
Membership No. :018278  
FRN: 003108S

Place : Bangalore  
Date : June 20, 2012



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

### PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31 MARCH, 2012

(Rs. '000)

Particulars	SCH	Current Year	Previous Year
<b>REVENUES:</b>			
Revenue From Operations	13	15,557	42,869
Other Income	13	6,083	1,989
<b>Total Revenue (I +II)</b>		<b>21,640</b>	<b>44,858</b>
<b>EXPENSES:</b>			
1 Exploration Expenses	14	16,022	39,295
2 Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	15	4,083	-3,723
3 Employee Benefit Expense			
4 Financial Costs	16	7	15
5 Depreciation and Amortization Expense	17	135	-
6 Other Expenses	18	46	144
<b>Total Expenses</b>		<b>20,293</b>	<b>35,731</b>
<b>Profit Before Exceptional and Extraordinary Items &amp; Tax</b>		<b>1,347</b>	<b>9,127</b>
Exceptional Items	19		2
<b>Profit Before Extraordinary Items and Tax</b>		<b>1,347</b>	<b>9,125</b>
Extraordinary Items		-	
<b>Profit Before Tax</b>		<b>1,347</b>	<b>9,125</b>
Tax Expense:			
1 Current Tax		324	2,728
2 Earliar Year Taxes		-	-
3 Deferred Tax		-	92
Profit (Loss) For The Perid From Continuing Operations		1,023	6,305
Profit/(Loss) from Discontinuing Operations			
Tax Expense of Discounting Operations			
Profit/(Loss) From Discontinuing Operations			
<b>Profit/(Loss) For The Period</b>		<b>1,023</b>	<b>6,305</b>
Earning Per Equity Share:			
1 Basic		102.27	630.47
2 Diluted		102.27	630.47

Schedules referred to above and notes attached there to form part of Profit & Loss Account

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered Accountants

K Y Ningoji Rao  
Partner  
Membership No. :018278  
FRN: 003108S

Place : Bangalore  
Date : June 20, 2012



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

### SCHEDULES FORMING PART OF ANNUAL ACCOUNTS

(Rs.'000)

#### Share Capital

#### Schedule : 1

Particulars	As At 31.3.2012	As At 31.3.2011
AUTHORIZED CAPITAL 50,000 Equity Shares of Rs. 10/- each.	500	500
ISSUED , SUBSCRIBED & PAID UP CAPITAL 10,000 Equity Shares of Rs. 10/- each, Fully Paid Up	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

#### Reserve & Surpluses

#### Schedule : 2

Particulars	As At 31.3.2012	As At 31.3.2011
Reserves Total	-	-
Profit & Loss Account: Balance Brought Forward	6,082	-223
Add: Net Profit For The Year	1,023	6,305
<b>Total</b>	<b>7,105</b>	<b>6,082</b>

#### Trade Payables

#### Schedule : 3

Particulars	As At 31.3.2012	As At 31.3.2011
Trade Creditors	337	5,651
Others	30	26
<b>Total</b>	<b>367</b>	<b>5,677</b>

#### Other Current Liabilities

#### Schedule : 4

Particulars	As At 31.3.2012	As At 31.3.2011
TDS Payable	61	66
<b>Total</b>	<b>61</b>	<b>66</b>

#### Short Term Provisions

#### Schedule : 5

Particulars	As At 31.3.2012	As At 31.3.2011
Provisions For Current Taxes	324	2,728
Provision From Employees Benefit	-	-
Others	-	-
<b>Total</b>	<b>324</b>	<b>2,728</b>

**Fixed Assets****Schedule : 6**

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value at the begin ning	Addition during the year	Dedu ction during the year	Value at the end 31.03.2012	Value at the begin ning	Addition during the year	Deduction during the year	Value at the end 31.03.2012	WDV as on 31.03.2012	WDV as on 31.03.2011
I	Tangible Assets										
	1. Land	-	-	-	-	-	-	-	-	-	-
	2. Buildings	-	-	-	-	-	-	-	-	-	-
	3. Plant & Machinery	-	-	-	-	-	-	-	-	-	-
	4. Vehicles	-	844	-	844	-	127	-	127	717	-
	5. Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
	6. Office Equipments	-	13	-	13	-	1	-	1	13	-
	7. Computer	-	26	-	26	-	8	-	8	18	-
	<b>SUB TOTAL (A)</b>	-	<b>883</b>	-	<b>883</b>	-	<b>135</b>	-	<b>135</b>	<b>748</b>	-
II	Intangible Assets										
	<b>SUB TOTAL (B)</b>	-	-	-	-	-	-	-	-	-	-
III	Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL (C)</b>	-	-	-	-	-	-	-	-	-	-
IV	Intangible Assets Under Development										
	<b>SUB TOTAL (D)</b>	-	-	-	-	-	-	-	-	-	-
	Total Current Year [A + B + C + D]	-	<b>883</b>	-	<b>883</b>	-	<b>135</b>	-	<b>135</b>	<b>748</b>	-
	Total Previous Year	-	-	-	-	-	-	-	-	-	-

**Long Term Loans and Advances****Schedule : 7**

Particulars	As At 31.3.2012	As At 31.3.2011
Security Deposit	117	117
Other Loans & Advances	167	90
<b>Total</b>	<b>284</b>	<b>207</b>

**Other Non Current Assets****Schedule : 8**

Particulars	As At 31.3.2012	As At 31.3.2011
Long Term Trade Recievables		
Others	1,867	3,921
<b>Total</b>	<b>1,867</b>	<b>3,921</b>

**Inventories****Schedule : 9**

Particulars	As At 31.3.2012	As At 31.3.2011
Work-in-Progress	-	4,083
Finished Goods	-	-
<b>Total</b>	<b>-</b>	<b>4,083</b>

**Trade Recievables****Schedule : 10**

Particulars	As At 31.3.2012	As At 31.3.2011
Outstanding for more than six months	-	-
Others	3,102	4,943
<b>Total</b>	<b>3,102</b>	<b>4,943</b>



**Cash & Cash Equivalent**

**Schedule : 11**

Particulars	As At 31.3.2012	As At 31.3.2011
Cash-in-Hand	29	37
Bank Balance	1,886	1,365
<b>Total</b>	<b>1,915</b>	<b>1,402</b>

**Short Terms Loans and Advances**

**Schedule : 12**

Particulars	As At 31.3.2012	As At 31.3.2011
Loans & Advances from Related Parties	-	-
Others	41	98
<b>Total</b>	<b>41</b>	<b>98</b>

**Revenues From Operations & Other Income**

**Schedule : 13**

Particulars	Current Year	Previous Year
Revenues From Operations:		
Exploration Contract	15,557	15,251
Drilling Contract Receipts	-	27,616
<b>Total</b>	<b>15,557</b>	<b>42,867</b>
Other Income:		
Consultancy Receipts	6,062	1,984
Interest on Others	201	4
Miscellaneous Receipts		
<b>Total</b>	<b>6,082</b>	<b>1,989</b>
<b>Total</b>	<b>21,640</b>	<b>44,858</b>

**Exploration Expenses**

**Schedule : 14**

Particulars	Current Year	Previous Year
Analysis Charges	1,290	2,902
Boarding & Lodging Charges	188	219
Camp Expenses	109	238
Diesel & fuel	132	237,
Duplicating Charges	1	4
Field Supplies & Consumables	272	847
Field Vehicle Maintenance	50	234
RP Processing Fees	64	76
Rent	190	105
Land & Crop Compensation	281	844
Field Travel Expenses	150	73
Exploration Contract Expenses	3,368	5,830
Food & Water Charges	250	328
Professional & Consultantancy Fee	940	570
Trenching , Drilling & Pitting Charges	6,154	25,531
Surveying Charges	2,572	1,234
Other Camp Expenses	11	25
<b>TOTAL carried To Profit &amp; Loss Account</b>	<b>16,022</b>	<b>39,295</b>



**Change in Inventories**

Schedule : 15

Particulars	Current Year	Previous Year
Opening Stock:		
Working in Progress	4,083	360
Total	4,083	360
Closing Stock:		
Working in Progress	-	4,083
Total	-	4,083
<b>Total</b>	<b>4,083</b>	<b>-3,723</b>

**Financial Cost**

Schedule : 16

Particulars	Current Year	Previous Year
Interest On Loans	-	-
Bank Charges & Other Charges	7	15
<b>Total</b>	<b>7</b>	<b>15</b>

**Depreciation & Amortised Cost**

Schedule : 17

Particulars	Current Year	Previous Year
Depreciation	135	-
Preliminary Expenses Amortized	-	-
<b>Total</b>	<b>135</b>	<b>-</b>

**Other Expenses**

Schedule : 18

Particulars	Current Year	Previous Year
Advertisement Charges	-	5
Postage & Telegraph	1	5
Filing Fee	-	3
Printing & Stationery	-	1
Professional Fee	4	6
Travelling Expenses	12	95
Auditors Remuneration:		
For Audit	22	22
For Tax Audit	4	4
For Others	3	3
<b>Total</b>	<b>46</b>	<b>144</b>

**Exceptional Items**

Schedule : 19

Particulars	Current Year	Previous Year
Penal Interest & Other Expenses	-	2
<b>Total</b>	<b>-</b>	<b>2</b>



**TRADE PAYABLES**

Particulars	As At 31.3.2012	As At 31.3.2011
<b>FOR TRADE:</b>		
Geomysore Services (India) Pvt Ltd	337	3,701
APC Drilling & Construction Co-Namakka	-	1,029
Skyline Survey	-	721
Manyatha Developers Pvt.Ltd	-	200
Total	337	5,651
<b>FOR EXPENSES:</b>		
Professional Charges Payable	-	-
Service Tax	-	-
Rao & Venkatesulu	30	26
Total	30	26
<b>Total</b>	<b>367</b>	<b>5,678</b>

**OTHER CURRENT LIABILITIES**

Particulars	As At 31.3.2012	As At 31.3.2011
Income Tax TDS Payable	61	66
<b>Total</b>	<b>61</b>	<b>66</b>

**TRADE RECEIVABLES**

Particulars	As At 31.3.2012	As At 31.3.2011
<b>DUES FOR LESS THAN SIX MONTHS:</b>		
Deccan Gold Mines Ltd	3,102	2,616
Ultra Tech Cements Limited	-	2,327
Total	3,102	4,943
<b>DUES FOR MORE THAN SIX MONTHS:</b>		
Total	-	-
<b>Total</b>	<b>3,102</b>	<b>4,943</b>

**OTHER NON CURRENT ASSETS**

Particulars	As At 31.3.2012	As At 31.3.2011
Long Term Trade Receivables		
Others:		
Income Tax T.D.S.	1,867	3,921
<b>Total</b>	<b>1,867</b>	<b>3,921</b>

**LONG TERM LOANS & ADVANCES**

Particulars	As At 31.3.2012	As At 31.3.2011
Security Deposit	117	117
Total	117	117
Others:		
Rent Deposit	155	40
Yogesh	12	-
S.B.Harish Kumar	-	50
<b>Total</b>	<b>167</b>	<b>90</b>

**SHORT TERM LOANS & ADVANCES**

Particulars	As At 31.3.2012	As At 31.3.2011
Loans & Advances From Related Parties	-	-
Total	-	-
Others:		
Service Tax	41	98
Total	41	98
<b>Total</b>	<b>41</b>	<b>98</b>

**SCHEDULE '20'****NOTES FORMING PART OF ANNUAL ACCOUNTS:****1. Share Capital :****Reconciliation of Number of Shares:**

Particulars	As At 31.3.2012	As At 31.3.2011
Equity Shares:		
Balance at the beginning	10	10
Add: Number of Share Allotted	Nil	Nil
Balance at close	10	10

**Number of Shares issued for consideration other wise than for cash:**

Particulars	As At 31.3.2012	As At 31.3.2011
Equity Shares of rs.10/- Each	Nil	Nil

**Rights, preferences and restrictions attached to each class of shares:**

Equity Share of Rs.10/- each fully paid-up:

- |   |                                       |
|---|---------------------------------------|
| a | Right to dividend on pari passu       |
| b | Voting rights one vote per each share |
| c | No preferential rights are attached   |
| d | No restrictions are attached.         |



**Name of shareholders holding more than 5% of Equity Shares:**

Name of Shareholders	As At 31.3.2012	As At 31.3.2011	% of Shares
Deccan Gold Limited	9990	9990	99.90%

**2. Particulars of Reserves and Surpluses:**

Particulars	As At 31.3.2012	As At 31.3.2011
<b>Profit &amp; Loss Account:</b>		
Opening Balance Brought Forward	6,082	223
Add: Current Year Profit	1,023	6,035
Less: Proposed Dividend & Dividend Tax	(Nil)	(Nil)
Less: Transferred to General Reserve	(Nil)	(Nil)
<b>Closing Balance Carried Forward</b>	<b>7,105</b>	<b>6,082</b>

**3. Trade Receivables:**

**Classified as Current: Rs.3,101,617 (P.Y.Rs.4,943,020) includes:**

Particulars	As At 31.3.2012	As At 31.3.2011
i. Debts Due for a period:		
a. more than Six Months from the due date	Nil	Nil
b. Others	3,102	4,943
ii. Debts considered good and secured	Nil	Nil
iii. Debts considered good but secured	3,102	4,943
iv. Debts considered unsecured and doubtful of recovery and not provided for	Nil	Nil
v. Debts due from:	Nil	Nil
a. Directors	Nil	Nil
b. Other Officers	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

**4. Loans and Advances:**

**Classified as Current: Rs.40,862 (P.Y.Rs.98,107) includes:**

Particulars	As At 31.3.2012	As At 31.3.2011
i. Short Term Loans & Advances:		
a. Capital Advances	Nil	Nil
b. Security Deposits	Nil	Nil
c. Due From Related Parties	Nil	Nil
d. Others	41	98
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	41	98
c. Doubtful	Nil	Nil
III. Loans & Advances due from:		
a. Directors	Nil	Nil



b. Other Officers	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

**Classified as Non-Current: Rs.283,933 (P.Y.Rs.207,383) includes:**

Particulars	As At 31.3.2012	As At 31.3.2011
i. Long Term Loans & Advances:	Nil	Nil
a. Capital Advances	117	117
b. Security Deposits	Nil	Nil
c. Due From Related Parties	167	90
d. Others	Nil	Nil
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	167	167
c. Doubtful	Nil	Nil
iii. Loans & Advances due from:		
a Directors	Nil	Nil
b. Other Officers	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

**5. Amounts due to and From Related Parties:**

Particulars	As At 31.3.2012	As At 31.3.2011
<b>Amounts due to Related Parties:</b>		
i Geomysore Services India Private Limited	337	3,701
Total	337	3,701
<b>Amounts due from Related Parties:</b>		
i Deccan Gold Mines Ltd.	3,102	2,616
Total	Nil	Nil

**6. Bank Balances Include:**

Particulars	As At 31.3.2012	As At 31.3.2011
i. Unpaid Dividends	Nil	Nil
ii. Margin Money	Nil	Nil
III. Deposits with more than 12 months maturity	Nil	Nil
iv. Cheques & Drafts On Hand	Nil	Nil
v. Others	1,886	1,365
Total	1,886	1,365

7. Operating Cycles of the business considered by the management are:

Particulars	Period of operation cycle
I Mine Exploration Contracts	One Year
ii Mining Consultancy	Six Months



**8. The particulars of Gross Revenue and Net of Duties are:**

Particulars	Gross Value	Less: Duty	Net of Duty
I Mining Exploration Contracts	15,557	Nil	15,557
ii Consultancy Services	6,062	Nil	6,062
Total	21,619	Nil	21,619

**9. Particulars of amounts contributed to various funds for Employees benefit:**

Particulars of Funds	Current Year	Previous Year
i. Provident Fund	Nil	Nil
ii. ESI Contribution	Nil	Nil
iii. Labour Welfare Fund	Nil	Nil
Total	Nil	Nil

**10. RELATED PARTY TRANSACTIONS DISCLOSURES:**

**In Rs.**

Particulars	Associated Concerns & Directors Relatives	Key Management Personnel	TOTAL
Exploration & Other Expenses Paid	3,368	Nil	3,368
Exploration Contract Receipts	15,557	Nil	15,557
Financial Transactions:			
a. Loan Borrowed	Nil	Nil	Nil
b. Loan Repaid	Nil	Nil	Nil
c. Interest Paid	Nil	Nil	Nil
d. Equity Share Capital	Nil	Nil	Nil
e. Share Application	Nil	Nil	Nil
f. Advances Received	Nil	Nil	Nil
g. Advances Repaid	Nil	Nil	Nil
Sale Of Fixed Assets	Nil	Nil	Nil
Purchase Of Fixed Assets	Nil	Nil	Nil
Receiving Of Services	Nil	Nil	Nil
Rendering Of Services	Nil	Nil	Nil
Guarantees & Collaterals:	Nil	Nil	Nil
Associated Concerns:	a. M/s Geomysore Services India (P) Ltd b. M/s Deccan Gold Mines Ltd.		
Relatives:	None		
Key Management Personnel	a. Mr. S.C.R.PESHWA - Director b. Mr. K.akarunakarn - Director		

11. Previous figures have been rearranged and regrouped so as to make them comparable with current figures.

**12. 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.



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**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:**

1. Current Taxes On Income is provided as per the liability computed under the Income Tax Act, 1961.
2. 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:**

1. All intangible Assets acquired at cost are recognized as assets.
2. All intangible Assets are amortized as per the norms stipulated in AS-22 issued by the ICAI.



**13. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

I. Registration Details:

Registration No.: 22819

State Code: 08

**BALANCE SHEET AS AT 31st MARCH, 2012:**

Particulars	As At 31.3.2012	As At 31.3.2011
II. Capital raised during the year: Rs in Millions:		
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil
III. Position of mobilization and deployment of funds: Rs. In Millions:		
Total Liabilities	7.957	14.654
Total Assets	7.957	14.654
<b>SOURCES OF FUNDS:</b>		
Paid Up Capital	0.100	0.100
Reserves & Surpluses	7.105	6.082
Non Current Liabilities	Nil	Nil
Current Liabilities	0.752	8.472
<b>APPLICATION OF FUNDS:</b>		
Non Current Assets	2.899	4.128
Current Assets	5.058	10.526
Deferred Tax Asset	Nil	Nil
IV. Performance of the Company: Rs. In Millions		
Turnover	21.640	44.858
Total Expenditure	20.293	35.731
Profit Before Tax	1.347	9.127
Profit After Tax	1.023	6.305
Earning Per Share [Annualized]		
After reckoning Deferred Tax Asset	102.27	630.47
Dividend	Nil	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

SIGNATURES TO SCHEDULES "1" and "20"

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered Accountants

K Y Ningoji Rao  
Partner  
Membership No. :018278  
FRN: 003108S

Place : Bangalore  
Date : June 20, 2012





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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 March, 2012 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**, 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 March, 2012
  - 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 : 13 August, 2012



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

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012**

(Rs.'000)

PARTICULARS	Note No.	31.03.2012	31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	1	58,526	58,450
(b) Reserves and Surplus	2	(27,823)	915
(c) Employee Stock Option Outstanding		8,717	4,690
		<u>39,420</u>	<u>64,055</u>
<b>2. Share Application Money Pending Allotment</b>			
		-	-
<b>3. Non-current liabilities</b>			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liability (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long-Term provisions	3	613	508
		<u>613</u>	<u>508</u>
<b>4. Current liabilities</b>			
(a) Short -Term Borrowings		-	-
(b) Trade Payables	4	562	5,937
(c) Other Current Liabilities	5	469	273
(d) Short-Term Provisions	6	324	2,728
		<u>1,355</u>	<u>8,938</u>
<b>TOTAL (A)</b>		<b><u>41,388</u></b>	<b><u>73,501</u></b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Goodwill on Consolidation		197	197
(b) Fixed assets	7		
(i) Tangible assets		1,804	1,953
(ii) Intangible assets		19	31
(iii) Capital work-in-progress		-	-
(v) Intangible assets under development		-	-
(c) Non-current investments		-	-
(d) Deferred Tax Assets (net)		-	-
(e) Long Term Loans and Advances	8	2,398	2,322
(f) Other non-current assets		-	-
		<u>4,418</u>	<u>4,503</u>
<b>2. Current assets</b>			
(a) Current investments	9	25,299	51,274
(b) Inventories	10	-	4,083
(c) Trade Recievable	11	-	2,327
(d) Cash and cash equivalents	12	4,831	2,844
(e) Short-term loans and advances	13	6,840	8,470
(f) Other current assets		-	-
		<u>36,970</u>	<u>68,998</u>
<b>TOTAL (B)</b>		<b><u>41,388</u></b>	<b><u>73,501</u></b>

Notes are integral part of the Balance Sheet & Profit & Loss Account

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 : 13 August 2012

**Charles E.E.Devenish**  
Chairman  
  
Place : Bangalore  
Dated : 13 August 2012  
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**Sandeep Lakhwara**  
Managing Director

**S. Subramaniam**  
Company Secretary


**DECCAN GOLD MINES LIMITED**

(FORMERLY WIMPER TRADING LIMITED)

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012**

PARTICULARS	Note No.	31.03.2012	31.03.2011
<b>I. Revenue :</b>			
Operational Income	14	-	27,619
Other Income	15	9,111	5,263
<b>Total Revenue</b>		<b>9,111</b>	<b>32,882</b>
<b>II. Expenses:</b>			
Exploration Expenses		465	24,044
Employee benefits expense	16	7,884	7,843
Finance costs	17	23	33
Depreciation and amortization expense	7	1,021	1,033
Other expenses	18	4,908	6,063
Change in Inventories	19	4,083	(3,723)
<b>Total Expenses</b>		<b>18,384</b>	<b>35,292</b>
<b>Profit before extraordinary items and tax</b>		<b>(9,273)</b>	<b>(2,412)</b>
Extraordinary Items			
Prior Year Adjustments		-	(26)
<b>Profit before tax</b>		<b>(9,273)</b>	<b>(2,385)</b>
<b>Tax expense:</b>			
(1) Current tax		324	2,728
(2) Deferred Tax		-	92
<b>Profit (Loss) for the period (XI + XIV)</b>		<b>(9,597)</b>	<b>(5,205)</b>
Earnings per Equity Share: Basic (in Rs.)		-0.16	-0.09
Earnings per Equity Share: Diluted (in Rs.)		-0.16	-0.09

Notes are integral part of the Balance Sheet &amp; Profit &amp; Loss Account

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 : 13 August 2012

**For and on behalf of the board**
**Charles E.E. Devenish**  
 Chairman

 Place : Bangalore  
 Dated : 13 August 2012

**Sandeep Lakhwara**  
 Managing Director

**S. Subramaniam**  
 Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## Notes to Consolidated Financial Statements for the year ended 31 March 2012

## Note : 1 SHARE CAPITAL

A	Particulars	31 March, 2012		31 March, 2011	
		Numbers	Rs.('000)	Numbers	Rs.('000)
	<b>Authorised</b>				
	Equity Shares of Rs.1 each	100,000,000	100,000	100,000,000	100,000
		100,000,000	100,000	100,000,000	100,000
	<b>Issued, Subscribed &amp; fully Paid up</b>				
	Equity Shares of Rs.1 each	58,526,250	58,526	58,450,000	58,450
	Total	58,526,250	58,526	58,450,000	58,450

## B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	31 March, 2012		31 March, 2011	
	Number	Rs.('000)	Number	Rs.('000)
At the beginning of the year	58450000	58450	58450000	58450
Add Shares Issued on exercise of Employee Stock Options	76,250	76	-	-
At the end of the year	58526250	58526	58450000	58450

## C. Shares held by holding company / ultimate holding company and/or their subsidiaries/associates

Particulars	Nature of Relationship	As at 31 March 2012	As at 31 March 2011
Equity Shares		NIL	

## D. Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	31 March, 2012		31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rama Mines (Mauritius) Limited	25747506	43.99%	26238641	44.89%

E The company has reserved issuance of '25,73,750' ( Previous year 30,00,000) Equity shares of Rs. 1/- each for offering to eligible employees of the company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year the company has not granted any option [ Previous year 30,00,000 option granted to the eligible employees at a price of Rs. 16.95/- per option plus all applicable taxes, as may be levied in this regard on the company]. The Options would vest over a maximum period of 3 years or such other period as may be decided by the Employees Stock compensation Committee from the date of grant based on specified criteria.

**F. Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956**

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

**Note - 2 : RESERVE AND SURPLUS**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
<b>a. Capital Reserves</b>		
Opening Balance	16726	16726
(+)/(-) Transfer	-	-
Closing Balance	16726	16726
<b>b. Securities Premium Account</b>		
Opening Balance	96530	96530
(+) on allotment of Equity Shares	1,647	-
Closing Balance	98177	96530
<b>c. Profit &amp; Loss Account</b>		
Opening balance	(42195)	(36990)
(+) Net Profit/(Net Loss) For the current year	(9597)	(5205)
Closing Balance	(51792)	(42195)
<b>d. Preoperative Expenses</b>		
Opening balance	(70145)	(51792)
(+) Incurred during the year	(20788)	(18353)
Closing Balance	(90933)	(70145)
<b>Total</b>	<b>(27823)</b>	<b>915</b>

**Note - 3 : Long Term Provisions**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Provision for Gratuity	613	508
	613	508

**Note - 4 : Trade payables**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Mirco, small and medium enterprises	-	-
Others	562	5,937
	562	5,937

Note: Based on the information available with the Company, there are no suppliers who are registered as micro small & Medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31 March 2012



**Note - 5 : Other Current Liabilities**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
(iii) Statutory dues	363	167
(iv) other liability	106	106
<b>Total</b>	<b>469</b>	<b>273</b>

**Note - 6 : Short Term Provision**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
(iii) Provision For Income Tax	324	2,728
<b>Total</b>	<b>324</b>	<b>2,728</b>

**Note 7 : Fixed Assets**

Rs.('000)

Fixed Assets	Gross Block			Accumulated Depreciation					Net Block		
	Balance as at 01-04-2011	Additions	Disposals	Balance as at 31-03-2012	Balance as at 01-04-2011	For the year (EXP)	For the year	Written back	Balance as at 31-03-2012	Balance as at 31-03-2012	Balance as at 31-03-2011
<b>Tangible Assets :</b>											
Land - Lease hold	2,864	-	-	2,864	2,353	-	511	-	2,864	-	511
Plant and Equipment	1,138	-	-	1,138	356	-	235	-	548	548	782
Vehicles	502	844	-	1,346	426	127	146	-	774	774	76
Computer	339	26	71	294	282	8	31	70	52	52	58
Furniture and Fixtures	662	-	98	563	389	-	49	75	200	200	272
Office equipment	452	13	-	466	199	1	36	-	230	230	253
<b>Total</b>	<b>5,957</b>	<b>883</b>	<b>169</b>	<b>6,672</b>	<b>4,005</b>	<b>135</b>	<b>1,008</b>	<b>145</b>	<b>4,868</b>	<b>1,804</b>	<b>1,953</b>
<b>Intangible Assets :</b>											
Computer software	146	-	-	146	115	-	13	-	127	19	31
<b>Total</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>115</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>127</b>	<b>19</b>	<b>31</b>
<b>Capital Work in Progress</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangible assets under Development</b>											
	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,104</b>	<b>883</b>	<b>169</b>	<b>6,818</b>	<b>4,120</b>	<b>135</b>	<b>1,021</b>	<b>145</b>	<b>4,996</b>	<b>1,823</b>	<b>1,984</b>
Previous Year	6,104	-	-	6,104	3,087	-	1,033	-	4,120	1,984	-

**Note - 8 : Long Term Loans and Advances**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Security Deposits	2232	2232
Other Loans & Advances	166	90
<b>Total</b>	<b>2,398</b>	<b>2322</b>

**Note - 9 : Current investments**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Investments in Mutual Fund: Reliance Medium Term Fund Daily Dividend Plan (C.Y Market Value 4.28 Lacs P Y Market Value Rs. 4 Lacs)	428	400
BNP Paribas Money Plus Institutional Weekly Dividend (C.Y Market Value Rs.248.89 Lacs P Y Market Value Rs. 508.95 Lacs)	24871	50874
<b>Total</b>	<b>25,299</b>	<b>51274</b>

**Note - 10 : Inventories**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Work in Progress	-	4083
<b>Total</b>	<b>-</b>	<b>4083</b>

**Note - 11 : Trade Recievable**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Outstanding for more than six months		
Others	-	2,327
<b>Total</b>	<b>-</b>	<b>2327</b>

**Note - 12 : Cash and Cash Equivalent**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
a. Balances with banks on current accounts in scheduled bank	4752	2769
b. Cash on hand	79	75
	<b>4831</b>	<b>2844</b>

**Note - 13 : Short-term loans and advances**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Advance receivable in cash or kind	5	20
Income Taxes Paid (Net)	4,092	6,142
Balance with Service Tax Authorities	2,743	2,308
<b>Total</b>	<b>6840</b>	<b>8470</b>

**Note - 14 : Operational Income**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Drilling Income	-	27,619
<b>Total</b>	<b>-</b>	<b>27,619</b>



**Note - 15 : Other Income**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Interest Income	24	273
Profit on Sale of Investment	41	13
Dividend Income	2,984	2,993
Consultancy Income	6,062	1,984
<b>Total</b>	<b>9,111</b>	<b>5,263</b>

**Note - 16 : Employee Benefit Expenses**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Salaries & wages	3405	3140
Expenses on Employee Stock Option Scheme	4457	4690
Staff welfare expenses	22	12
<b>Total</b>	<b>7884</b>	<b>7843</b>

**Note - 17 : Finance costs**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Bank Charges	21	33
Interest Paid	2	-
<b>Total</b>	<b>23</b>	<b>33</b>

**Note - 18 : Other expenses**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Electricity Expenses	146	149
Filing Fees	260	244
Rent	2014	2286
Rates and taxes	27	27
Repair and maintenance	184	234
Bussiness promotion & Advertiesment Expenses	1076	1232
Travelling and conveyance	206.00	162
Communication Expenses	18	46
Legal and Professional fees	587	538
Directors' sitting fees	68	60
Auditor's remuneration	228	217
Misc Balance Written Off	-	655
Loss on Disposal of Assets	24	-
Miscellaneous expenses	38	180
Membership & Subscription fees	32	33
<b>Total</b>	<b>4908</b>	<b>6063</b>



**Payments to Auditor**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
For Audit Fee	132	134
For Certification & Others	96	83
<b>Total</b>	<b>228</b>	<b>217</b>

**Note - 19 : Change in Inventories**

Particulars	31 March 2012 Rs.('000)	31 March 2011 Rs.('000)
Opening Stock: Working in Progress	4,083	360
<b>Total</b>	<b>4,083</b>	<b>360</b>
Closing Stock: Working in Progress	-	4,083
<b>Total</b>	<b>4,083</b>	<b>(3,723)</b>



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**SCHEDULE '20' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES**

**ANNEXED TO CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Principles of Consolidation :**

The Consolidated financial statements relate to Deccan Gold mines Limited and its subsidiary Company. The Consolidated financial statements have been prepared on following basis:

- (a) The financial statement of the company and its subsidiary Company are combined on line –by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group transactions resulting in unrealized 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 like 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:**

1. Depreciation is provided as per Written down Value prescribed under Schedule XIV of the Companies Act, 1956.
2. 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 cost of such investments is done on the basis of specific identification.

**G. 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.



#### 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 benefits 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

#### 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 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 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.

- L. 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:

	31.03.2012 Rs. in Lacs	31.03.2011 Rs. in Lacs
1. Capital Commitments	Nil	Nil
2. Claims made against the company but not acknowledged as debts	Nil	Nil
3. Contingent Liabilities on disputed Income Tax	2.57	20.27

4. Additional information pursuant to para 3 & 4 of par ii of schedule VI of the Companies Act, 1956.

	31.03.2012 Rs. in ('000)	31.03.2011 Rs. in ('000)
a. Expenditure in foreign currency	971.00	22.41
b. Earning in foreign currency	Nil	Nil



5. Related party disclosure

a) Name of related parties and relationship

Sl No.	Name of the party	Relationship
1	Sandeep Lakhwara	Managing Director
2	Charles E.E. Devenish	Chairman
3	K.R.Krishnamurthy	Director
4	Dr.M.Ramakrishnan	Director
5	V.K.Gaur	Director

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

Dr. M.Ramakrishnan, K.R.Krishnamurthy, V.K.Gaur and Sandeep Lakhwara

c) Transactions with related parties:-

Sr. No.	Nature	Year ended 31 March 2012 (Rs.'000)	Year ended 31 March 2011 (Rs.'000)
1	Managerial Remuneration	1,200.00	1200.00
2	Directors Sitting Fees & Audit Comiittte fees	67.50	60.00
3	Rent for Guest House to Managing Director	360.00	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 909.33 Lacs as noted in schedule '2 c' 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. 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	02.06.2011	02.06.2012	02.06.2013
Exercise Period	1 year	1 year	1 year
Grant Date	02.06.2010	02.06.2010	02.06.2010
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)	22.60	22.60	22.60

b. Movement of Options Granted:

Particulars	01.04.2011 – 31.03.2012	01.04.2010 – 31.03.2011
Options outstanding at the beginning of the year	3000000	-
Granted during the year	-	30,00,000
Exercised during the year	76,250	-
Lapsed during the year	-	-
Lapsed on account of employee resignation	*350,000	-
Options outstanding at the end of the year	25,73,750	30,00,000
Options unvested at the end of the year	19,87,500	30,00,000
Options exercisable at the end of the year	5,86,250	-

\* This includes 87500 stock options vested on 2 June 2011.



- C. Employee Stock Option Outstanding account Rs 1.45 Crore & Deferred Employee Compensation account Rs 0.58 Crore.

Employee Compensation Expenses amounting to Rs.44.57 Lacs is included under the head Salaries and other benefits.

8. Prior Period Items	31.3.2012	31.3.2011
Short / (excess) provision for taxation of earlier years	Nil	(25.69)

9. Defined benefit Plans: -

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

Defined benefit Obligation

Sr No.	Particulars	31.3.2012	31.3.2011
1	Current service cost	87,997	88,053
2	Interest on obligation	40,634	31,103
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognised in year ended	(23,855)	(12,561)
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total, included in 'Employee Benefit Expense'	104,776	106,595

- 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

Sr No.	Particulars	31.3.2012	31.3.2011
1	Opening Defined Benefit Obligation	507,921	401,326
2	Service cost for the year	87,997	88,053
3	Interest cost for the year on opening D.B.O.	40,634	31,103
4	Actuarial losses (gains)	(23,855)	(12,561)
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	612,698	507,921

- 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):	31.3.2012	31.3.2011
1.	Discount rate	8.50%	8.00%
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.



10. 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.
11. 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.
12. 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

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054  
Place : Mumbai  
Dated : 13 August 2012

**For and on behalf of the board**

**Charles E.E.Devenish**  
Chairman  
Place : Bangalore  
Dated : 13 August 2012

**Sandeep Lakhwara**  
Managing Director  
**S. Subramaniam**  
Company Secretary



## DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	For the year ended 31.03.2012 (Rs.'000)	For the year ended 31.03.2011 (Rs.'000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax and after Extraordinary items	(9273)	(2412)
Adjustment For :		
Depreciation	1021	1033
Increase/ Decrease in Stock	4083	(3723)
Interest & Finance charges	23	33
Dividend & Interest Income	(3008)	(2720)
Expenses on Employee Stock option	4,457	4,690
Profit on Sale of Investment	(41)	(13)
Loss (Profit) on sale/disposal of Assets	24	0
Operative Profit before Working Capital Changes	(2712)	(3111)
Adjustment For :		
Trade and Other Receivables	1149	(6231)
Trade & Other liability	(5073)	10068
Cash Generation from Operations	(6636)	726
Net Cash Flow from operating activities	(6636)	726
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Pre-operative Expenses	(20,788)	(18,353)
Purchase of Fixed Assets	(883)	
Proceeds from investments	26,016	4,981
Dividend & Interest Income	3,008	(2,720)
Net Cash used in investing activities	7353	(16092)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	1293	-
Financial Charges	(23)	(33)
Net Cash used in financing activities	1270	(33)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		
	<b>1987</b>	<b>(15399)</b>
<b>Cash and Cash Equivalents as at 1 April 2011</b>	<b>2844</b>	<b>18243</b>
<b>Cash and Cash Equivalents as at 31 March 2012</b>	<b>4831</b>	<b>2844</b>

Notes : 1. Figures in brackets represent cash outflows.  
2. Previous year figures have been regrouped wherever 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  
Membership Number: 131054

**Charles E.E. Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place : Mumbai  
Dated : 13 August 2012

Place : Bangalore  
Dated : 13 August 2012

**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 2012
		(Amount Rs.'000)
<b>B. CAPITAL RAISED DURING THE YEAR</b>		
Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
Employee Stock Option Scheme	:	76.25
<b>C. POSITION OF MOBILISATION AND DEVELOPMENT</b>		
Total Liability	:	41,388
Total Assets	:	41,388
<b>SOURCE OF FUND</b>		
Paid up capital	:	58,526
Reserves & Surplus	:	(27,823)
Employees Stock Option Outstanding	:	8,717
Unsecured Loans	:	-
Non- Current Liabilites	:	613
Current Liabilites	:	1,355
<b>APPLICATION OF FUNDS</b>		
Net fixed Assets	:	2,020
Non-Current Assets	:	2,398
Current Assets	:	36,970
<b>D. PERFORMANCE OF THE COMPANY</b>		
Total Income	:	9,111
Total Expenditure	:	18,384
Profit/(Loss) Before Tax	:	(9,273)
Profit/(Loss) After Tax	:	(9,597)
Earning per share in Rs.	:	(0.16)
Dividend Rate %	:	-
<b>E. GENERAL NAMES OF THEIR 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

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054  
Place : Mumbai  
Dated : 13 August 2012

**For and on behalf of the board**

**Charles E.E.Devenish**  
Chairman  
Place : Bangalore  
Dated : 13 August 2012

**Sandeep Lakhwara**  
Managing Director  
**S. Subramaniam**  
Company Secretary